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BOARD OF FISHERIES AND COMMERCIAL
FISHERIES ENTRY COMMISSION

COMMERCIAL FISHERIES ENTRY COMMISSION

BOARDS OF FISHERIES AND GAME CONFIRMATIONS

BOARD OF GAME CONFIRMATION

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DEPT. OF NATURAL RESOURCES

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BOARD of FISHERIES CONFIRMATION

-Board of Fisheries-

Harry Sundberg	Wrangell
** Pete Isleib	Cordova
Jim Beaton	Juneau
** Val Angason	Dillingham
** Ron Goessel	Stevens Village
** Paul Weller	Kenai
** Ron Jolin	Kodiak

** Indicates nominees being considered for confirmation.

STATE OF ALASKA

OFFICE OF THE GOVERNOR
Pouch A
Juneau, Alaska 99811

BOARDS AND COMMISSIONS RÉSUMÉ

INSTRUCTIONS

A separate application is required for each position for which you apply. Complete and specific answers will aid in rapid and accurate processing of your résumé. The initial determination of whether you qualify for the position specified will be based on this application.

Please type or print legibly in ink. Forward to the above address. Be sure your answers are true. A willfully false answer may result in your disqualification or removal from office if you are appointed.

Position for which I am applying:
MEMBER, ALASKA BOARD OF FISHERIES

Please list any other Board or Commission on which you serve:
ALASKA BOARD OF FORESTRY

Name: MALCOLM EDWARD "PETE" ISLEIB	Previous Name applied under:
Mailing Address: PO BOX 139	Residence Address: 1017 YOUNG DRIVE
City, State and Zip Code: CORDOVA, ALASKA 99574	
Home Telephone: 907·424·3365	Business or Message Telephone: 907·424·3365

REPORT ADDRESS AND TELEPHONE CHANGES PROMPTLY

AS 39.05.100 requires that a person appointed to a board or commission be a registered voter before the last general election:

Are you a registered voter? ☒ YES ☐ NO

Voter Registration Number (Optional) 00701243 Social Security Number (Optional) 043-30-2544

Have you ever been convicted of a misdemeanor within the past five years or a felony within the past ten years? ☐ YES ☒ NO

If "YES", explain the circumstances on a separate sheet of paper and attach it to this application. A conviction is not necessarily grounds for disqualification. The number of convictions, nature, recency and relationship to the board position applied for will be evaluated and a determination will be made after a review of all relevant facts.

A policy in the Governor's Office pertaining to boards and commissions is that a member attend at least 75% of the meetings. Are there any circumstances in either your professional or personal life which would prevent you from participating at the required authorized meetings? ☐ YES ☒ NO

If "YES", explain on a separate sheet of paper and attach to this application.

This position may require that the member travel to either urban or rural (or both) areas. Are there any circumstances which would prevent you from participating? NO

CONFLICTS OF INTEREST: Certain Boards and Commissions require full disclosure of personal financial data under AS 39.50.010. If required for the Board or Commission for which you are applying, are you willing to do so? ☒ YES ☐ NO

Could you or any member of your family be affected financially be decisions to be made by the Board or Commission for which you have applied?
☒ YES ☐ NO If "YES", explain. ONE OF MY PROFESSIONS IS COMMERCIAL FISHING.

The Office of the Governor will not discriminate against an applicant for a Board or Commission based on Sex, Age, National Origin, Marital Status, Pregnancy, Handicap, Religion or Parenthood.

01-012(2/81)

TRAINING & EXPERIENCE: (If résumé attached, it is not necessary to complete items A-D)

A. List any professional licenses, certifications, or registrations and dates obtained that may be used as qualifying criteria:

PRESENTLY HOLD:
SALMON GILLNET PERMIT
HERRING POUND PERMIT

PREVIOUSLY HELD LICENSES OR PERMITS FOR:
SALMON TROLL, GILLNET & SEINE FISHING - 1962-82
HERRING GILLNET, SEINE & POUND & KELP HARVEST - 1969-82
DUNGENESS, KING & TANNER CRAB FISHING - 1967-77
ALASKA REGISTERED GUIDE LICENSE - 1963-73

B. List both formal and informal education and training experiences: (Use additional paper if necessary)

USAF INTELLIGENCE ANALYST SCHOOL - 1960

VARIOUS NATURAL RESOURCE COURSES - UNIVERSITY OF ALASKA
UNIVERSITY OF MIAMI
UNIVERSITY OF CONNECTICUT

C. List any community service positions, municipal government positions, state positions held, and list any awards received. These include both compensated and uncompensated positions (for example, president of a service organization or a mayor). Also include length of time served in the positions.

PRESENTLY:
CHAIRMAN, CRPWS FISH & GAME ADV COMMITTEE - SINCE 1972
PRINCE WILLIAM SOUND AQUACULTURE CORP, BOARD MEMBER & OFFICER - SINCE 1974
ALASKA BOARD OF FORESTRY - SINCE 1979
ALASKA CENTER FOR THE ENVIRONMENT, BOARD MEMBER - SINCE 1979
PACIFIC MARINE FISHERIES COMMISSION, ADVISOR - SINCE 1981

PREVIOUSLY:
CORDOVA DISTRICT FISHERIES UNION, BOARD MEMBER & OFFICER - 1972-80
CORDOVA CITY COUNCIL - 1976-80
ALASKA COASTAL POLICY COUNCIL - 1977-80

D. Employment work history: paid, unpaid or voluntary: (Use additional paper if necessary)

PRESENTLY:
COMMERCIAL FISHERMAN - SINCE 1962
HAVE FISHED FOR SALMON, HERRING & CRAB IN THE NET, LINE & POT FISHERIES; ALSO PARTICIPATE IN HERRING POUND & WILD KELP FISHERIES
ASSOCIATED WITH UNIVERSITY OF ALASKA MUSEUM AS A CORRESPONDING BIOLOGIST, WRITING BIOLOGICAL PAPERS - SINCE 1971, COLLECTING ALASKAN AVIFAUNA (BY PERMIT) - SINCE 1971

PREVIOUSLY:
NATIONAL AUDUBON SOCIETY, RESEARCH BIOLOGIST & WILDLIFE WARDEN - 1957-8
SELF-EMPLOYED (1965-9) & UNDER CONTRACT TO NATIONAL GEOGRAPHIC (1967-9) AS PHOTOGRAPHER & LECTURER ON ALASKAN WILDLIFE
US FISH & WILDLIFE SERVICE, ORNITHOLOGICAL CONSULTANT - 1971-7
CONSULTANT TO CITY OF CORDOVA FOR COASTAL MGMT PROGRAM - 1981-2
ALASKA SEA GRANT SEAWEEK REVIEW COMMITTEE - 1981-2

The Office of the Governor and the State of Alaska have an Affirmative Action Equal Employment Opportunity Program. To assist in the program, you are asked to voluntarily answer the following questions to provide the information necessary for reporting purposes. Under State and Federal law, the information you provide will not be used to illegally discriminate against you.

SEX
☒ Male
☐ Female

ETHNIC BACKGROUND
☒ White ☐ Black ☐ Hispanic ☐ Alaska Native ☐ Asian or Pacific Islander ☐ American Indian

Date of Birth: 12·14·38

Military Service (If applicable, give dates): US AIRFORCE SECURITY SERVICE JANUARY 1959 - NOVEMBER 1963

CERTIFICATION: I swear that the information I have entered on this form is true to the best of my knowledge. I understand that if I deliberately conceal or enter false information on the form my application may be rejected, I may be removed from the list of eligible candidates or I may be removed from the position. I agree that the Office of the Governor may contact present or former employers or other persons who know me to obtain additional information about my skills and abilities. I understand that the information on this application is public information and may be released through a legal request for such information.

Signature in Ink: S. "Pete" Isleib

Date: 23 July 82

01-012(1/81) Back

RESUME

Ron Goessel
General Delivery
Stevens Village, AK 99774
Phone: 907-478-8001

Employment

Commercial Fisherman and Trapper

Came to Alaska in 1966 with the United States Signal Corp. Honorably discharged in 1969.

Worked for ACS (Alaska Communications Systems), RCA, and Alyeska in communications.

Personal

Age:	36
Marital Status:	Married, 3 children, ages: 9,12,19
Residence:	Stevens Village
Affiliations:	(Up to September, 1982) Past Chairman, Yukon Flats Fish and Game Advisory Committee Past Member, Interior Regional Council Past Chairman, Community School Committee Past Chairman, Yukon Flats School District Parent Advisory Committee (Current) Member, Yukon River Delegation for US/Canada Salmon Member, Board of Directors for (PADD) Protection and Advocacy of the Developmentally Disabled.

RG/kh
4604

RON B. JOLIN
Box 2022
Kodiak, AK 99615
(907) 486-5945

PERSONAL DATA: Born, 7/2/43, Pasco, Washington; Married, 2 children; Alaska resident since 1962 (20 years)

EDUCATION: North Idaho Junior College, Coeur-D-Alene, Idaho

FISHING EXPERIENCE:

SALMON: Cook Inlet gillnet fishery, 1963-1969; Kodiak Area purse seine, 1971 to present (qualified under Limited Entry for salmon permit).

HERRING: Prince William Sound purse seine, 1974 to 1976 (qualified under Limited Entry for herring permit); Kodiak Area purse seine, 1975 to present; Kodiak Area gillnet, 1975 to 1976.

SHRIMP: Kodiak and Westward Areas, shrimp trawl, 1969-1974.

KING CRAB: Kodiak, Dutch Harbor, and Bering Sea Areas, 1963 to present.

PRESENT VESSEL OWNERSHIP: M/V Fayette, 44 foot combination crabber/seiner; M/V Shawn-Aaron, 90 foot combination crabber/tender/longliner.

ORGANIZATIONAL AFFILIATION

-One of the original organizers of the Kodiak Shrimp Trawlers Association, 1st Treasurer of that Association, now re-named the Alaska Draggers Association.

-President, United Fishermen's Marketing Association, Inc., Kodiak, 3 years.

-Director, Alaska Seafood Marketing Institute, 1981 to present; member, original organizers of A.S.M.I.

-Kodiak Advisory Board, 1977 to present, vice-chairman, 1980 to present.

Resume

Val N. Angasan
Box 89
Dillingham, AK 99576
Phone: 842-5463

PERSONAL DATA

Birthdate: February 14, 1953
Marital Status: Married, 2 children

EDUCATION

University of Alaska, 1970 - 1974, full and part time, Majored in Business Administration and now has a total of 90 hours.

EMPLOYMENT HISTORY

1982 - Present	Bristol Bay Herring Marketing Corp., Manager
1981 - 1982	Building construction in winter and commercial fished in summer
1980 - 1981	IMARPIK Regional Aquaculture Corp., Assistant Manager
1975 - 1980	Economic Development, Bristol Bay Native Corp., Director - fished commercially in summer.

Miscellaneous Data:

Has subsistence hunted and fished.

Paul G. Weller
P.O. Box 3213
Kenai, Alaska 99611
Phone: (907) 283-7068 (w) 283-7144 ARCO

Birthplace: Bakersfield, Ca.
Birthdate: May 22, 1929
Married: September 20, 1947

Residence: Kenai, Alaska 14 years
Employment: ARCO Alaska, Inc. 35 years, 5/17/58
Present Position: Material Supervisor

Current Committees:

Kenai-Soldotna Fish & Game Advisory Committee (5 years)
Fish & Game Advisory Committee on Hunting & Firearm Safety
City of Kenai Harbor Commission
Alaska Department of Fish & Game Hunter Safety and Rifle Range Committee

Current membership in the following organizations:

National Rifle Association (Life Member)
Alaska Rifle & Pistol Association
National Bench Rest Shooters Association
Snow Shoe Gun Club, Kenai, Alaska
Kenai Peninsula Chapter-Izaak Walton League

called to announce appt 1/27/82

Hobbies:

Hunting, Sport fishing, Competitive rifle shooting
(Never received a fish or game violation)

Hunter Safety Instructor	13 years - California
Junior Rifle Club Instructor	15 years - California
Junior Rifle Club Instructor	6 years - Alaska

EMPLOYMENT:

August 1955 - May 1968

(Cuyama Valley, California) worked in the Material Department servicing two oil fields. During this time assisted in the Company's Conservation Program, which involved quail guzzler and bird roost installations, and habitat improvement. Also volunteered time with the California Department of Fish & Game to plant fish in the Sisquoe River by horseback.

January 1959 - September 1969

(Talava, Peru) Materialman for offshore drillship operations.

October 1959 - January 1960 and May 1960 - July 1960

(Capte Yakataga, Alaska) Materialman for onshore drilling operations.

November 1968 - July 1969

(Prudhoe Bay and Fairbanks, Alaska) Materialman loading and unloading Hercules Aircraft, and procurring material for the North Slope Operations.

July 1969 to Present

(Kenai, Alaska) Material Supervisor charged with the responsibility of supplying the two company production platforms in the Upper Cook Inlet. In addition was also responsible for transportation, traffic logistics, and material procurement for the Company's exploration operations in the lower Cook Inlet (1979 and 1980, Homer) and Norton Sound (1980, Nome). This included supply boats and helicopters. Have attended various oil spill training exercises and in the event of an ARCO spill, have been assigned the duties of procurement and transportation officer for the Cook Inlet Response Organization (C.I.R.O.).

Governor.
Resume on Sundberg

r.

Jan 31, 1984
to [illegible] senate for tour

My name is Harry Sten Sundberg and I was born on June 27, 1922 in Hemnesberget Norway. My family emmigrated to the United States in 1925, and settled in Wrangell Alaska in 1926.

I attended the Wrangell Public Schools and graduated from High School in 1940. During the summer months as a teenager, worked as a fisherman, primarily in the gillnet fishery, but also [illegible] seining, trolling and halibut fishing.

During World War 2 I served in the U.S. Navy, [illegible] in the central Pacific area. Upon returning home early in 1946, [illegible] to salmon fishing in the Wrangell/Petersburg area.

In 1948, forming a partnership with another [illegible] fisherman, Mr. Ben Engdal, construction began on a processing facility and started operation in May 1949 as Harbor Seafoods Co. [illegible] company operated as a shrimp cannery in the early years and gradually expanded into the salmon canning field. As the business expanded it became necessary to incorporate as Harbor Seafoods Co. Inc., and facilities were incorporated to handle fresh and frozen products from halibut, troll salmon, etc. Mr. Engdal and I sold our interest in the business in 1975, but the company continues to be the primary fish processor in the Wrangell area and is a modern facility.

I have been a continuing member of the local fish and game advisory board prior to statehood until the present, and have represented the city on various fishery meetings, such as the 200 mile conference held at Seattle in 1979 and the National Marine Fishery meeting with B.C. Hydro on Stikine river problems, held in Juneau in 1980. At the present I am most active as a member of the Thomas Bay Power Commission, representing the communities of Wrangell and Petersburg in their efforts to build the Tyee Lake Hydropower project for the benefit of their residents.

Gordon Jensen

Lemme see Charlie's page
he has spent his life
pursuing Alaska's
seafood.

Harry Sundberg

My name is Harry Sten Sundberg and I was born June 27, 1922 in Hemnesberget Norway. My family immigrated to the United States in 1925, and settled in Wrangell, Alaska in 1928.

I attended the Wrangell Public Schools and graduated from High School in 1940. During the summer months as a teenager, I worked as a fisherman, primarily in the gillnet fishery, but also part-time in seining, trolling and halibut fishing.

During World War II, I served in the U.S. Navy, primarily in the central Pacific area. Upon returning home early in 1946, I returned to salmon fishing in the Wrangell/ Petersburg area.

In 1948, forming a partnership with another Wrangell fisherman, Mr. Ben Engdal, construction began on a processing facility that started operation in May 1949 as Harbor Seafoods Co. The company operated as a shrimp cannery in the early years and gradually expanded into the salmon canning field. As the business expanded it became necessary to incorporate as Harbor Seafoods Co. Inc., and facilities were incorporated to handle fresh and frozen products such as halibut, troll salmon, etc. Mr. Engdal and I sold our interest in the business in 1975, but the company continues to be the primary fish processor in the Wrangell area and is a modern facility.

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ALASKA SPORTFISHING ASSOCIATION

Alaska Sportfishing Association

3605 Arctic Blvd., Suite 800 • Anchorage, Alaska 99503

MAR 9 - 1983

February 28, 1983

Representative Dick Shultz
Co-Chairman, Natural Resources Committee
Pouch V
Juneau, AK 99811

Dear Representative Shultz:

The Alaska Sportsfishing Association urgently requests your support in denying confirmation to Governor Sheffield's appointees to the Board of Fisheries until such time as two, true sportsfishing representatives are appointed to the board. Please keep in mind that the Board of Fisheries meets on March 21, 1983, whether these appointees are confirmed or not. Sportsfishing and tourism for 19C and beyond will be affected by their decisions.

The appointments to the Board of Fisheries by Governor Sheffield has triggered a highly indignant response by sportsfishing enthusiasts throughout Alaska. The lobbying and pressures brought by commercial-fishing interests have decreased the representation to this critical body from three to what we now consider to be effectively zero.

The Board of Fisheries has the power to allocate fish above escapement requirements to the various fishing interests. We feel that the appointments, as they currently exist, are an absolute insult to the 100,000 licensed sportsfishermen in the Anchorage-bowl, and a serious threat to sportsfishing interests from the Matanuska Valley to Homer. The five sportsfishing associations in the Anchorage area asked for an appointment with Governor Sheffield while he was here. He did not even grant time to listen to our grievance.

We do not contend that the appointees are not highly respected and qualified people. We simply insist on true sportsfishermen being placed on the Board of Fisheries to represent sportsfishing and the highly valuable tourist industry when allocating fish resources.

We do question the ability of Mr. Paul Weller, the only appointee with sportsfishing inclinations, to fairly represent the sportsfishing side. The last time a sportsfishing representative was chosen from the Kenai-Soldotna area (Dr. Fair), who truly represented the sportsfishermen and acted on their behalf, was forced to resign after receiving threatening phone calls, attempted boycott of his business, chiding to his children at school, and malicious acts to his private property. Mr. Weller is backed by Lottie Ettelman, a long-time, setnet-fishing operator and commercial-fishing activist (in addition to being a top democarat in that area). In fairness to Mr. Weller, he was considerate enough to attend our general membership meeting on February 8, 1983, which displayed some interest in representing our cause, though there was a feeling he lacked knowledge of fishing issues (after four years of representation on the Kenai-Soldotna Advisory Committee).

In my earlier letter to Governor Sheffield before the appointments were made, we recommended Mr. William E. Moulton, Jr., and Ms. Toni Salmeier as two superbly-qualified individuals who have been highly involved in both the sportsfishing and tourist industry. Mr. Moulton is also a Fish and Wildlife graduate.

Additionally, your support in the speedy passage of House Bill 63 is requested. This bill would establish sportsfishing on an equal basis with subsistence fishing and would at least minimize the devisiveness of the priority subsistence issue.

These and many other actions are drawing keen interest by sportsfishers throughout Alaska. I assure you that we intend to track actions taken and to keep the public aware of the responsiveness of their legislators.

Sincerely,

Bob Hunter

Robert L. Hunter, President
Alaska Sportsfishing Association

JIM BEATON, RESUME

1959 - College Student, University of Oregon, Summer - fished Cook Inlet.

1960 - Graduated from University of Oregon, B.S. Degree General Science.

1960 - Junior Executive, RCA. White Alice Project. Stationed in Anchorage. Duties included public relations, insurance, site project coordinator.

1961 - Fished Bristol Bay. Winter moved to Seldovia and fished king crab.

1962 - Bristol Bay, king crab and also trawled shrimp Kachemak Bay.

1963 - Captain of own boat Bristol Bay. Worked on large king crab vessels in winter off Kodiak principally Trinity Islands and St. Augustine.

1964 - Bristol Bay also seined salmon in Prince William Sound.

1965 - Bristol Bay and moved to Tenakee Spring (Southeast Alaska). Purchased 53 foot vessel fished halibut, dungeness crab and trolled salmon.

1966 - 1970 - continued same as well as towing logs and beach salvage of logs for logging industry.

1970 - Built second vessel (self-constructed) and sailed to Bristol Bay.

1971 - 1974 - continued same.

1974 - Purchased Southeast Limit Seine (58 foot) vessel and continued on in halibut, black cod, tanner crab, as well as expanding (purchased purse seine license) into salmon seining.

1974 - 1977 continued same as well as expanding into herring both food, bait, and sac roe southeastern

1977 - Expanded into Togiak and helped develop herring fishery there.

1977 - 1981 - continued same.

1982 - Expanded into South Peninsula area of Aleutian Chain. Purse seine salmon and herring off large modern Delta Limit Seiner as well as king crab and tanner crab.

1983 - present - continued same. For sake of clarity I have always skippered and ran my own boat from 1963 on. Secondly, many of these endeavors I did simultaneously or in the same year, bouncing back and forth into fisheries as the economies dictated.

As a side endeavor I became involved in 1978-1981 as a part owner (55%) of 160 foot salmon and herring freezer ship, "Aleutian Dragon." Processed herring and salmon in Norton Sound, Bristol Bay, Aleutian, Chignik, and Cordova. Sold out my interest in Fall 1981.

President of Southeast Gillnet Federation, Charter Director and Secretary-Treasurer "United Fishermen of Alaska," lifetime member and Executive Advisor of UFS. Member of old Board of Fish and Game 1974. Member of Board of Fisheries 1975-1983. Chairman 1982. Advisory Board North Pacific Council 1978. Member Alaska Fisheries Council 1976-1982. Charter Member of Alaska Seafood Marketing Institute (ASMI) 1980-1982.

1960 married Gloria Jean Mogg of Nome, Alaska. Stayed married 16 years. Raised 3 sons now 18, 19, 20 years old.

BOARD of COMMERCIAL FISHERIES ENTRY COMMISSION

Alaska State Legislature

House of Representatives

Special Committee on Fisheries
Pouch V
Juneau, Alaska 99811
(907) 465-4924

CHAIRMAN
ADELHEID HERRMANN
VICE-CHAIRMAN
JACK FULLER
MEMBERS
CHARLIE BUSSELL
BEN GRUSENDORF
PETER GOLL
JACK McBRIDE
FRED ZHAROFF

MAY 07 1984

May 7, 1984

Speaker Joe Hayes
House of Representatives
State of Alaska
Pouch V
Juneau, Alaska 99811

Dear Speaker Hayes:

The undersigned members of the House Special Committee on Fisheries would like to express their strong support for confirmation of the Governor's appointments to the Board of Fisheries.

Although the Governor's appointments were referred to the Fisheries Committee, we have no official participation in the confirmation process because we are not a standing committee. Yet, we are the only committee in the House of Representatives with a sole fisheries mandate and expertise. We deal with fisheries concerns on a continual basis and have been actively following Board of Fisheries actions. Some Fisheries Committee members have been interacting with the Board of Fisheries for decades.

Because of this, we feel it is our responsibility to let the House of Representatives know that we feel the current appointments to the Board of Fisheries have proven that they are worthy of confirmation. Every member has the experience, intelligence, and compassion required for the job.

If we do not confirm the Board, we will lose their expertise and experience with the issues and procedures. Mr. Speaker, we have an excellent Board and it would be a shame if we lost them.

Sincerely,

Adelheid Herrmann

Adelheid Herrmann
Chairman

Jack Fuller
Vice-Chairman

Ben Grussendorf

Fred Zharoff

Peter Coll

John Sund

AH/m/ml

Alaska State Legislature

HOUSE OF REPRESENTATIVES

COMMITTEE ON RESOURCES

JOHN RINGSTAD, CO-CHAIRMAN
RICHARD SHULTZ, CO-CHAIRMAN
POUCH V
JUNEAU, ALASKA 99811
(907) 465-3715

March 29, 1984

The Honorable Joe Hayes
Speaker of the House
Pouch V
Juneau, Alaska 99811

Dear Mr. Speaker:

The House Committee on Resources has held hearings on the confirmation of Mr. Phil Smith to the Commercial Fisheries Entry Commission, and the members of the the committee give the following individual recommendations:

CONFIRM:	OTHER RECOMMENDATIONS:
Peter Joe	Dick Shultz No rec. at this time
Ronald D. Zarn	
John Ringstad	
Anthony Vorka	
Rick Uehle	

John Ringstad

Rep. John Ringstad, Co-chairman

RESUME

Philip J. (Phil) Smith

January 1984

PERSONAL INFORMATION

Name:	Philip Joseph SMITH	
Address:	SRA Box 1026F 12521 Beachcomber Dr. Anchorage, AK 99502	2718 Roger Street Juneau, AK 99801
Telephone:	345-0709 (W) 586-3456	364-3625
Family:	Married to Deborah (Employment Program Manager, State Division of Community Development), Two Children: Crispian (11 years), and Moira (8 years)	
Age:	40 years (DOB 1/25/43)	
Health:	Excellent	
Alaskan:	Since December 1943; raised in rural Alaska; resident of Anchorage since 1969	

PROFESSIONAL EXPERIENCE

October 83 - Present - Commissioner, Commercial Fisheries Entry Commission (Pouch KB, Juneau 99811)

Serve with two other Commissioners in appointed position to administer Limited Entry Program, adjudicate claims of fishermen seeking entry permits.

July 82 - October 83 - Private Business ("Phil Smith & Associates," ABL #05085), specializing in public policy analysis, business management, program development, and planning.

May 82 - November 82 - Candidate for Alaska State Senate (District "D" including South Anchorage, Kenai Peninsula, and Prince William Sound).

November 81 - July 82 - Director, Research & Education, Alaska Native Foundation, Inc. (411 W. 4th Avenue, Anchorage 99501)

Directed effort to assess impact of Alaska Native Claims Settlement Act (ANCSA) on individuals and Alaska Native Corporations; Initiated effort to analyze potential dislocations resulting from allowable stock alienation in 1991;

Professional Experience (Cont'd)

Produced first statewide broadcast of Alaska Federation of Natives Convention on "Learn/Alaska" Instructional Satellite Television Project (and arranged for "simulcast" on Alaska Public Radio Network);

Served as Interim President from January through March 1982;

Resigned to start Private Business.

February 75 - October 81 - Executive Director, Rural Alaska Community Action Program, Inc. (327 Eagle St., Anchorage 99501)

Chief Executive Officer for statewide corporation; responsible to 27-member Board of Directors (representative of all areas of Alaska and all levels of Government) for planning, design, implementation, and management of $12 million program emphasizing Child Development, Energy, Natural Resources, Health & Alcoholism, and Citizens Participation for low-income rural Alaskan residents;

Position required knowledge of, and participation in, Federal/State/Local administrative and legislative processes, public relations/communications skills, secure knowledge of rural/Native cultures and economies, and strong fiscal/personnel management abilities;

Resigned to initiate ANCSA Assessment effort for Alaska Native Foundation.

March 73 - January 75 - Deputy Director, Rural Alaska Community Action Program, Inc. (327 Eagle St., Anchorage 99501)

Responsible to Executive Director for Program Planning and Development, internal management;

Promoted by Board to position of Executive Director.

January 71 - February 73 - Director of Video Production, Community Enterprise Development Corporation of Alaska, Inc. (1011 East Tudor Road, Anchorage 99507)

Responsible for all video-tape production in project using film and video-tape media as tools for community development/education in Yukon Delta village of Emmonak.

Resigned to pursue opportunity at RurAL CAP.

Professional Experience (Cont'd)

Earlier Experience - Various positions, including Television Production Specialist, for the Anchorage School District, Youth Counselor, for the State of Alaska, Audio-Visual Technician and Commercial Radio Announcer in College, Commercial Fisherman, Cannery Worker, Laborer, etc.

MILITARY

Enlisted - U.S. Army, Fort Richardson (AK); April 1964. Received training as medical corpsman/administrator; qualified for Special Forces, Officer's Candidate School. Took Basic Training at Fort Ord (CA), Medical Training at Fort Sam Houston (TE);

Served - U.S. Army Dispensary, Camp des Loges (Paris), France; worked as administrator, was Non-Commissioned Officer in Charge of Dispensary upon discharge;

Discharged - Fort Dix (NJ); June 1967. Honorable Discharge at rank of Staff Sergeant (E-6).

EDUCATION

College & University

National Judicial College, University of Nevada, Reno; 1983;

Certificate in Administrative Law/Fair Hearing Processes.

Golden Gate College, San Francisco (CA); 1968-1969;

Graduated with BA in Political Science (Magna cum Laude) in January 1969.

University of Washington, Seattle (WA); 1967-1968;

Completed necessary course-work for minor in Communications, Radio/TV Production.

Mount Angel Seminary, Mt. Angel (OR); 1963-1964;

Philosophy/Theology Courses.

University of Notre Dame, Notre Dame (IN); 1960-1963;

General Liberal Arts concentration, with emphasis on classics.

Education (Cont'd)

High School

Cordova High School, Cordova (AK); 1956-1960;

College Preparatory Courses.

OTHER EXPERIENCE (Boards, Commissions, etc.)

Anchorage Community College Council - Appointed by the President of the University of Alaska to serve on Citizens Advisory Council for largest Community College in the State.

Alaska Energy Center - Appointed by Governor to serve as one of seven people to guide development of State-chartered corporation with the stated purpose of "privatizing" Alaska's energy wealth by investing in private sector ventures to research, design, manufacture, and market new energy technologies appropriate to cold climate areas (resigned from Board upon filing for State Senate in May 1982).

Title 29 Review Commission - ExOfficio member of Commission established by Legislature to review Alaska Local Government statutes and to recommend appropriate revisions; changes introduced in 12th Legislature.

Other - Numerous committees, panels, etc., related to ensuring that the concerns of rural Alaska were well-represented in policy deliberations of State and Federal Government and private groups.

Also, experience as effective public speaker, in preparation and delivery of testimony before public bodies addressing a wide variety of topics, and in community organization/advocacy activities.

COMMUNITY ACTIVITIES

- Theatre Guild, Inc. - President, member since 1970;
- KIMO TV Community Council - member since 1980;
- Active in wide variety of neighborhood/school concerns.

PERSONAL INTERESTS

- Family Activities (camping, boating, etc.)
- Community Theatre and the Arts
- Woodworking
- Photography

REFERENCES

Personal and Professional references numerous; available upon request.

Alaska State Legislature

HOUSE OF REPRESENTATIVES

COMMITTEE ON RESOURCES

JOHN RINGSTAD, CO-CHAIRMAN
RICHARD SHULTZ, CO-CHAIRMAN
POUCH V
JUNEAU, ALASKA 99811
(907) 465-3715

M E M O R A N D U M

To: House Resources Committee Members

From: Committee Staff

Date: Monday, April 30, 1984

Re: Resumes of Board Appointees

Attached you will find resumes of the Governor's appointees to the Board of Fisheries, and the Board of Game. These will be discussed at this afternoon's meetings, and Chairman Ringstad expects to take action on the committee's recommendation.

Resume

Nicholas (Nick) Jackson
Box 123
Gakona, AK 99586

PERSONAL DATA

Birth Year: 1936, Copper Center
Marital Status: Married, 5 children

JOB EXPERIENCE

Present	-Ahtna Construction, teamster
1980 - Present	-Ahtna, Inc., President
1979 - 1980	-Ahtna, Inc., Vice President
1975 - 1978	-Ahtna, Inc., General Manager
1974 - 1975	-Ahtna, Inc., Treasurer
1965 - 1973	-Alaska Dept. of Fish and Game, Fish and Game Technician, Glennallen

Other experience:

Involved in hunting, fishing and has been a trapper.

STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

BOARD OF FISHERIES/BOARD OF GAME
DEPARTMENT OF FISH AND GAME

SUBPORT BUILDING
JUNEAU, ALASKA 99801

March 5, 1983

RESUME

Joel Bennett
114 West 6th St.
Juneau, Alaska 99801
(907) 586-1255

Age: 39
Residence in Alaska; 14 years, 2 months
Education: BA, Washington and Lee University
LLB, Washington and Lee School of Law, 1968
State Bar Membership: Virginia, 1968
Alaska, 1976
Employment: Staff attorney to the Alaska State Legislature, 1968-1976, specializing in natural resources and wildlife law

Member, State Board of Game, 1978 to present

Self employed, Bennett Film Productions, specializing in natural history and wildlife programs for television: regular cameraman Director for Survival Anglia, Ltd., London, producing four internationally distributed films for television since 1978.

Military Service: Alaska National Guard, 1968-1974, retired 1975, Captain

RESUME

Sidney Huntington

Birthdate: May 10, 1915

Education: Grades 1 through 4

Family: Raised 14 children, adopted 1 child now 4 years old.

Occupational Activities: Hunted and trapped over 50 years, full and part time.

Built roads to Hogatza mining and built 40 man permanent camp.

Foreman building mining dredge.

Foreman Morrison Knutsen Construction, 3 years.

Foreman carpenter for Air Force, 11 years.

Manage own business for over 20 years, still have it.

Civic Activities: Member/Chairman of Huslia School Board, 1958-1962.

Member of Galena School Board, 1963 to present.

Member of Alaska Board of Game, 1974 to present.

No jail record.

Non drinker.

STATE OF ALASKA

OFFICE OF THE GOVERNOR
Pouch A
Juneau, Alaska 99811

BOARDS AND COMMISSIONS RÉSUMÉ

INSTRUCTIONS

A separate application is required for each position for which you apply. Complete and specific answers will aid in rapid and accurate processing of your résumé. The initial determination of whether you qualify for the position specified will be based on this application.

Please type or print legibly in ink. Forward to the above address. Be sure your answers are true. A willfully false answer may result in your disqualification or removal from office if you are appointed.

Position for which I am applying:
State Job Training Coordinating Council

Please list any other Board or Commission on which you serve:
Co-Chairperson - Litter Reduction/Resource Recovery Advisory Council Member

Name	Previous Name applied under
Sarah M. Scanlan	N/A

Mailing Address	Residence Address
308 Iditarod Ave.	308 Iditarod Ave.

City, State and Zip Code
Fairbanks, AK 99701

Home Telephone	Business or Message Telephone
456-1606	248-3030

REPORT ADDRESS AND TELEPHONE CHANGES PROMPTLY

AS 39.05.100 requires that a person appointed to a board or commission be a registered voter before the last general election:

Are you a registered voter? ☒ YES ☐ NO

Voter Registration Number (Optional) 01395409-Registered Democrat

Social Security Number (Optional) 574-26-3682

Have you ever been convicted of a misdemeanor within the past five years or a felony within the past ten years? ☐ YES ☒ NO

If "YES", explain the circumstances on a separate sheet of paper and attach it to this application. A conviction is not necessarily grounds for disqualification. The number of convictions, nature, recency and relationship to the board position applied for will be evaluated and a determination will be made after a review of all relevant facts.

A policy in the Governor's Office pertaining to boards and commissions is that a member attend at least 75% of the meetings. Are there any circumstances in either your professional or personal life which would prevent you from participating at the required authorized meetings? ☐ YES ☒ NO

If "YES", explain on a separate sheet of paper and attach to this application.

This position may require that the member travel to either urban or rural (or both) areas. Are there any circumstances which would prevent you from participating?

No.

CONFLICTS OF INTEREST: Certain Boards and Commissions require full disclosure of personal financial data under AS 39.50.010. If required for the Board or Commission for which you are applying, are you willing to do so? ☒ YES ☐ NO

Could you or any member of your family be affected financially be decisions to be made by the Board or Commission for which you have applied?
☐ YES ☒ NO If "YES", explain.

The Office of the Governor will not discriminate against an applicant for a Board or Commission based on Sex, Age, National Origin, Marital Status, Pregnancy, Handicap, Religion or Parenthood.

01-012(2/81)

TRAINING & EXPERIENCE: (If résumé attached, it is not necessary to complete items A-D)

A. List any professional licenses, certifications, or registrations and dates obtained that may be used as qualifying criteria:

None

B. List both formal and informal education and training experiences: (Use additional paper if necessary)

1971-Dec, 1974	University of Alaska, Fairbanks	BBA	May 1975
1970	Stanford University, Palo Alto, CA		1970
1968-1970	Lathrop High School, Fairbanks, AK - Graduated with Honors Member National Honor Society		
1966-1968	Kotzebue High School, Kotzebue, AK Breathitt High School, Jackson, Kentucky		

Have attended seminars in management-training. Was one of two Alaskans chosen to represent Alaska in a good will tour to Russia in 1970.

C. List any community service positions, municipal government positions, state positions held, and list any awards received. These include both compensated and uncompensated positions (for example, president of a service organization or a mayor). Also include length of time served in the positions.

Board Member/Secretary - World Eskimo Indian Olympics, Fairbanks, 1970-present
Board Member/Secretary - Tundra Times, 1980 - present
Board Member/Secretary - Howard Rock Scholarship Foundation, 1981 - present
Board Member - Alaska Inter-Regional Private Industry Council, 1981 - present.

D. Employment work history: paid, unpaid or voluntary: (Use additional paper if necessary)

Sept. 1977 - Present — Shareholder Relations, promoted to Vice-President, Shareholder Development, March, 1982.

NANA Regional Corporation, 4706 Harding Dr., Anchorage, AK 99503
Work closely with corporate officials in developing job opportunities and training for shareholders of the corporation. Also responsible for maintenance of corporate stock records; responding to all shareholder inquiries; preparation of shareholder hire reports for Board of Directors; editor of quarterly newsletter; involved in personnel management; special projects as assigned.

Job requires extensive travel to region and villages, and occasional trips to the lower 48.

(continued on attached sheet)

The Office of the Governor and the State of Alaska have an Affirmative Action Equal Employment Opportunity Program. To assist in the program, you are asked to voluntarily answer the following questions to provide the information necessary for reporting purposes. Under State and Federal law, the information you provide will not be used to illegally discriminate against you.

SEX
☐ Male
☒ Female

ETHNIC BACKGROUND
☐ White ☐ Black ☐ Hispanic ☒ Alaska Native ☐ Asian or Pacific Islander ☐ American Indian

Date of Birth 1/15/52

Military Service (If applicable, give dates)

CERTIFICATION: I swear that the information I have entered on this form is true to the best of my knowledge. I understand that if I deliberately conceal or enter false information on the form my application may be rejected, I may be removed from the list of eligible candidates or I may be removed from the position. I agree that the Office of the Governor may contact present or former employers or other persons who know me to obtain additional information about my skills and abilities. I understand that the information on this application is public information and may be released through a legal request for such information.

Signature in Ink [signature]

Date February 17, 1983

01-012(1/81) Back

January, 1976 - June, 1977	Operations Manager. NANA Security Systems, 4706, Harding Dr., Anchorage, Alaska 99503 Responsible for carrying out provisions of security contract with Alyeska Pipeline Company for all camps north of the Yukon River during the construction phase of the Trans-Alaska Pipeline. Reason for leaving: Contract completed, office shut down.
September, 1975 - December, 1975	Employment Assistance Counselor. Tanana Chiefs Conference, 1st & Hall St., Fairbanks, AK 99701 Counseled members of the Doyon Region to provide guidance in job placement and/or job training.. Reason for Leaving: Took job with NANA, in which I am a shareholder.
June, 1975 - Sept., 1975	Bookkeeper. Kotzebue Electric Association, Kotzebue, AK 99752. Maintained collections and billings records for utility customers. Reason for Leaving: Summer job only; returned to Fairbanks.
June, 1972 - June, 1975	Teller, Bookkeeper, Accruals Clerk. National Bank of Alaska, 6th & Cushman, Fairbanks, AK 99701 Worked in the above capacities part-time while attending the University of Alaska, Fairbanks, and during the summer months. Reason for Leaving: Returned to Kotzebue upon graduation from college for summer job.
January, 1971 - May, 1972	Tutor. University of Alaska, Student Orientation Services, 5th Floor Gruening, Fairbanks, AK 99701. Tutored rural students in Albebra and Math part-time while attending the University of Alaska, Fairbanks. Reason for Leaving: Took summer job with bank.

STATE OF ALASKA

OFFICE OF THE GOVERNOR
Pouch A
Juneau, Alaska 99811

BOARDS AND COMMISSIONS RESUMÉ

INSTRUCTIONS

A separate application is required for each position for which you apply. Complete and specific answers will aid in rapid and accurate processing of your résumé. The initial determination of whether you qualify for the position specified will be based on this application.

Please type or print legibly in ink. Forward to the above address. Be sure your answers are true. A willfully false answer may result in your disqualification or removal from office if you are appointed.

Position for which I am applying
BOARD OF FISHERIES

Please list any other Board or Commission you have applied for

Name Jerene M. "Jeri" MUSETH	Previous Name applied under Same
Mailing Address P.O. Box 754	Residence Address Lot #16, Elfin Cove, AK 99825
City, State and Zip Code Juneau, Alaska 99802 (temporary winter address)	
Home Telephone 364-3540	Business or Message Telephone 586-9400

REPORT ADDRESS AND TELEPHONE CHANGES PROMPTLY

AS 39.05.100 requires that a person appointed to a board or commission be a registered voter before the last general election.

Are you a registered voter? [X] YES [ ] NO

Voter Registration Number (Optional) 00581470 Social Security Number (Optional) 535-42-2847

Have you ever been convicted of a misdemeanor within the last five years or a felony within the past ten years? [ ] YES [X] NO

If "YES", explain the circumstances on a separate sheet of paper and attach it to this application. A conviction is not necessarily grounds for disqualification. The number of convictions, nature, recency and relationship to the board position applied for will be evaluated and a determination will be made after a review of all relevant facts.

A policy in the Governor's Office pertaining to boards and commissions is that a member attend at least 75% of the meetings. Are there any circumstances in either your professional or personal life which would prevent you from participating at the required authorized meetings? [ ] YES XX NO

If "YES", explain on a separate sheet of paper and attach to this application.

This position may require that the member travel to rural (urban or rural for both) areas. Are there any circumstances which would prevent you from participating? None

CONFLICTS OF INTEREST Certain Boards and Commissions require full disclosure of personal financial data under AS 39.50.010. If required for the Board or Commission for which you are applying, are you willing to do so? XX YES [ ] NO

Could you or any member of your family be affected financially by decisions to be made by the Board or Commission for which you have applied?
XX YES [ ] NO If "YES", explain. Only if you consider we have a commercial fishing business & live in a fishing community; however, this hasn't been a previous detriment to other members with similar backgrounds. I am concerned about conservation & the industries' future.

The Office of the Governor will not discriminate against an applicant for a Board or Commission based on Sex, Age, National Origin, Marital Status, Pregnancy, Handicap, Religion or Parenthood.

01/2/81

TRAINING & EXPERIENCE: (If resume attached, it is not necessary to complete items A-D)

A. List any professional licenses, certifications, or registrations and dates obtained that may be used as qualifying criteria

See resume

B. List both formal and informal education and training experiences: (Use additional paper if necessary)

See resume

C. List any community service positions, municipal government positions, state positions held, and list any awards received. Include both compensated and uncompensated positions. (for example, president of a service organization or a mayor) [illegible] length of time served in these offices.

Member Elfin Cove Fish and Game Advisory Committee (3 yrs); Member League of Women Voters (2 yrs); Member Alaska Women's Political Caucus (1 yr); Vice-Chair, Juneau Chapter Troll Political Action Committee (2 yrs); Member Southeast Advisory Panel to Citizens' Commission of Federal Areas (1 yr); Member Juneau Democratic Party; Elfin Cove Election Board Member and Chairman (5 yrs); Elfin Cove School Board (2 yrs); Secretary, Community of Elfin Cove, Inc. and member of Board of Directors (2 yrs); Juneau Volunteer EMT's Board Member (3 yrs); "Parents Who Care" (Alcohol/Drug abuse) 1 yr; various other Elfin Cove committees.

D. Employment work history: paid, unpaid or voluntary (Use additional paper if necessary)

See resume.

The Office of the Governor and the State of Alaska have an Affirmative Action Equal Employment Opportunity Program. To assist in the program, you are asked to voluntarily answer the following questions to provide the information necessary for reporting purposes. Under State and Federal law, the information you provide will not be used to illegally discriminate against you.

SEX
- [ ] Male
- [X] Female

ETHNIC BACKGROUND
- [ ] White
- [ ] Black
- [ ] Hispanic
- [XX] Alaska Native
- [ ] Asian or Pacific Islander
- [ ] American Indian

Date of Birth: 07/06/43

Military Service (if applicable, give dates): N/A

CERTIFICATION: I swear that the information I have entered on this form is true to the best of my knowledge. I understand that if I deliberately conceal or enter false information on the form my application may be rejected, I may be removed from the list of eligible candidates or I may be removed from the position. I agree that the Office of the Governor may contact present or former employers or other persons who know me to obtain additional information about my skills and abilities. I understand that the information on this application is public information and may be released through a legal request for such information.

Signature in Ink: Peri Musselt

Date: 10/25/83

01-012(1/81) Back

EMPLOYMENT RESUME'

JERENE M. MUSETH (nee: Decker)
P.O. Box 754
Juneau, AK 99802
907-364-3540 (home) (586-9400 work)

Female Alaska resident since October 1964
SSN: 535-42-2847
DOB: 07/06/43 POB: Seattle, WA

Education: Graduated from Kent-Meridan High School
Kent, Washington--June 1961
Attended University of Washington
Seattle, WA 1961-62 (16 credits--1/4 hr)
Highline Junior College
Seattle, WA 1962-64 (76 credits--1/4 hr)

Other Training: MTDA - J.D. Community College, Juneau, AK
02/06-05/12/67 Clerk-typist Course
E.M.S. & AK Depart. Public Safety, Sitka, AK
2/26-03/10/79 Emergency Medical Technician I
E.M.S. & AK Depart. Public Safety, Sitka, AK
3/26-03/30/79 Industrial 1st Aid & CPR Instructor
E.M.S. & AK Depart. Public Safety, Sitka, AK
01/06-01/11/81 EMT I Refresher Training
E.M.S. & AK Depart. Public Safety, Sitka, AK
2/22-02/24/82 Renew CPR Instructor Ratings
University of Alaska, Juneau, AK
Psy 393 & bookkeeping classes 82-83
E.M.S. & AK Depart. Public Safety, Sitka, AK
10/03-10/08/83 EMT-A (National Cert)

Personal References:

Megan Dorman	Pat Lewis	Carole Robb
P.O. Box 1013	P.O. Box 275	P.O. Box 758
Juneau, AK 99802	Douglas, AK 99824	Juneau, AK 99802

Miscellaneous Information:
Restricted Radio Operators License Typing speed 55 wpm
Alaska Driver's License #0516000
Notary Republic - expr. 10/06/84
Voters' Registrar

Volunteer works include: Secretary, Elfin Cove, Inc., Board of Directors; Elfin Cove Fish and Game Advisory Committee; Vice-Chairman Juneau Chapter Troll Political Action Committee; member Juneau chapter Democratic party; member League of Women Voters; member Alaska Women's Political Caucus; member Juneau Volunteer EMT's; member "Parents Who Care" (alcohol/drug abuse); telephone operator for the Community of Elfin Cove (at least six hours per week); bookkeeper for Elfin Cove Telephone and Elfin Cove Community; Elfin Cove School Board; Elfin Cove Election Board Chairman; various other Elfin Cove committees, i.e. VHF, 4th of July, boardwalk. I have taught several Cardio-pulmonary Resuscitation courses and Emergency First-aid Courses, and assisted with similar classes at the University of Alaska, Juneau. I have acted as home teacher for my daughter who was taking State correspondence courses from 1973-80 (3rd - 9th grades). Southeast Advisory Panel to Citizen's Commission in Federal Areas. Did volunteer work for Juneau's AWARE.

Work History:

1. Alaska Trollers Association
   205 N. Franklin St.
   Juneau, Alaska 99801

   Edward J. Wojeck
   Executive Director

   09/25/83 to / / $1700/mo. Administrative Assistant
   Work with Board of Directors and assist Executive Director with all matters by researching subjects and making necessary contacts and data collection, attend hearings and public meetings which often necessitates travel. Lobbist on fishing matters. Initiate bookkeeping and payroll, typing and business letters, filing, coding logbooks, computer data entry, and act as receptionist for the office.

2. Self-employed fisherman
   F/V Defense
   Elfin Cove, AK 99825

   06/01/83-09/20/83 -- Salmon trolling and halibut longlining as above. Fishing is the family business. Duties include: bookkeeping, writing business letters, ordering supplies, paying bills, cooking, pulling and cleaning fish and caring for catch, assisting with vessel maintenance and operation, attending political meetings and testifying. This is seasonal work depending upon regulations.

3. Alaska Trollers Association
   205 N. Franklin St.
   Juneau, AK 99801

   Edward J. Wojeck
   Executive Director

   01/10/83-05/31/83 $1700/mo Administrative Assistant
   Duties as above in item #1. Seasonal lay-off.

4. Johnson O'Malley Home-School Counseling
   P.O. Box 808
   Douglas, AK 99824

   Sandra Samaniego
   Director

   08/26/82-01/07/83 $764.50 biweekly (37.5 hrs/wk) Executive Secretary
   Act as receptionist for clients and public, organize and accomplish office and clerical functions relating to program. Assist Director, Counselor Coordinator and Preschool Teacher in daily activities. Initiate personnel actions, keep records, time keeper, review vendors and billings and prepare for payment. typing, filing, assist reports preparation and data collections. Resigned to take a more interesting position and better salary.

5. Self-employed fisherman
   F/V Defense
   Elfin Cove, AK 99825
   05/28/82-08/25/82 -- Duties as above in item #2

6. Johnson O'Malley
   P.O. Box 808
   Douglas, AK 99824

   Sandra Samaniego
   Director

   08/31/81 to 05/28/82 $764.50 biweekly (37.5 hrs/wk) merit increase
   Duties were as above in item #1. Seasonal lay-ff in conjuction with school year.

7. Self-employed fisherman
   F/V Defense
   Elfin Cove, AK 99825
   05/31/81 to 08/30/81. -- Duties as above in item #2

8. Johnson O'Malley
P.O. Box 808
Douglas, AK 99824

Sandra Samaniego
Director

10/27/80 to 05/31/81 $695.00 biweekly (37.5 hrs/wk).
The duties were as avove (item #4), accept for establishing my own filing system and reorganizing and implementing new office procedures for efficiency. Johnson-O'Malley is a federal grant program and acts as a support program to the school system. Thus, the tour of duty coincides with the school district calendar.

9. Self-employed fisherman - salmon trolling (hand & power) and halibut longlining
Elfin Cove, AK 99825

1973-1977, 1979, 1980, duties included in item #2. I was a licensed hand troller 1968, 1969, 1972, 1973, 1978. I also did some commercial set net fishing for smelt, deck-hand on a crab boat, and deck-hand on a black cod boat.

10 Channel Flying
Ken Lokken, Owner
Juneau, Alaska 99801

Dispatching agent, Elfin Cove--10/01/77 to 4/15/77; 10/01/73 to 4/15/79; 9/15/79 to 4/15/80. Worked on a commission and "free" service. Handled ticket sales and preparation, freight, light bookkeeping, observed and relayed weather conditions to Juneau office and pilots via radio. Coordinated flights, passengers, freight, mail, and boats as necessary. I worked as a winter substitute. Another person has this position during the summer months.

11 Elfin Wet Goods
Paul Johnson, Owner
Elfin Cove, AK 99825

General Manager Salary: Commission
12/01/75 to 4/15/76; 10/01/76 to 4/15/77; 09/29/77 to 4/15/79, 10/01/79 to 4/15/80.
General maintenance of store and area, ordering and organizing stock, stock shelves, maintain inventory, clerk, keep ledgers, bookkeeping, and writing business letters. Except for the summer of 1978, when I ran the store all year, this was a winter job only.

12 Depart of Highways
c/o Mr. Ole Bartness
Juneau, AK 99810

Laborer, bookkeeper, foreman. Salary start $5.50/hr and end $7.00/hr 1976-79. General construction work (i.e. carry lumber, hammering, operating chain saw, skiff and outboard); bookkeeping, payroll, order lumber after preparing estimates; order other construction materials and supplies and tools; arrange transportation of supplies, supervise construction and employees. This was seasonal work during the fall and spring as the Community contracted the boardwalk reconstruction, new construction , and repairs labor.

13 Elfin General Supply
Paul Johnson, Owner
Elfin Cove, AK 99825

General Manager Salary: Commission
04/15/78 to 09/20/78
General maintenance of store and area, ordering and organizing stock, stock shelves, maintain inventory, clerk, keep ledgers, maintain charge accounts and billings, bookkeeping and paying bills, and writing business letters. The general store stocked groceries, tobacco, hardware, fishing gear, clothing, bait, engine parts, electronics, sundries, and handled special orders. Supervised and trained two employees. Operated the liquor store at the same time. Seasonal summer store.

14 Pelican Distributing Co.
Pelican Cold Storage Supervisor: Bruce Mitchell
Pelican, AK 99832

Elfin Cove Fuel Man Salary: $400.00/mo
Pumped diesel fuel to boats and homes, also gas to vessels. Sold packaged products, maintained inventory (including measuring storage tanks), bookkeeping, maintained floats and tank farm and removed snow. Winter seasonal work.

15 Elfin Gen. Supply/Elfin Wet Goods & Juneau Cold Storage
Paul Johnson & John Gitkov 356 S. Franklin St.
Elfin Cove, AK 99825 Juneau, AK 99801

Clerk and fishbuyer. August-September 1975. Salary: $850.00/mo.
Ordered supplies, stocked shelves, bookkeeper for Elfin Gen. and Elfin Wet Goods. Bought and iced salmon and halibut, wrote fish tickets and checks, did bookkeeping and payroll for J.C.S. Seasonal work, was hired as temporary fill-in.

16. Veterans Administration Regional Office
P.O. Box 1288 Mr. H. D. Anders
Juneau, Alaska 99802 Director

Position: Management Assistant GS/8-2 04/02/72 to 06/23/73.
Served as secretary and management assistant to Director's Office. Duties included typical secretarial duties for a Regional Director, i.e. typing, filing, transcribing, receptionist. Also responsible for station administrative files and records, station local forms. Served as Reports Control Officer, consolidated and reviewed statistical data, prepared analysis of such data, participated in audits, and counseled supervisors.

I began working for the V.A. 05/22/67. I began as a Clerk (typing) GS/4 in the Adjudication Division. I then held such positions as Clerk-typist GS/4; Claim Clerk GS/5 in the Adjucation Division. I served as Information Receptionist GS/5 Veterans Benefit Division; eventually attaining position as Contact Representative (or Veterans Benefits Specialist) GS/8, Veterans Division before moving into above.

During this period I recived several awards including:

Superior Performance	06/18/68
Superior Performance	06/09/69
Superior Performance	07/21/70
Superior Performance	11/17/71
Director's Commendation	06/22/73

Specific duties for the above positions and other work experience and recommendations will be provided upon request.

RON B. JOLIN
Box 2022
Kodiak, AK 99615
(907) 486-5945

PERSONAL DATA: Born, 7/2/43, Pasco, Washington; Married, 2 children; Alaska resident since 1962 (20 years)

EDUCATION: North Idaho Junior College, Coeur-D-Alene, Idaho

FISHING EXPERIENCE:

SALMON: Cook Inlet gillnet fishery, 1963-1969; Kodiak Area purse seine, 1971 to present (qualified under Limited Entry for salmon permit).

HERRING: Prince William Sound purse seine, 1974 to 1976 (qualified under Limited Entry for herring permit); Kodiak Area purse seine, 1975 to present; Kodiak Area gillnet, 1975 to 1976.

SHRIMP: Kodiak and Westward Areas, shrimp trawl, 1969-1974.

KING CRAB: Kodiak, Dutch Harbor, and Bering Sea Areas, 1963 to present.

PRESENT VESSEL OWNERSHIP: M/V Fayette, 44 foot combination crabber/seiner; M/V Shawn-Aaron, 90 foot combination crabber/tender/longliner.

ORGANIZATIONAL AFFILIATION

-One of the original organizers of the Kodiak Shrimp Trawlers Association, 1st Treasurer of that Association, now re-named the Alaska Draggers Association.

-President, United Fishermen's Marketing Association, Inc., Kodiak, 3 years.

-Director, Alaska Seafood Marketing Institute, 1981 to present; member, original organizers of A.S.M.I.

-Kodiak Advisory Board, 1977 to present, vice-chairman, 1980 to present.

Resume

Val N. Angasan
Box 89
Dillingham, AK 99576
Phone: 842-5463

PERSONAL DATA

Birthdate: February 14, 1953
Marital Status: Married, 2 children

EDUCATION

University of Alaska, 1970 - 1974, full and part time, Majored in Business Administration and now has a total of 90 hours.

EMPLOYMENT HISTORY

1982 - Present	Bristol Bay Herring Marketing Corp., Manager
1981 - 1982	Building construction in winter and commercial fished in summer
1980 - 1981	IMARPIK Regional Aquaculture Corp., Assistant Manager
1975 - 1980	Economic Development, Bristol Bay Native Corp., Director - fished commercially in summer.

Miscellaneous Data:

Has subsistence hunted and fished.

RESUME

Robert H. Blake
P.O. Box 94
Cordova, Alaska 99574

Phone No.: Office (907)424-3447
Home (907)424-3652

Born: Russell Massachusetts
April 16, 1935

Residency: Cordova, Alaska since July 1950

Hobbies: Have held and actively used a sportfish, hunting and trapping license since 1954.

History: Commercial salmon, herring and crab fisherman from 1960 to present. Fishing in the Prince William Sound area and Bristol Bay currently, but have fished in Cook Inlet one season.

President United Fishermen of Alaska, 1979 to present

President of Cordova Aquatic Marketing Association 1954 to present

President of Cordova District Fisheries United 1954 to present

Board of Directors - Prince William Sound Aquaculture Corporation, 1955 to present

Member Alaska Fishermens Fund Advisory and Appeals Council, approx. 1978 to present

Advisory Panel to North Pacific Fishery Management Council approx. 1979 to present

Member Prince William Sound Regional Planning Team approx. 1980 to present

Board member Alaska Seafood Marketing Institute approx. 1980-1983

Board member Fisheries Institute & Technology Center 1980 to present

Member Cordova City Council approx. 1978-1981

November 29, 1982

Gov. Bill Sheffield
Sheffield Hotel
Plaza 201 E 3rd
Anchorage, AK 99501

Dear Bill,

I once again extend my sincere congratulations on your victory. There is no doubt in my mind that you will be one of the "Great" Governors of our State.

I would like to be kept in mind in event there is opportunity to make use of my background and expertise. I believe that I could be of significant value to you in all areas pertaining to the fisheries or subsistance problems. I, specifically, would like to sit on an Ad Hoc group involved in subsistance as related to sport users of our fish and game. I feel my longevity in our state, my interfacing with Bush groups, Commercial fishing interests and my Sport fishing and hunting advocation would be of value to your administration. The following points may be of interest in justifying any appointments.

1. 31 years resident in Alaska
   a. Ketchikan 1951-57
   b. Sitka 1958-62
   c. Kodiak 1962-75
   d. Anchorage 1975-present
2. 12 years in Alaska Pulp Mills Technical Department ending in 1962 as Lab Superintendent Alaska Lumber & Pulp Co., Sitka
3. 12 years fish processing business President B & B Fisheries, Inc., in Kodiak
4. 7 years executive search and management consulting, President Bonney, Garland & Co., Inc. in Anchorage
5. President Anchorage East Rotary Club
6. In depth background in both sport and commercial fishing -- Co-Chairman Kenai River Sport Fishing Association (500 members) and Board of Directors Alaska Sportfishing Association (1000 members)

Sincerely,

BONNEY, GARLAND & CO., INC.

Bix Bonney
President

Bix Bonney

BB/ekb

Bonney, Garland & Co., Inc.

Calais II Bldg., 1001 C Street, Suite 202 Anchorage, Alaska 99503 Telephone: (907) 276-1451

Resume

Jesse Foster

PERSONAL DATA

Birthdate: June 26, 1941
Marital Status: Married, 4 children

EDUCATION

High School - GED

COMMITTEE/BOARD PARTICIPATION AND EMPLOYMENT HISTORY

1981 - Present	-Alaska Land Use Advisory Committee -AVCP Education Committee, Board Member
1980 - Present	-AVCP Fisheries Task Force
1980 - 1982	-Alaska Fisheries Development Foundation, Board Member
1979 - Present	-North Pacific Fishing Management Council Advisory Panel
1978 - Present	-International North Pacific Fisheries Commission Advisory Committee -Central Bering Sea Fish and Game Advisory Committee, Vice Chairman -Western Alaska Fishermen's Marketing Assn. -Quinhagak City Council, Past Mayor -Quinhagak City Council, Council Member
1977 - Present	-Bering Sea Fishermen's Assn., Past President -Bering Sea Fishermen's Assn., Board Member

RESUME

JOHN N GARNER

PERSONAL DATA:

Place/Date of Birth: Ketchikan, Alaska; April 6, 1949
Spouse: Jeanne A. Garner
Children: Alissa (7) and Carrie (5)

EDUCATION:

High School: Copper Valley School (Jesuit Boarding School near Glennallen, Alaska)
College: Seattle University; B.A., History
Post Graduate: University of Washington School of Law; J.D.

EMPLOYMENT HISTORY:

Summers, 1963-1967: Commercial fishing, Yakutat and Bristol Bay
Summer, 1968: Totem Egg Co. chicken ranch, Palmer
Summers, 1969-1971: Telephone lineman, Interior Alaska
1972: Research economist, Department of Labor
Summer, 1973: Legal intern, State of Alaska
Summer, 1974: Legal intern, State of Alaska
1974-1975: Hearing Officer, Commercial Fisheries Entry Commission
1975-1976: Commissioner, Commercial Fisheries Entry Commission
1977-1978: Commissioner, Commercial Fisheries Entry Commission
1978-1979: Chairman, Commercial Fisheries Entry Commission
1979-present: Self employed law practice specializing in fishing industry related matters
1979-present: Commercial fisherman, Bristol Bay
1980-present: Commercial fisherman, Southeast Alaska
1981-present: Sea Roe Fisheries, a fish processing company

ORGANIZATIONS:

Member, Alaska Bar Association (1977-present)
Member, United Fishermen of Alaska (1979-present)

Alaska State Legislature

HOUSE OF REPRESENTATIVES

COMMITTEE ON RESOURCES

JOHN RINGSTAD, CO-CHAIRMAN
RICHARD SHULTZ, CO-CHAIRMAN
POUCH V
JUNEAU, ALASKA 99811
(907) 465-3715

M E M O R A N D U M

To: House Resources Committee Members

From: Committee Staff

Date: Monday, April 30, 1984

Re: Resumes of Board Appointees

Attached you will find resumes of the Governor's appointees to the Board of Fisheries, and the Board of Game. These will be discussed at this afternoon's meetings, and Chairman Ringstad expects to take action on the committee's recommendation.

Resume

Nicholas (Nick) Jackson
Box 123
Gakona, AK 99586

PERSONAL DATA

Birth Year: 1936, Copper Center
Marital Status: Married, 5 children

JOB EXPERIENCE

Present	-Ahtna Construction, teamster
1980 - Present	-Ahtna, Inc., President
1979 - 1980	-Ahtna, Inc., Vice President
1975 - 1978	-Ahtna, Inc., General Manager
1974 - 1975	-Ahtna, Inc., Treasurer
1965 - 1973	-Alaska Dept. of Fish and Game, Fish and Game Technician, Glennallen

Other experience:

Involved in hunting, fishing and has been a trapper.

KENAI RIVER SPORTFISHING ASSOCIATION, INC.
3301 "C" Street Suite 202
Anchorage, Alaska 99503
Phone (907) 276-1451

April 11, 1984

VOTE !!

Dear Member:

We have been asked for our input, and it is imperative that we inform the legislature what our wishes are relative to confirmation of the Alaska Board of Fisheries. Your steering committee has voted today unanimously to abide by your vote per the attached ballot. The outcome of this vote will be made public to the legislature and governors office, et al.

Your steering committee today also instructed us to advise you of the following organizations' position on the Fisheries Board confirmation: They are all the recreational fishing organizations we know of in South Central Alaska.

Alaska Sportsfishing Assoc. - Bob Hunter -	Membership Decision	Non-Confirmatio
Alaska Fly Fishing Assoc. - Richard Johnson	Brd Decision	Non-Confirmatio
Isaac Walton League - Sam McDowell	Brd Decision	Non-Confirmatio
Mat Valley Sportsman - Ed DePriest		No Response
Alaska Professional Sportsfishing Assoc. - Chris Goll	Brd Decision	Non-Confirmatio
Chitna Dip Netters - Byron Haley -	Brd Decision	Non-Confirmatio
Cook Inlet Professional Guides Assoc.- Bob Haglund		No Decision
Trout Unlimited - Hunter Fisher		No Decision
Safari Club International - Paul Palmer	Brd Decision	Non-Confirmatio
Kenai River Guides Assoc. - Harry Gaines		No Decision
Alaska Outdoor Council - Ron Somerville	Brd Decision	Non-Confirmatio

CONFIRMATION OF FISHERIES BOARD:

The Fisheries Board is nominated by the Governor and must be confirmed by a majority of the legislature, that is, the House and Senate. This confirmation hearing is scheduled for approximately May 1, 1984. Last year's board was overturned by the legislature primarily because two sportsmen were not nominated to the board by the Governor. The Governor has re-nominated six commercial and one sportsman this year. We must have your opinion, please vote today on the attached ballot and return immediately in the enclosed self addressed envelope by APRIL 18, 1984. You are encouraged to be a part of our steering committee every Tuesday, at the Beef and Sea restaurant at noon..., and REMEMBER, it'll only be 30 days til the Kenai Kings start running again... WE NEED MORE MEMBERS, PLEASE SIGN ONE UP AND HELP US ALL TODAY... ENVELOPE ENCLOSED.

Thank you.

FOR THE STEERING COMMITTEE

Bob Penney
Chairman

Ben Milliken

Jeff Parker

Bob Gerdon

Dan Sisson

VOTE BALLOT ON REVERSE

BALLOT

YES_____ 1. APPROVE CONFIRMATION OF FISHERIES BOARD.

No 88.5%

ADVISORY VOTE ONLY:

YES 97.5% 1. WOULD YOU VOTE FOR LEGISLATION THAT DESIGNATES THE KENAI RIVER AS PRIMARILY A RECREATIONAL FISHERY AS FOLLOWS:

No _____

A. ALLOW MAXIMUM NOT MINIMUM ESCAPEMENT FOR ALL SALMON SPECIES.,

B. PROVIDE SUFFICIENT HARVESTS FOR TRADITIONAL RECREATIONAL USES.

C. ALLOW THE EAST SIDE SET NET FISHERY (OR OTHER COMMERCIAL FISHING METHODS) TO HARVEST KENAI RIVER SALMON STOCKS WHICH ARE SURPLUS TO ESCAPEMENT AND RECREATIONAL NEEDS.

YES 94% 2. DO YOU SUPPORT BIX BONNEY'S EFFORTS ON THE FISHERIES BOARD?

No ____

END OF BALLOT

****

APRIL 24, 1984 Copies Being mailed to:

MEMO TO: Senator Jay Kerttula
House Speaker Joe Hayes
Senator Bettye Fahrenkamp
Senator Don Bennett
Senator Jan Faiks
Senator Joe Josephson
Senator Bob Mulcahy
Rep. John Cowdery
Rep. Walt Furnace
Rep. John Ringstad
Rep. Bob Bettisworth

As of April 20th we had a 25% return of ballots, as noted above, the percentage was 88.5% for non-confirmation, therefore the position of this association must be for non-confirmation.

Do you think, "individual confirmation" of different board members is feasible. Where would the votes be on this? Appreciate an early telephonic response.

We thank you again so very much for your help. This is a major issue in South Central.

Bob Penney
Chairman

Alaska State Legislature
HOUSE OF REPRESENTATIVES
COMMITTEE ON RESOURCES

JOHN RINGSTAD, CO-CHAIRMAN
RICHARD SHULTZ, CO-CHAIRMAN
POUCH V
JUNEAU, ALASKA 99811
(907) 465-3715

MEMORANDUM

To: Resources Committee Members

From: Rep. John Ringstad, Co-chairman

Date: April 30, 1984

Re: Correspondence regarding Board appointments

In addition to the correspondence included in your committee file on the confirmation of the Governor's appointments to the Board of Fisheries, the committee has on file communiques from at least 250 Alaskans opposed to the make-up of the board, or to actions taken by the board. This correspondence is obviously too voluminous to justify duplicating for every member's file, however, any member who would like to examine the committee file is certainly welcome to do so.

FAIRBANKS ADVISORY COMMITTEE
TO THE BOARDS OF FISH & GAME
1002 PIONEER ROAD
FAIRBANKS, ALASKA 99701

MARCH 5, 1984

GOVERNOR BILL SHEFFIELD
POUCH A
JUNEAU, ALASKA 99811

ALL ALASKA REPRESENTATIVES
POUCH V (MS 3100)
JUNEAU, ALASKA 99811

ALL ALASKA SENATORS
POUCH v (MS 3100)
JUNEAU, ALASKA 99811

HONORABLE BILL SHEFFIELD
AND LEGISLATURE;

THE FAIRBANKS FISH AND GAME ADVISORY COMMITTEE WOULD LIKE TO EXPRESS ITS DEEP CONCERN OVER THE QUALITY OF THE ALASKA STATE GAME BOARD.

THE ADVISORY COMMITTEE REPRESENT CITIZENS WITH GREAT KNOWLEDGE AND CONCERN OF ALASKA FISH AND WILDLIFE MATTERS. COMMITTEE MEMBERS CONTRIBUTE CONSIDERABLE TIME TO THE CAREFUL EVALUATION AND DEVELOPMENT OF FISH AND GAME REGULATIONS. GREAT CONSIDERATION HAS BEEN DEMONSTRATED FOR THE BIOLOGICAL NEEDS OF WILDLIFE POPULATIONS, AND FOR EQUITABLE ALLOCATION OF THESE RESOURCES.

IT IS VITALLY IMPORTANT THAT THE BOARD OF GAME MAINTAINS ITS PREVIOUS OR GREATER KNOWLEDGE, AND ITS PROVEN DEDICATION TOWARD THESE MATTERS. SHOULD IT BECOME KNOWN THAT THE NEW BOARD OF GAME NO LONGER REPRESENTS PERSONS KNOWLEDGEABLE OF WILDLIFE, OR WITHOUT PROVEN DEDICATION TOWARD THE BIOLOGICAL NEEDS OF WILDLIFE; THE ADVISORY COMMITTEE SYSTEM COULD RAPIDLY DETERIORATE.

ALASKA'S WELL DEVELOPED FISH AND WILDLIFE MANAGEMENT SYSTEM SHOULD NOT BE ALLOWED TO MARKEDLY DETERIORATE AS A RESULT OF POORLY CONSIDERED APPOINTMENTS TO THE BOARD OF GAME.

SINCERELY
Tom Scarborough
TOM SCARBOROUGH CHAIRMAN
FBKS. ADV. COMMITTEE.
PER. BYRON W. HALEY SEC.
Byron W Haley

SYNOPSIS OF COMMITTEE ACTION

HOUSE RESOURCES COMMITTEE

April 30, 1984

The House Resources Committee met on April 30, and, among other things, took action on Governor Sheffield's appointments to the Board of Fisheries. The charge of the committee, by AS 39.05.080, is to hold at least one public hearing, report and recommend to the full House. The committee opted to report on each board member individually, with individual recommendations from each committee member. The following indicates how each appointee fared:

	FOR CONFIRMATION	AGAINST CONFIRMATION	NO RECOMMENDATION
Ron Jolin	Rep. Goll	Rep. Bussell Rep. Liska Rep. Cowdery Rep. Ringstad	Rep. Larson Rep. Uehling Rep. Shultz
Jesse Foster	Rep. Goll	Rep. Bussell Rep. Liska Rep. Cowdery Rep. Ringstad	Rep. Larson Rep. Uehling Rep. Shultz
Robert Blake	Rep. Goll	Rep. Bussell Rep. Liska Rep. Cowdery Rep. Ringstad	Rep. Larson Rep. Uehling Rep. Shultz
Bix Bonney	Rep. Goll Rep. Shultz Rep. Ringstad	Rep. Cowdery	Rep. Bussell Rep. Larson Rep. Liska Rep. Uehling
Jeri Museth	Rep. Goll	Rep. Bussell Rep. Liska Rep. Cowdery Rep. Ringstad	Rep. Larson Rep. Uehling Rep. Shultz
Val Angasan	Rep. Goll Rep. Shultz Rep. Ringstad	Rep. Bussell Rep. Liska Rep. Cowdery	Rep. Larson Rep. Uehling
John Garner	Rep. Goll	Rep. Bussell Rep. Liska Rep. Cowdery Rep. Ringstad	Rep. Larson Rep. Uehling Rep. Shultz

Representative Vaska was absent.

Alaska State Legislature

HOUSE OF REPRESENTATIVES

COMMITTEE ON RESOURCES

JOHN RINGSTAD, CO-CHAIRMAN
RICHARD SHULTZ, CO-CHAIRMAN
POUCH V
JUNEAU, ALASKA 99811
(907) 465-3715

M E M O R A N D U M

To: House Resources Committee Members

From: Committee Staff

Date: Monday, April 30, 1984

Re: Resumes of Board Appointees

Attached you will find resumes of the Governor's appointees to the Board of Fisheries, and the Board of Game. These will be discussed at this afternoon's meetings, and Chairman Ringstad expects to take action on the committee's recommendation.

Resume

Nicholas (Nick) Jackson
Box 123
Gakona, AK 99586

PERSONAL DATA

Birth Year: 1936, Copper Center
Marital Status: Married, 5 children

JOB EXPERIENCE

Present	-Ahtna Construction, teamster
1980 - Present	-Ahtna, Inc., President
1979 - 1980	-Ahtna, Inc., Vice President
1975 - 1978	-Ahtna, Inc., General Manager
1974 - 1975	-Ahtna, Inc., Treasurer
1965 - 1973	-Alaska Dept. of Fish and Game, Fish and Game Technician, Glennallen

Other experience:

Involved in hunting, fishing and has been a trapper.

Fisheries Board

MEMBER	APPT	REAPPT	TERM
Val N. Angasan P.O. Box 89 Dillingham 99576 Public	84/01/23		86/01/31
Bix Bonney 3301 "C" Street, #202 Anchorage 99503 Public	83/07/20		86/01/31
Ernest G. Carter 1208 Denali Way Fairbanks 99701 Public	84/05/07		85/01/31
Don Collinsworth Fish & Game Juneau 99811 Comm./Mandated			
Jesse Foster General Delivery Quinhagak 99655 Public	83/07/20		86/01/31
John N. Garner P.O. Box 1771 Juneau 99802 Public	84/01/23		87/01/31
Ron B. Jolin P.O. Box 2022 Kodiak 99615 Public - C	84/01/23		87/01/31
Jerene M. Museth P.O. Box 754 Juneau 99802 Public	84/01/31		87/01/31

BILL SHEFFIELD
GOVERNOR

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

MAY 07 1984

May 7, 1984

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

Dear Representative Hayes:

Pursuant to applicable law, I submit the following name for legislative confirmation of appointment to the position noted:

BOARDS AND COMMISSIONS
(with Appt/*Reappt/Term)

Board of Fisheries

Ernie Carter, Fairbanks - 84/05/07 - 85/01/31

Sincerely,

Bill Sheffield

Bill Sheffield
Governor

RESUME

ERNEST G. CARTER
1208 Denali Way
Fairbanks, AK 99701

HOME: 465-4313 WORK: 452-5186

1951 - Came to Alaska from Longview, WA.

Former owner/manager of a camera retail shop in Fairbanks until 1976.

1969 - Elected to Fairbanks City Council. Served until 1978.

1969-75 - Served on North Star Borough Assembly.

1977-78 - Served as Acting Mayor of Fairbanks when elected Mayor out of town.

1966-77 - Active in Fairbanks Chamber of Commerce in various capacities.

1977 - Joined Realty, Inc. as a Sales Associate.

Currently licensed real estate sales associate, Realty, Inc.

Well-known in the Fairbanks area. Partially retired, so has the time to commit to the Board.

Previously served on State Citizen's Advisory Committee to the Department of Health and Social Services during the last Egan Administration.

Currently a member of: the American Legion, Veterans' of Foreign Wars, the Elks Club, the Eagles Club, and the Moose Club.

Not currently a member of any sportsfishing, hunting, or wildlife organizations.

Does not have any fishing permits other than personal sportsfish license.

Lifetime recreational hunter and fisherman, especially interior regions and Prince William Sound areas.

Alaska State Legislature

HOUSE OF REPRESENTATIVES

COMMITTEE ON RESOURCES

JOHN RINGSTAD, CO-CHAIRMAN
RICHARD SHULTZ, CO-CHAIRMAN
POUCH V
JUNEAU, ALASKA 99811
(907) 465-3715

May 8, 1984

The Honorable Joe Hayes
Speaker of the House
House of Representatives
Juneau, Alaska

Dear Mr. Speaker:

Pursuant to your instructions, and in accordance with AS 39.05.080, the House Committee on Resources has had under consideration the Governor's appointment named:

Board of Fisheries

Mr. Ernie Carter, Fairbanks

Members of the Resources Committee have signed below indicating their individual recommendations to the House concerning the individual's confirmation.

Members Recommending to Confirm:	Members With Other Recommendations:
[illegible]	[illegible]
[illegible]	
Anthony Vaska confirm and reappoint	[illegible]
	John Ringstad no REC

This report does not necessarily indicate an intention to vote for or against the individual named at the time of the joint session on confirmation.

Sincerely,

John Ringstad

Representative John Ringstad, Co-chairman
House Committee on Resources

Fisheries Board

MEMBER	APPT	REAPPT	TERM
Val N. Angasan P.O. Box 89 Dillingham 99576 Public	84/01/23		86/01/31
Bix Bonney 3301 "C" Street, #202 Anchorage 99503 Public	83/07/20		86/01/31
Ernest G. Carter 1208 Denali Way Fairbanks 99701 Public	84/05/07		85/01/31
Don Collinsworth Fish & Game Juneau 99811 Comm./Mandated			
Jesse Foster General Delivery Quinhagak 99655 Public	83/07/20		86/01/31
John N. Garner P.O. Box 1771 Juneau 99802 Public	84/01/23		87/01/31
Ron B. Jolin P.O. Box 2022 Kodiak 99615 Public - C	84/01/23		87/01/31
Jerene M. Museth P.O. Box 754 Juneau 99802 Public	84/01/31		87/01/31

Fisheries Board

MEMBER	APPT	REAPPT	TERM
Val N. Angasan P.O. Box 89 Dillingham 99576 Public	84/01/23		86/01/31
Bix Bonney 3301 "C" Street, #202 Anchorage 99503 Public	83/07/20		86/01/31
Ernest G. Carter 1208 Denali Way Fairbanks 99701 Public	84/05/07		85/01/31
Don Collinsworth Fish & Game Juneau 99811 Comm./Mandated			
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John N. Garner P.O. Box 1771 Juneau 99802 Public	84/01/23		87/01/31
Ron B. Jolin P.O. Box 2022 Kodiak 99615 Public - C	84/01/23		87/01/31
Jerene M. Mureth P.O. Box 754 Juneau 99802 Public	84/01/31		87/01/31

BILL SHEFFIELD
GOVERNOR

Draft

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

May 7, 1984

Mr. Ernest G. Carter
1208 Denali Way
Fairbanks, AK 99701

Dear Mr. Carter:

It is my pleasure to appoint you to the Board of Fisheries to fill a vacant term ending January 31, 1985. It is my intention to reappoint you to a full term beginning February 1, 1985 and ending January 31, 1988.

Please complete the enclosed Oath of Office which must be notarized and returned to Carol Derfner, my Special Staff Assistant for Boards and Commissions. Upon receipt of the completed forms, you will possess the authority to exercise the powers and perform the duties of your office pending confirmation by the Legislature. Also, Alaska statutes require that you file a conflict of interest statement within 30 days of your appointment. The Alaska Public Offices Commission will send the forms directly to you.

It is Alaska's good fortune that dedicated citizens are willing to be committed to activities so meaningful to our state.

Again, I am pleased to appoint you.

Sincerely,

Bill Sheffield

Bill Sheffield
Governor

Enclosures

COMMERCIAL FISHERIES ENTRY COMMISSION

PERSONAL RESUME
December 1982

NAME: LISTOWSKI, Rich

ADDRESS: 615 Basin Road
Juneau, Alaska 99801

TELEPHONE: (907) 586-1842

CIVIL STATUS: Born July 4, 1941 in Chicago, Illinois

ALASKA RESIDENT: 14 Years

EDUCATION: 1964 - 1968
Southern Illinois University
Carbondale, Illinois

Degree: BS

Major: Political Science
Minor: Economics

1954 - 1959
Chicago Vocational High School
Chicago, Illinois

1959 - 1962
U.S. Army

Honorable Discharge; Not in reserves

Specialist 4/C

SPECIAL ASSIGNMENTS: Cartographic and statistical assistant to the Supreme Court appointed Masters' on Reapportionment, 1972

PUBLICATIONS AND STUDIES: Alaska's Manpower Outlook - 1970's: Research and Analysis, Department of Labor

Economic Analysis, Commercial Fishing Estimates; Research and Analysis

The Economic Impact of Changes in the Harvesting Labor Force in the Alaska Salmon Fishery; Rogers, Listowski, Brakel

A Limited Entry Program for Alaska's Fisheries; Governor's Study Group on Limited Entry

Administration of Justice Pipeline Impact Report; Attorney General Office, Alaska Department of Law (unpublished)

PROFESSIONAL HISTORY:

May 1978 to Present

I own and manage two successful businesses in Juneau: Juneau Newspaper Distribution and Percy's Liquor Store.

September 1977 to January 1982

Chairman, Alaska Public Offices Commission

I was appointed as member of the Alaska Public Offices Commission for a five-year term.

September 1977 to May 1978

Research Assistant, Institute of Social, Economic Research

Provided statistical support services to Dr. George Rogers, Economist, as a contracted employee. Updated a completed study concerning commercial fishermen employment.

June 1977 to August 1977

Commercial Fisherman

I worked as a Crewmember on a Southeast Alaska Troller.

October 1975 to October 1976

Business Agent, United Fishermen of Alaska

As Business Agent, I was responsible for management of United Fishermen of Alaska (UFA) fleet insurance plan, director of the Juneau office staff, and representative of the commercial fishermen viewpoint before the State legislature, the administration, and the U.S. Congress. During my tenure, major legislation was passed on both a State and Federal level, such as the non-profit hatchery corporation law, a vessel loan program, and the establishment of the 200-mile limit.

July 1975 to September 1975

Commercial Fisherman

I worked as a Crewmember on a Southeast Alaska Salmon Gillnetter.

January 1975 to June 1975

Lobbyist, Rural Community Action Program

The Rural Community Action Program employed my services as a Lobbyist to advocate rural Alaska legislation. It was my responsibility to ensure that bills designated as high priority legislation by the Citizens Participation Committee (CPC), received full consideration before the State legislature.

October 1973 to December 1974

Statistical Consultant, Taku Consultants

I was the manager of my own consultant firm which was based in Juneau. During this period, I worked on several contracts for the Alaska Department of Law, and as a sub-contractor with the Human Resource Planning Institute of Seattle.

September 1972 to June 1973

Chief of Statistical Research, Governor's Study Group on Limited Entry

I was responsible for the collection, analysis, and publication of the statistics which supported the passage of Alaska's Limited Entry Law.

September 1971 to September 1972

Research Assistant, Institute of Social, Economic and Government Research, University of Alaska

Provided statistical support services to Dr. George W. Rogers, Professor of Economics, University of Alaska, in conducting a $40,000 commercial fishermen survey of Alaska in connection with limited entry. The project was funded by the National Marine Fishery Service, National Oceanographic Atmospheric Administration. I provided statistical support on the Cook Inlet Study prepared by Dr. George W. Rogers for the Alaska Department of Law in regard to the court case between the State and Federal governments over control of the Inlet I provided support services to the Legislative Pipeline Impact Committee under contract with Dr. Rogers. My services were contracted to a private consulting firm in preparing an impact statement for Alyeska Pipeline Company. The Alaska Supreme Court appointed me cartographic and statistical assistant to the Masters' Reapportionment Plan.

RESUME

of

Bruce C. Twomley
3007 Northwood Avenue
Anchorage, Alaska 99503
(907) 248-4617

Date of Birth:	January 23, 1945
Height:	5'11"
Weight:	165 lbs.
Marital Status:	Married, no children
Military status:	Draft exempt as sole surviving son of deceased soldier.
EDUCATION:	Elgin High School, Elgin, Illinois. 1960-1963. Northwestern University, Evanston, Illinois. 1963-1967. Graduated with A.B. in upper quarter of the class.
LAW SCHOOL:	Hasting College of Law, San Francisco, California. 1967-1970. Graduated with J.D. in upper 15% of the class.
BAR MEMBERSHIPS:	Alaska State Bar California State Bar United States District Court for the District of Alaska United States Court of Appeals for the Ninth Circuit
HONORS:	Elected Most Outstanding Male Graduate, Elgin High School Illinois State Scholarship Winner Elected to Junior Men's Honorary, Northwestern (Norlegamma) Elected to Senior Men's Honorary, Northwestern (Deru)
WORK EXPERIENCE:	Staff Attorney, Alaska Legal Services. 1973 to present. VISTA Volunteer. 1972-1973. Legal Research for San Francisco Neighborhood Legal Assistance Foundation as law student. Indigent Adult Criminal Appeals (as a law student)

WORK EXPERIENCE (continued):

Legal research as a law student for Professor Roscoe T. Steffen and private attorneys.

MAJOR CASES, PRESENTATIONS AND CONFERENCES:

Co-Counsel for plaintiff class of 2667 Alaska Native secondary school age children in Tobeluk v. Lind, (popularly known as the Molly Hootch case), 589 P.2d 873 (Alaska 1979), which by consent decree established the entitlement of Alaska Native children in 126 villages throughout the state to attend secondary school in their home villages and further required the state to expend more than $133-million for the construction of local secondary facilities.

Attorney for plaintiff class of Alaska Native women and minor children in Finnesand v. Kleppe, No. A75-42 Civ. (U.S. District court Alaska), which by consent decree abolished a discriminatory eligibility standard for Bureau of Indian Affairs General Assistance.

Worked directly with more than 40 Alaska Native villages.

Represented more than 100 Alaska Native Allotment applicants before the Department of Interior.

Amicus Curiae in cooperation with the Office for Civil Rights in The Matter of Alaska State Department of Education and Twenty-One Regional Educational Attendance Area School Districts S-134, a proceeding before the Department of Health, Education, and Welfare, to enforce Title VI of the 1964 Civil Rights Act on behalf of Alaska Native school children against the state of Alaska and the regional school districts of the unorganized borough.

Attorney for the Akiak Indian Reorganization Act Council and several parents of school children in Akiak v. Lind, No. 4BR 8-39 Civ., a suit against the state officials seeking legal authority for cooperation between an Indian Self-Determination Act Contract School and a State School.

MAJOR CASES, PRESENTATIONS AND CONFERENCES (continued):

Status of Relief under the Molly Hootch Case, First Meeting of the Alaska Native Education Association, Anchorage, March 1978.

Local Control and Quality Education Under the Hootch Consent Decree, Alaska Native Education Association Board, Juneau, April 1978.

Legal and Policy Bases for the Hootch Consent Decree, Statewide Meeting of Alaska Corrections Officials, Anchorage, November 1978.

Alaska Native Control of Local Village Secondary School Programs, Lawyers Clinic on Parental Liberty in Education, Washington, D.C., December 1978.

Alaska Native Education Association Convention, Anchorage, March 1979.

Indian Education Law Conference, Santa Fe, New Mexico, June 1980.

Education Administrative Hearing Conference, Oakland, California, September 1980.

Education and the Economy Conference, Chevy Chase, Maryland, September 1981.

Effective Schools Project Conference, Boston, Mass., December 1981.

Parental Involvement, Local Control, and Quality of Education, Alaska Native Education Association Workshops, Anchorage, 1981.

ACTIVITIES:

Skiing, Hiking, Camping, Kayaking, Traveling
Interantional Law Club, Hastings
Kappa Sigma Fraternity, Northwestern
President, Interfraternity Council, Northwestern

References will be furnished upon request.

BOARD of FISH & GAME CONFIRMATION

HOUSE RESOURCES COMMITTEE FEB 21 REC'D

PHIL SMITH & ASSOCIATES

SRA BOX 1026F/12521 BEACHCOMBER DR./ANCHORAGE, ALASKA 99502/(907) 345-0709

August 13, 1983

Ms. Carol Derfner
Special Assistant to the Governor
Office of the Governor
Pouch "A"
Juneau, AK 99811

Dear Carol,

In reviewing my materials related to fisheries issues, I remembered and located a copy of my responses to the UFA "Fishpac" questionnarie which was distributed to Legislative Candidates last year. I'm enclosing a copy of the questionnaire and my responses to it for your information, and in support of my candidacy for appointment to the Commercial Fisheries Entry Commission.

Following my completion of the questionnaire last summer, I chanced upon a copy of Governor Sheffield's response to the questionnaire devised for gubernatorial candidates. Frankly, I was delighted to see that our views on the importance of the fishery and fisheries issues generally are almost exactly parallel! This, even though the questions were phrased differently for the different offices.

At any rate, I hope the enclosed is useful. Please give me a call if you have any observations, recommendations, or questions.

Peace to you and yours.

Sincerely,

Phil Smith

FISHPAC

THE FISHERMEN'S POLITICAL ACTION COMMITTEE

197 S. Franklin St.
Juneau, Alaska 99801
(907) 586-2820

Dear Candidate,

With peak season employment approaching 50,000 individuals, the commercial fishing industry is Alaska's largest private employer. The industry generates a product with a first wholesale value exceeding $1.5 billion, making it the largest renewable resource industry in Alaska.

FISHPAC is the political action committee of the United Fishermen of Alaska, the largest organization of commercial fishermen in the United States. The UFA represents 5,000 fishermen, including individuals who belong to the UFA's 18 member groups.

Representatives of each of these groups will meet soon after the August primary to consider endorsements and we would very much appreciate your thoughts on the following issues. We do not ask that you limit your responses to an arbitrary number of words, but that you be specific, concise and to the point. Please make sure we receive your responses no later than Friday, July16.

1. Do you feel the State of Alaska should attempt to assume greater responsibility for the management of Alaskan fisheries resources now under federal control and if so, will you, as a legislator, support additional funding for research and enforcement in these areas?

2. What is your assessment of the management of commercial fisheries by the Alaska Dept. of Fish & Game and, as a legislator, what changes, if any, would you seek in the operations of the Dept.?

3. In your opinion, what specific types of renewable and nonrenewable resource development might adversely impact fisheries and how will you, as a legislator, attempt to balance the interests of different resource users and resolve conflicts between them?

4. If the Alaska Supreme Court rules provisions limiting entry to fisheries unconstitutional, will you, as a legislator, support an alternative limited entry program structured to accomodate the court's ruling?

5. Do you feel it is appropriate for the Legislature to involve itself in setting policies concerning management of Alaska's commercial fisheries, including allocations between gear groups?

PAID FOR BY FISHPAC, 197 S. FRANKLIN ST., JUNEAU, BOB BLAKE, CHAIRMAN

6. If elected, what specific steps would you take to assist the salmon industry in recovering from the impacts of the botulism incidents, recalls and embargoes?

7. Why should commercial fishermen vote for you?

We wish you luck on the campaign trail and will look forward to receiving your response.

Sincerely,

John Hale

John Hale
FISHPAC Coordinator

Phil Smith/State Senate
SRA Box 1026F Anchorage, Alaska 99502 Telephone (907) 345-0709

District D

August 18, 1982

"FISHPAC"
197 S. Franklin St.
Juneau, AK 99801

Dear Friends,

Attached, please find my responses to your important questionnaire. At the outset, I would like to apologize for the inordinate delay in my response; however, I have been on the road almost constantly for the past six weeks -- beyond that, the untimely and tragic death of John Hale (my friend, and yours) set my thinking on these subjects into a rather difficult mode.

Anyway, I appreciate your concern with what I consider to be the most important renewable resource in Alaska. As the Senate District which I seek to represent is very dependent upon healthy commercial fisheries, and as I have been both directly and indirectly involved in the issues confronting the fisheries for years, I truly welcome this opportunity to address the issues you have identified.

With your indulgence, the attachment summarizes your question and provides my complete response. Please don't hesitate to get in touch should you have any further questions or should you desire clarification of any of my answers.

Thank you.

Sincerely,

Phil Smith

Paid for by the Phil Smith/State Senate Committee SRA Box 10[illegible] Anchorage, Alaska 99502, 345-0709

"FISHPAC" QUESTIONNAIRE

1 -- "DO YOU FEEL THE STATE OF ALASKA SHOULD ATTEMPT TO RESUME GREATER RESPONSIBILITY . . . (IF SO) WOULD YOU SUPPORT ADDITIONAL FUNDING FOR RESEARCH AND ENFORCEMENT IN THESE AREAS?"

Yes!! One of the major battles over which Statehood was fought was the issue of control of the commercial fishery in Alaska. Today, in a climate of decreasing Federal funds for management of Natural Resources, increased Federal pressure for (potentially adverse) oil and other marine resource development, and other Federally-imposed restrictions, it is clear that the "Feds" haven't improved -- in fact, they are less concerned than ever before with the health of Alaska's fishery economy.

Yes. Decreasing funding for research, enhancement, and enforcement of fisheries management by the State is unconcienable, especially because the commercial fishery is vital to the present and future economic health of Alaska.

2 -- ". . . ASSESSMENT OF THE MANAGEMENT . . . WHAT CHANGES WOULD YOU SEEK . . .?"

Generally, not too bad. However, management should be provided through cooperation with fishermen, not in opposition to them. Therefore, it should be required in the management process that ADF&G formally involve representatives of fishermen's groups in the development of recomendations to the Board of Fish.

Additionally, in areas in which there is extreme competition (either real or imagined) between user groups such as "sportsmen" and commercial fishermen, (in particular, the Cook Inlet King & Silver Salmon runs), there is a clear need to set up special systems of communication and conciliation. If the Board were to fail to do that, I would seek the necessary legislation to accomplish it.

3 -- ". . . TYPES OF RENEWABLE AND NONRENEWABLE RESOURCE DEVELOPMENT ADVERSELY IMPACT FISHERIES . . . HOW BALANCE INTERESTS . . .?"

Renewable resource development which might adversely impact the fishery include both timber harvest (which affects stream temperatures, has the potential of disrupting spawning streams due to deadfalls, road development, etc. and which could negatively affect the ocean if poor mitigation of milling sites is not curtailed) and hydro-electric development (which has the potential of impacting stream flow, water temperature, etc.). Also, competing methods of fishing (such as trawling) could well adversely impact the health of other species (through incidental catch, disruption of habitat, harvest of non-segregated stocks, etc.).

Nonrenewable resource development which might adversely impact the fishery is virtually anything that occurs on the coast and/or the waters off-shore in our State. This would include oil & gas exploration and development, petro-chemical development, mining (shore-based) deep-water mineral development extraction processes, etc.

Other forms of development which could impact the fishery include transportation systems (such as the Knik and Turnagain Arm crossings (both proposed, but presently still in the "study" stage), oil (crude, refined, and natural gas) pipelines and tourism/recreation development which could lead to greater non-commercial pressures on the resources.

Of course, the list could go on indefinitely. Virtually any form of "development," on or near the fisheries habitat could have an adverse impact on the resource itself.

In the Legislature, I believe there is an important responsibility to establish priorities prior to approving development. For instance, I remain reluctant to endorse the Susitna Dam Project, in large measure due to the inadequate data concerning the potentially adverse impact on the fishery. Also, I agree with the Governor's reluctance to accept DOI's leasing plan for the Outer Continental Shelf, again because of the adverse impact on the fishery (not to mention the socio-economic impact on small coastal towns and villages).

That being said, I would only add that the NUMBER ONE priority consideration in making "development" decisions on or near Alaska's coastline should be the adverse impact on the fishery. Clearly, projects should not proceed which would do harm to our most important renewable resource.

4 -- ". . . LIMITED ENTRY . . ."

In 1976, I led the effort of RurAL CAP to defeat the proposed repeal of Limited Entry, joining with UFA and other organizations. It was my feeling then (as it remains today) that providing a property right to individuals in a common-property resource is constitutionally questionable; HOWEVER, in spite of that reservation, I have always held that a Limited Entry program is the only way to insure the biological health of the resource and the economic health of the industry.

Therefore, the answer to your question is "YES!"

5 -- " . . . LEGISLATURE INVOLV(ING) ITSELF IN SETTING POLICIES . . . ALLOCATIONS BETWEEN GEAR GROUPS?"

As a general rule, NO, especially insofar as the legislature is composed of increasingly 'urban' individuals who have no particular expertise or even interest in the commercial fishery. Besides (at least in theory), the present system of leaving regulatory matters (including user-group allocation decisions) to the Board(s) of Fish (and Game), based on information from the ADF&G and the Public should work quite well.

When it doesn't (see response to question #2), I still would be reluctant to involve the Legislature in the specific decision-making process, preferring instead to establish a system which would accomodate competing interests through the regulatory mechanism as opposed to the Legislative mechanism.

6 -- ". . . ASSIST THE SALMON INDUSTRY IN RECOVERING . . .?"

A - Set an example by eating canned salmon, from the can, on the floor of the Legislature;

B - Enhance quality control efforts, including appropriate staffing levels, to insure and VERIFY quality through the entire cycle of harvest, processing, shipping, and marketing;

C - Authorize (and provide appropriate funding) for the ASFMI to VIGOROUSLY engage in the process of improving markets for the product (starting at home -- it will be a great day when our kids eat Alaska Salmon in the school's lunch program!);

D - Expand the present loan programs to fishermen, as well as processors, in order to assist the industry through what will be some unavoidably lean years;

E - Provide "price supports" to fishermen, not processors. It is clearly inappropriate to reward processors for their own failures; rather, the support should be provided to the harvesters, permitting the processors and marketers to suffer the consequences of their own deficiencies.

F - In consultation with both the fishermen and the processors, attempt to devise a price arbitration system which would go into affect long before the run begins so that both could plan effectively. Also, support a "closed shop" fishery, insuring that scabs don't reap the benefits of stalled negotiations.

G - If all of the above sounds too harsh on processors and non-union fishermen, I would only say that NO ONE has a more important vested interest in the long-range health of the commercial fishery in Alaska than the fisherman him/her-self. Therefore, it is those individuals, collectively, whose interests I feel the greatest obligation to support and protect.

7 -- "WHY SHOULD COMMERCIAL FISHERMEN VOTE FOR YOU?"

Please see all of the above, and the cover letter -- and consider the following:

- I am a life-long Alaskan, raised in the rural areas (Naknek, Annette, Cordova). I was set-netting with my family on the Kvichak in 1953, at the age of 10. I fished commercially out of Cordova during the 1960's. I also worked in canneries.

- As Executive Director of RurAL CAP for 9 years, I was directly involved in the public policy processes which impacted rural economies and life-styles (including the commercial fishery).

- Senate District "D" (see stationery) provides a prospective Senator with a VERY important base from which to address fisheries issues through-out the entire State. I am committed to doing so!

Thanks very much for your consideration.

RESUME

Philip J. (Phil) Smith

January 1984

63636.50 Commercial Fishery Entry Commission

PERSONAL INFORMATION

Name: Philip Joseph SMITH

Address: SRA Box 1026F
12521 Beachcomber Dr.
Anchorage, AK 99502

2718 Roger Street
Juneau, AK 99801

Telephone: 345-0709 (W) 586-3456 364-3625

Family: Married to Deborah (Employment Program Manager, State Division of Community Development);

Two Children: Crispian (11 years), and Moira (8 years)

Age: 40 years (DOB 1/25/43)

Health: Excellent

Alaskan: Since December 1943; raised in rural Alaska; resident of Anchorage since 1969

PROFESSIONAL EXPERIENCE

October 83 - Present - Commissioner, Commercial Fisheries Entry Commission (Pouch KB, Juneau 99811)

Serve with two other Commissioners in appointed position to administer Limited Entry Program, adjudicate claims of fishermen seeking entry permits.

July 82 - October 83 - Private Business ("Phil Smith & Associates," ABL #05085), specializing in public policy analysis, business management, program development, and planning.

May 82 - November 82 - Candidate for Alaska State Senate (District "D" including South Anchorage, Kenai Peninsula, and Prince William Sound).

November 81 - July 82 - Director, Research & Education, Alaska Native Foundation, Inc. (411 W. 4th Avenue, Anchorage 99501)

Directed effort to assess impact of Alaska Native Claims Settlement Act (ANCSA) on individuals and Alaska Native Corporations; Initiated effort to analyze potential dislocations resulting from allowable stock alienation in 1991;

Professional Experience (Cont'd)

Produced first statewide broadcast of Alaska Federation of Natives Convention on "Learn/Alaska" Instructional Satellite Television Project (and arranged for "simulcast" on Alaska Public Radio Network);

Served as Interim President from January through March 1982;

Resigned to start Private Business.

February 75 - October 81 - Executive Director, Rural Alaska Community Action Program, Inc. (327 Eagle St., Anchorage 99501)

Chief Executive Officer for statewide corporation; responsible to 27-member Board of Directors (representative of all areas of Alaska and all levels of Government) for planning, design, implementation, and management of $12 million program emphasizing Child Development, Energy, Natural Resources, Health & Alcoholism, and Citizens Participation for low-income rural Alaskan residents;

Position required knowledge of, and participation in, Federal/State/Local administrative and legislative processes, public relations/communications skills, secure knowledge of rural/Native cultures and economies, and strong fiscal/personnel management abilities;

Resigned to initiate ANCSA Assessment effort for Alaska Native Foundation.

March 73 - January 75 - Deputy Director, Rural Alaska Community Action Program, Inc. (327 Eagle St., Anchorage 99501)

Responsible to Executive Director for Program Planning and Development, internal management;

Promoted by Board to position of Executive Director.

January 71 - February 73 - Director of Video Production, Community Enterprise Development Corporation of Alaska, Inc. (1011 East Tudor Road, Anchorage 99507)

Responsible for all video-tape production in project using film and video-tape media as tools for community development/education in Yukon Delta village of Emmonak.

Resigned to pursue opportunity at RurAL CAP.

Professional Experience (Cont'd)

Earlier Experience - Various positions, including Television Production Specialist, for the Anchorage School District, Youth Counselor, for the State of Alaska, Audio-Visual Technician and Commercial Radio Announcer in College, Commercial Fisherman, Cannery Worker, Laborer, etc.

MILITARY

Enlisted - U.S. Army, Fort Richardson (AK); April 1964. Received training as medical corpsman/administrator; qualified for Special Forces, Officer's Candidate School. Took Basic Training at Fort Ord (CA), Medical Training at Fort Sam Houston (TE);

Served - U.S. Army Dispensary, Camp des Loges (Paris), France; worked as administrator, was Non-Commissioned Officer in Charge of Dispensary upon discharge;

Discharged - Fort Dix (NJ); June 1967. Honorable Discharge at rank of Staff Sergeant (E-6).

EDUCATION

College & University

National Judicial College, University of Nevada, Reno; 1983;

Certificate in Administrative Law/Fair Hearing Processes.

Golden Gate College, San Francisco (CA); 1968-1969;

Graduated with BA in Political Science (Magna cum Laude) in January 1969.

University of Washington, Seattle (WA); 1967-1968;

Completed necessary course-work for minor in Communications, Radio/TV Production.

Mount Angel Seminary, Mt. Angel (OR); 1963-1964;

Philosophy/Theology Courses.

University of Notre Dame, Notre Dame (IN); 1960-1963;

General Liberal Arts concentration, with emphasis on classics.

Education (Cont'd)

High School

Cordova High School, Cordova (AK); 1956-1960;

College Preparatory Courses.

OTHER EXPERIENCE (Boards, Commissions, etc.)

Anchorage Community College Council - Appointed by the President of the University of Alaska to serve on Citizens Advisory Council for largest Community College in the State.

Alaska Energy Center - Appointed by Governor to serve as one of seven people to guide development of State-chartered corporation with the stated purpose of "privatizing" Alaska's energy wealth by investing in private sector ventures to research, design, manufacture, and market new energy technologies appropriate to cold climate areas (resigned from Board upon filing for State Senate in May 1982).

Title 29 Review Commission - ExOfficio member of Commission established by Legislature to review Alaska Local Government statutes and to recommend appropriate revisions; changes introduced in 12th Legislature.

Other - Numerous committees, panels, etc., related to ensuring that the concerns of rural Alaska were well-represented in policy deliberations of State and Federal Government and private groups.

Also, experience as effective public speaker, in preparation and delivery of testimony before public bodies addressing a wide variety of topics, and in community organization/advocacy activities.

COMMUNITY ACTIVITIES

- Theatre Guild, Inc. - President, member since 1970;
- KIMO TV Community Council - member since 1980;
- Active in wide variety of neighborhood/school concerns.

PERSONAL INTERESTS

- Family Activities (camping, boating, etc.)
- Community Theatre and the Arts
- Woodworking
- Photography

REFERENCES

Personal and Professional references numerous; available upon request.

Collateral references. — 36 C.J.S., Fish, § 13 et seq.

Article 1. Alaska Commercial Fisheries Entry Commission.

Section
10. Purpose and findings of fact
20. Alaska Commercial Fisheries Entry Commission
30. Term of office; vacancy and removal
40. Quorum
50. Qualifications
60. Compensation
70. Legal counsel
80. Employment of personnel
100. General powers
110. Regulations and hearing procedures
120. Application of Administrative Procedure Act

Sec. 16.43.010. Purpose and findings of fact. (a) It is the purpose of this chapter to promote the conservation and the sustained yield management of Alaska's fishery resource and the economic health and stability of commercial fishing in Alaska by regulating and controlling entry into the commercial fisheries in the public interest and without unjust discrimination.

(b) The legislature finds that commercial fishing for fishery resources has reached levels of participation, on both a statewide and an area basis, that have impaired or threaten to impair the economic welfare of the fisheries of the state, the overall efficiency of the harvest, and the sustained yield management of the fishery resource. (§ 1 ch 79 SLA 1973)

NOTES TO DECISIONS

Constitutionality. — The entry restrictions of the Limited Entry Act violate neither § 3, art. VIII, nor § 1, art. I, of the state constitution. State v. Ostrosky, Sup. Ct. Op. No. 1702 (File Nos. 6536, 6373), P.2d (1983).

Purposes. — From the legislature's statement of purpose in this section, the following broad purposes can be discerned: 1) enhancing the economic benefit to fishermen since too many involved in the industry prevented those relying on fishing for a livelihood from securing adequate remuneration; 2) conserving the fishery; and 3) avoiding unjust discrimination in the allocation of a limited number of entry permits. Commercial Fisheries Entry Comm'n v. Apokedak, Sup. Ct. Op. No. 2011 (File No. 4464), 606 P.2d 1255 (1980).

Allocating one permit between two partners solely on the fortuitous circumstances of which one held the gear license in two given years did not realistically weigh the relative hardship which each partner would suffer by denial of a permit, and the commission was required to issue the permit to both partners in order to avoid "unjust discrimination." State, Com. Fisheries Entry Comm'n v. Templeton, Sup. Ct. Op. No. 1893 (File No. 4042), 598 P.2d 77 (1979).

While a gear license may be a good general indicator of ownership and operation of gear for the purpose of weighing relative hardship, to foreclose automatically consideration of special circumstances under a regulation establishing means of measuring economic dependence, in the absence of a gear

license would result, in many cases, in unjust discrimination. State, Com Fisheries Entry Comm'n v. Templeton, Sup. Ct. Op. No. 1893 (File No. 4042), 598 P.2d 77 (1979).

Applied in Isakson v. Rickey, Sup. Ct. Op. No. 1267 (File No. 2550), 550 P.2d 359 (1976).

Quoted in Younker v. Alaska Com. Fisheries Entry Comm'n, Sup. Ct. Op. No. 1892 (File No. 4145), 598 P.2d 917 (1979); Vik v. Commercial Fisheries Entry Comm'n, Sup. Ct. Op. No. 2437 (File Nos. 4588, 4629), 636 P.2d 597 (1981); Rose v. Commercial Fisheries Entry Comm'n, Sup. Ct. Op. No. 2515 (File No. 5361), P.2d (1982).

Cited in Jones v. Commercial Fisheries Entry Comm'n, Sup. Ct. Op. No. 2547 (File No. 5903), 649 P.2d 247 (1982).

Sec. 16.43.020. Alaska Commercial Fisheries Entry Commission. (a) There is established the Alaska Commercial Fisheries Entry Commission as a regulatory and quasi-judicial agency of the state. The commission consists of three members appointed by the governor and confirmed by the legislature in joint session.

(b) The governor shall designate one member of the commission as chairman of the commission. The member designated shall serve as chairman for a term of two years, and may be designated chairman for successive two-year terms. (§ 1 ch 79 SLA 1973)

NOTES TO DECISIONS

Stated in State, Com. Fisheries Entry Comm'n v. Templeton, Sup. Ct. Op. No. 1893 (File No. 4042), 598 P.2d 77 (1979).

Sec. 16.43.030. Term of office; vacancy and removal. (a) The members of the commission shall be appointed for terms of four years. Initial appointments shall be as follows: one member for two years, one member for three years, and one member for four years.

(b) A vacancy on the commission shall be filled by appointment by the governor and the appointment shall be confirmed by the legislature in joint session. A member selected to fill a vacancy shall hold office for the balance of the full term for which the member's predecessor on the commission was appointed.

(c) A vacancy on the commission does not impair the authority of a quorum of commissioners to exercise all the powers and perform all the duties of the commission.

(d) The governor may remove a commissioner from office for cause, including but not limited to incompetence, neglect of duty, or misconduct in office. A commissioner being removed for cause shall be given a copy of the charges and afforded an opportunity to publicly present a defense in person or by counsel upon not less than 10 days' notice. If a commissioner is removed for cause, the governor shall file with the lieutenant governor a complete statement of all charges made against the commissioner and the governor's findings based on the charges, together with a complete record of the proceedings. (§ 1 ch 79 SLA 1973)

Revisor's notes. — In 1983, the former last three sentences of (a) of this section were redrafted and reorganized into present subsection (d) pursuant to AS 01.05.031.

Sec. 16.43.040. Quorum. Two members of the commission constitute a quorum for the transaction of business, for the performance of a duty or for the exercise of a power of the commission. (§ 1 ch 79 SLA 1973)

Sec. 16.43.050. Qualifications. The commission shall consist of three members with a broad range of professional experience, none of whom has a vested economic interest in an interim-use permit, entry permit, commercial fishing vessel or gear, or in any fishery resource processing or marketing business. (§ 1 ch 79 SLA 1973)

Sec. 16.43.060. Compensation. Members of the commission are in the exempt service and are entitled to a monthly salary equal to Step C, Range 26 of the salary schedule in AS 39.27.011(a) for Juneau, Alaska. (§ 1 ch 79 SLA 1973; am § 5 ch 47 SLA 1974; am § 1 ch 148 SLA 1976; am § 2 ch 263 SLA 1976; am §§ 2, 17 ch 3 SLA 1980)

Effect of amendments. — Section 2, ch. 3, SLA 1980 substituted "are entitled to an annual salary of $49,000, payable monthly in 12 equal installments" for "shall receive an annual salary as established under AS 39.23." Section 17 of ch. 3 substituted "are entitled to a monthly salary equal to Step C, Range 26 of the salary schedule in AS 39.27.011(a) for Juneau, Alaska" for the language substituted by § 2 of ch. 3.

Sec. 16.43.070. Legal counsel. The attorney general is the legal counsel for the commission. The attorney general shall advise the commission in legal matters arising in the discharge of its duties and represent the commission in suits to which it is a party. However, the commission may retain additional legal counsel as appropriate. (§ 1 ch 79 SLA 1973)

Sec. 16.43.080. Employment of personnel. (a) The commission may employ those persons necessary to carry out the purposes of this chapter. Employees of the commission are in the exempt service under AS 39.25.110.

(b) In addition to its staff of regular employees, the commission may contract for and engage the services of consultants, experts and hearing officers as necessary. (§ 1 ch 79 SLA 1973)

Sec. 16.43.100. General powers. (a) To accomplish the purposes set out in AS 16.43.010 the commission shall.

(1) regulate entry into the commercial fisheries for all fishery resources in the state;

(2) establish priorities for the application of the provisions of this chapter to the various commercial fisheries of the state;

(3) establish administrative areas suitable for regulating and controlling entry into the commercial fisheries;

(4) establish, for all types of gear, the maximum number of entry permits for each administrative area;

(5) designate, when necessary to accomplish the purposes of this chapter, particular species for which separate interim-use permits or entry permits will be issued;

(6) establish qualifications for the issuance of entry permits;

(7) issue entry permits to qualified applicants;

(8) issue interim-use permits as provided in AS 16.43.210 and 16.43.220;

(9) establish, for all types of gear, the optimum number of entry permits for each administrative area;

(10) administer the buy-back program provided for in AS 16.43.310 and 16.43.320 to reduce the number of outstanding entry permits to the optimum number of entry permits;

(11) provide for the transfer and reissuance of entry permits to qualified transferees;

(12) provide for the transfer and reissuance of entry permits for alternative types of legal gear, in a manner consistent with the purposes of this chapter;

(13) administer the collection of the annual fees provided for in AS 16.43.160;

(14) administer the issuance of commercial fishing vessel licenses under AS 16.05.490;

(15) issue educational entry permits to applicants who qualify under the provisions of AS 16.43.340 — 16.43.390.

(b) The commission may do all things necessary to the exercise of its powers under this chapter, whether or not specifically designated in this chapter.(§ 1 ch 79 SLA 1973; § 14 ch 105 SLA 1977; am § 3 ch 123 SLA 1978)

Sec. 16.43.110. Regulations and hearing procedures. (a) The commission may adopt regulations, consistent with law, necessary or proper in the exercise of its powers or for the performance of its duties under this chapter.

(b) The commission shall adopt regulations, consistent with due process of law, which govern practice and procedure and the conduct of all investigations, hearings and proceedings which it holds.

(c) The Alaska Rules of Evidence apply to investigations, hearings and proceedings before the commission, except when the commission determines that their application is not required in order to assure fair treatment of all parties and that the evidence is relevant and of the sort on which responsible persons are accustomed to rely in the conduct of serious matters.

(d) The commission, each commissioner or an employee authorized by the commission may administer oaths, certify to all official acts, and

issue subpoenas and other process to compel the attendance of witnesses and the production of testimony, records, papers, accounts and documents in an inquiry, investigation, hearing, or proceeding before the commission in any part of the state. The commission may petition a court to enforce its subpoenas or other process. (§ 1 ch 79 SLA 1973; am § 1 ch 47 SLA 1981)

Effect of amendments. — The 1981 amendment substituted "the Alaska Rules of Evidence" for "common-law rules of evidence" preceding "apply to investigations" in subsection (c).

Sec. 16.43.120. Application of Administrative Procedure Act. (a) The administrative adjudication procedures of the Administrative Procedure Act (AS 44.62) do not apply to adjudicatory proceedings of the commission except that final administrative determinations by the commission are subject to judicial review as provided in AS 44.62.560 — 44.62.570.

(b) AS 44.62.010 — 44.62.320 and 44.62.640 apply to regulations adopted by the commission. (§ 1 ch 79 SLA 1973)

NOTES TO DECISIONS

The right to peremptorily challenge a judge exists in an appeal to the superior court from a final administrative determination of the Alaska Commercial Fisheries Entry Commission. State, Com. Fisheries Entry Comm'n v. Polushkin, Sup. Ct. Op. No. 2300 (File Nos. 4658, 4685, 4723, 4737, 4780), 628 P.2d 6 (1981).

Quoted in Anderson v. State, Com. Fisheries Entry Comm'n, Sup. Ct. Op. No. 2588 (File No. 6107), P.2d (1982).

Article 2. Entry Permit System.

Section
140. Permit required
150. Terms and conditions of entry permit; annual renewal
160. Fees
170. Transfer of entry permits
180. Emergency transfers
182. Entry permit deductible as business expense

Sec. 16.43.140. Permit required. (a) After January 1, 1974, a person may not operate gear in the commercial taking of fishery resources without a valid entry permit or a valid interim-use permit issued by the commission.

(b) A permit is not required of a crewmember or other person assisting in the operation of a unit of gear engaged in the commercial taking of fishery resources as long as the holder of the entry permit or the interim-use permit for that particular unit of gear is at all times present and actively engaged in the operation of the gear.

(c) A person may hold more than one interim-use or entry permit issued or transferred under this chapter only for the following purposes:

Alaska State Legislature
HOUSE OF REPRESENTATIVES
COMMITTEE ON RESOURCES

JOHN RINGSTAD, CO-CHAIRMAN
RICHARD SHULTZ, CO-CHAIRMAN
POUCH V
JUNEAU, ALASKA 99811
(907) 465-3715

M E M O R A N D U M

To: House Resources Committee Members

From: Committee Staff

Date: Monday, April 30, 1984

Re: Resumes of Board Appointees

Attached you will find resumes of the Governor's appointees to the Board of Fisheries, and the Board of Game. These will be discussed at this afternoon's meetings, and Chairman Ringstad expects to take action on the committee's recommendation.

Resume

Nicholas (Nick) Jackson
Box 123
Gakona, AK 99586

PERSONAL DATA

Birth Year: 1936, Copper Center
Marital Status: Married, 5 children

JOB EXPERIENCE

Present	-Ahtna Construction, teamster
1980 - Present	-Ahtna, Inc., President
1979 - 1980	-Ahtna, Inc., Vice President
1975 - 1978	-Ahtna, Inc., General Manager
1974 - 1975	-Ahtna, Inc., Treasurer
1965 - 1973	-Alaska Dept. of Fish and Game, Fish and Game Technician, Glennallen

Other experience:

Involved in hunting, fishing and has been a trapper.

STATE OF ALASKA

OFFICE OF THE GOVERNOR
Pouch A
Juneau, Alaska 99811

BOARDS AND COMMISSIONS RESUME

INSTRUCTIONS

A separate application is required for each position for which you apply. Complete and specific answers will aid in rapid and accurate processing of your resumé. The initial determination of whether you qualify for the position specified will be based on this application.

Please type or print legibly in ink. Forward to the above address. Be sure your answers are true. A willfully false answer may result in your disqualification or removal from office if you are appointed.

Position for which I am applying
BOARD OF FISHERIES
Please list any other [illegible]

Name Jerene M. "Jeri" MUSETH	[illegible] Same
Mailing Address P.O. Box 754	Residence Address Lot #16, Elfin Cove, AK 99825
City, State and Zip Code Juneau, Alaska 99802 (temporary winter address)	
Home Telephone 364-3540	Business or Message Telephone 586-9400

REPORT ADDRESS AND TELEPHONE CHANGES PROMPTLY

AS 39.05.100 requires that a person appointed to a board or commission be a registered voter before the last general election.

Are you a registered voter? XX YES ☐ NO

Voter Registration Number (Optional) 00581470 Social Security Number (Optional) 535-42-2847

Have you ever been convicted of a misdemeanor in the last five years or a felony within the past ten years? ☐ YES XX NO

If "YES", explain the circumstances on a separate sheet of paper and attach to this application. A conviction is not necessarily equal to disqualification. The number of convictions, nature, recency and relationship to the board position applied for will be evaluated and a determination will be made after a review of all relevant facts.

A policy in the Governor's Office pertaining to boards and commissions is that a member attend at least 75% of the meetings. Are there any circumstances in either your professional or personal life which would prevent you from participating at the required authorized meetings? ☐ YES XX NO

If "YES", explain on a separate sheet of paper attached to this application.

This position may require that the [illegible] travel outside of Juneau for board meetings. Are there any circumstances which would prevent you from participating? None

CONFLICTS OF INTEREST: Alaska State Boards and Commissions require full disclosure of personal financial data under AS 39.50.010. If required for the Board or Commission for which you are applying, are you willing to do so? XX YES ☐ NO

Could you or any member of your family be affected financially by decisions to be made by the Board or Commission for which you have applied?
XX YES ☐ NO If "YES", explain: Only if you consider we have a commercial fishing business & do live in a fishing community; however, this hasn't been a previous detriment to other members with similar backgrounds. I am concerned about conservation & the industries' future.

The Office of the Governor will not discriminate against an applicant for a Board or Commission based on Sex, Age, National Origin, Marital Status, Pregnancy, Handicap, Religion or Parenthood.

[illegible]

TRAINING & EXPERIENCE: (If resume attached, it is not necessary to complete items A-D)

A. List any professional licenses, certifications, or registrations and dates obtained that may be used as a qualifying criteria

See resume

B. List both formal and informal education and training experiences. (Use additional paper if necessary)

See resume

C. List any community service positions (including volunteer work and state, municipal, or federal boards, commissions, councils, committees, etc.) and uncompensated positions. (For example, president of a local chamber of commerce, member of a school board, president of a local PTA, etc.)

Member Elfin Cove Fish and Game Advisory Committee (3 yrs); Member League of Women Voters (2 yrs); Member Alaska Women's Political Caucus (1 yr); Vice-Chair, Juneau Chapter Troll Political Action Committee (2 yrs); Member Southeast Advisory Panel to Citizens' Commission of Federal Areas (1 yr); Member Juneau Democratic Party; Elfin Cove Election Board Member and Chairman (5 yrs); Elfin Cove School Board (2 yrs); Secretary, Community of Elfin Cove, Inc. and member of Board of Directors (2 yrs); Juneau Volunteer EMT's Board Member (3 yrs); "Parents Who Care" (Alcohol/Drug abuse) 1 yr; various other Elfin Cove committees.

D. Employment work history (paid, unpaid or volunteer) (use additional paper if necessary)

See resume.

The Office of the Governor and the State of Alaska have an Affirmative Action Equal Employment Opportunity Program. To assist in the program, you are asked to voluntarily answer the following questions to provide the information necessary for reporting purposes. Under State and Federal law, the information you provide will not be used to illegally discriminate against you.

SEX
☐ Male
☒ Female

ETHNIC BACKGROUND
☐ White ☐ Black ☐ Hispanic XX Alaska Native ☐ Asian or Pacific Islander ☐ American Indian

Date of Birth: 07/06/43

Marital Status (if married, use married): N/A

CERTIFICATION: I swear that the information I have entered on this form is true to the best of my knowledge. I understand that if I deliberately conceal or enter false information on the form my application may be rejected, I may be removed from the list of eligible candidates or I may be removed from the position. I agree that the Office of the Governor may contact present or former employers or other persons who know me to obtain additional information about my skills and abilities. I understand that the information on this application is public information and may be released through a legal request for such information.

Signature in Ink: Geri Musetti

Date: 10/25/83

EMPLOYMENT RESUME'

JERENE M. MUSETH (nee: Decker)
P.O. Box 754
Juneau, AK 99802
907-364-3540 (home) (586-9400 work)

Female Alaska resident since October 1964
SSN: 535-42-2847
DOB: 07/06/43 POB: Seattle, WA

Education: Graduated from Kent-Meridan High School
Kent, Washington--June 1961
Attended University of Washington
Seattle, WA 1961-62 (16 credits--1/4 hr)
Highline Junior College
Seattle, WA 1962-64 (76 credits--1/4 hr)

Other Training: MTDA - J.D. Community College, Juneau, AK
02/06-03/12/67 Clerk-typist Course
E.M.S. & AK Depart. Public Safety, Sitka, AK
2/26-03/10/79 Emergency Medical Technician I
E.M.S. & AK Depart. Public Safety, Sitka, AK
3/26-03/30/79 Industrial 1st Aid & CPR Instructor
E.M.S. & AK Depart. Public Safety, Sitka, AK
01/06-01/11/81 EMT I Refresher Training
E.M.S. & AK Depart. Public Safety, Sitka, AK
2/22-02/24/82 Renew CPR Instructor Ratings
University of Alaska, Juneau, AK
Psy 393 & bookkeeping classes 82-83
E.M.S. & AK Depart. Public Safety, Sitka, AK
10/03-10/08/83 EMT-A (National Cert)

Personal References:

Megan Dorman	Pat Lewis	Carole Robb
P.O. Box 1013	P.O. Box 275	P.O. Box 758
Juneau, AK 99802	Douglas, AK 99824	Juneau, AK 99802

Miscellaneous Information:
Restricted Radio Operators License Typing speed 55 wpm
Alaska Driver's License #0516000
Notary Republic - expr. 10/06/84
Voters' Registrar

Volunteer works include: Secretary, Elfin Cove, Inc., Board of Directors; Elfin Cove Fish and Game Advisory Committee; Vice-Chairman Juneau Chapter Troll Political Action Committee; member Juneau chapter Democratic party; member League of Women Voters; member Alaska Women's Political Caucus; member Juneau Volunteer EMT's; member "Parents Who Care" (alcohol/drug abuse); telephone operator for the Community of Elfin Cove (at least six hours per week); bookkeeper for Elfin Cove Telephone and Elfin Cove Community; Elfin Cove School Board; Elfin Cove Election Board Chairman; various other Elfin Cove committees, i.e. VHF, 4th of July, boardwalk. I have taught several Cardio-pulmonary Resuscitation courses and Emergency First aid Courses, and assisted with similar classes at the University of Alaska, Juneau. I have acted as home teacher for my daughter who was taking State correspondence courses from 1973-80 (3rd - 9th grades). Southeast Advisory Panel to Citizen's Commission in Federal areas. Did volunteer work for Juneau's AWARE.

Work History:

1. Alaska Trollers Association
   205 N. Franklin St.
   Juneau, Alaska 99801

   Edward J. Wojeck
   Executive Director

   09/25/83 to / / $1700/mo. Administrative Assistant
   Work with Board of Directors and assist Executive Director with all matters by researching subjects and making necessary contacts and data collection, attend hearings and public meetings which often necessitates travel. Lobbist on fishing matters. Initiate bookkeeping and payroll, typing and business letters, filing, coding logbooks, computer data entry, and act as receptionist for the office.

2. Self-employed fisherman
   F/V Defense
   Elfin Cove, AK 99825

   06/01/83-09/20/83 -- Salmon trolling and halibut longlining as above. Fishing is the family business. Duties include: bookkeeping, writing business letters, ordering supplies, paying bills, cooking, gutting and cleaning fish and caring for catch, assisting with vessel maintenance and operation, attending political meetings and testifying. This is seasonal work depending upon regulations.

3. Alaska Trollers Association
   205 N. Franklin St.
   Juneau, AK 99801

   Edward J. Wojeck
   Executive Director

   01/10/83-05/31/83 $1700/mo Administrative Assistant
   Duties as above in item #1. Seasonal lay-off.

4. Johnson O'Malley Home-School Counseling
   P.O. Box 808
   Douglas, AK 99824

   Sandra Samaniego
   Director

   08/26/82-01/07/83 $764.50 biweekly (37.5 hrs/wk) Executive Secretary
   Act as receptionist for clients and public, organize and accomplish office and clerical functions relating to program. Assist Director, Counselor Coordinator and Preschool Teacher in daily activities. Initiate personnel actions, keep records, time keeper, review vendors and billings and prepare for payment, typing, filing, assist reports preparation and data collections. Resigned to take a more interesting position and better salary.

5. Self-employed fisherman
   F/V Defense
   Elfin Cove, AK 99825
   05/28/82-08/25/82 -- Duties as above in item #2

6. Johnson O'Malley
   P.O. Box 808
   Douglas, AK 99824

   Sandra Samaniego
   Director

   08/31/81 to 05/28/82 $764.50 biweekly (37.5 hrs/wk) merit increase
   Duties were as above in item #1. Seasonal lay-ff in conjuction with school year.

7. Self-employed fisherman
   F/V Defense
   Elfin Cove, AK 99825
   05/31/81 to 08/30/81. -- Duties as above in item #2

8. Johnson O'Malley
P.O. Box 808
Douglas, AK 99824

Sandra Samaniego
Director

10/27/80 to 05/31/81 $695.00 biweekly (3. [illegible]
The duties were as avove (item #4), accept [illegible] lishing my own filing system and reorganizing and implementing new offic [illegible] es for efficiency. Johnson-O'Malley is a federal grant program and act. [illegible] eport program to the school system. Thus, the tour of duty coincides wi [illegible] chool district calendar.

9. Self-employed fisherman - salmon trolling (hand & power) and halibut longlining
Elfin Cove, AK 99825

1973-1977, 1979, 1980, duties included in item #2. I was a licensed hand troller 1968, 1969, 1972, 1973, 1978. I also did some commercial set net fishing for smelt, deck-hand on a crab boat, and deck-hand on a black cod boat.

10 Channel Flying
Ken Lokken, Owner
Juneau, Alaska 99801

Dispatching agent, Elfin Cove--10/01/77 to 4/15/77; 10/01/78 to 4/15/79; 9/15/79 to 4/15/80. Worked on a commission and "free" service. Handled ticket sales and preparation, freight, light bookkeeping, observed and relayed weather conditions to Juneau office and pilots via radio. Coordinated flights, passengers, freight, mail, and boats as necessary. I worked as a winter substitute. Another person has this position during the summer months.

11 Elfin Wet Goods
Paul Johnson, Owner
Elfin Cove, AK 99825

General Manager Salary: Commission
12/01/75 to 4/15/76; 10/01/76 to 4/15/77; 09/29/77 to 4/15/79; 10/01/79 to 4/15/80. General maintenance of store and area, ordering and organizing stock, stock shelves, maintain inventory, clerk, keep ledgers, bookkeeping, and writing business letters. Except for the summer of 1978, when I ran the store all year, this was a winter job only.

12 Depart of Highways
c/o Mr. Ole Bartness
Juneau, AK 99810

Laborer, bookkeeper, foreman. Salary start $5.50/hr and end $7.00/hr 1976-79. General construction work (i.e. carry lumber, hammering, operating chain saw, skiff and outboard); bookkeeping, payroll, order lumber after preparing estimates; order other construction materials and supplies and tools; arrange transportation of supplies, supervise construction and employees. This was seasonal work during the fall and spring as the Community contracted the boardwalk reconstruction new construction , and repairs labor.

Resume

Val N. Angasan
Box 89
Dillingham, AK 99576
Phone: 842-5463

PERSONAL DATA

Birthdate: February 14, 1953
Marital Status: Married, 2 children

EDUCATION

University of Alaska, 1970 - 1974, full and part time, Majored in Business Administration and now has a total of 90 hours.

EMPLOYMENT HISTORY

1982 - Present	Bristol Bay Herring Marketing Corp., Manager
1981 - 1982	Building construction in winter and commercial fished in summer
1980 - 1981	IMARPIK Regional Aquaculture Corp., Assistant Manager
1975 - 1980	Economic Development, Bristol Bay Native Corp., Director - fished commercially in summer.

Miscellaneous Data:

Has subsistence hunted and fished.

RESUME

Robert J. Blake
P.O. Box 94
Cordova, Alaska 99574

Phone No.: Office (907)424-3447
Home (907)424-3652

Born: Russell Massachusetts
April 16, 1935

Residency: Cordova, Alaska since July 1950

Hobbies: Have held and actively used a sportfish, hunting and trapping license since 1954.

History: Commercial salmon, herring and crab fisherman from 1960 to present. Fishing in the Prince William Sound area and Bristol Bay currently, but have fished in Cook Inlet one season.

President United Fishermen of Alaska, 1979 to present

President of Cordova Aquatic Marketing Association 1954 to present

President of Cordova District Fisheries United 1954 to present

Board of Directors - Prince William Sound Aquaculture Corporation, 1955 to present

Member Alaska Fishermens Fund Advisory and Appeals Council, approx. 1978 to present

Advisory Panel to North Pacific Fishery Management Council approx. 1979 to present

Member Prince William Sound Regional Planning Team approx. 1980 to present

Board member Alaska Seafood Marketing Institute approx. 1980-1983

Board member Fisheries Institute & Technology Center 1980 to present

Member Cordova City Council approx. 1978-1981

November 29, 1982

Gov. Bill Sheffield
Sheffield Hotel
Plaza 201 E 3rd
Anchorage, AK 99501

Dear Bill,

I once again extend my sincere congratulations on your victory. There is no doubt in my mind that you will be one of the "Great" Governors of our State.

I would like to be kept in mind in event there is opportunity to make use of my background and expertise. I believe that I could be of significant value to you in all areas pertaining to the fisheries or subsistance problems. I, specifically, would like to sit on an Ad Hoc group involved in subsistance as related to sport users of our fish and game. I feel my longevity in our state, my interfacing with Bush groups, Commercial fishing interests and my Sport fishing and hunting advocation would be of value to your administration. The following points may be of interest in justifying any appointments.

1. 31 years resident in Alaska
   a. Ketchikan 1951-57
   b. Sitka 1958-62
   c. Kodiak 1962-75
   d. Anchorage 1975-present
2. 12 years in Alaska Pulp Mills Technical Department ending in 1962 as Lab Superintendent Alaska Lumber & Pulp Co., Sitka
3. 12 years fish processing business President B & B Fisheries, Inc., in Kodiak
4. 7 years executive search and management consulting, President Bonney, Garland & Co., Inc. in Anchorage
5. President Anchorage East Rotary Club
6. In depth background in both sport and commercial fishing -- Co-Chairman Kenai River Sport Fishing Association (500 members) and Board of Directors Alaska Sportfishing Association (1000 members)

Sincerely,

BONNEY, GARLAND & CO., INC.

Bix Bonney
President

BB/ekb

Bonney, Garland & Co., Inc.

Calais II Bldg., 3301 C Street, Suite 202 Anchorage, Alaska 99503 Telephone: (907) 276-1451

Resume

Jesse Foster

PERSONAL DATA

Birthdate: June 26, 1941
Marital Status: Married, 4 children

EDUCATION

High School - GED

COMMITTEE/BOARD PARTICIPATION AND EMPLOYMENT HISTORY

1981 - Present	-Alaska Land Use Advisory Committee -AVCP Education Committee, Board Member
1980 - Present	-AVCP Fisheries Task Force
1980 - 1982	-Alaska Fisheries Development Foundation, Board Member
1979 - Present	-North Pacific Fishing Management Council Advisory Panel
1978 - Present	-International North Pacific Fisheries Commission Advisory Committee -Central Bering Sea Fish and Game Advisory Committee, Vice Chairman -Western Alaska Fishermen's Marketing Assn. -Quinhagak City Council, Past Mayor -Quinhagak City Council, Council Member
1977 - Present	-Bering Sea Fishermen's Assn., Past President -Bering Sea Fishermen's Assn., Board Member

RESUME

JOHN N GARNER

PERSONAL DATA:

Place/Date of Birth: Ketchikan, Alaska; April 6, 1949
Spouse: Jeanne A. Garner
Children: Alissa (7) and Carrie (5)

EDUCATION:

High School: Copper Valley School (Jesuit Boarding School near Glennallen, Alaska)
College: Seattle University; B.A., History
Post Graduate: University of Washington School of Law; J.D.

EMPLOYMENT HISTORY:

Summers, 1963-1967: Commercial fishing, Yakutat and Bristol Bay
Summer, 1968: Totem Egg Co. chicken ranch, Palmer
Summers, 1969-1971: Telephone lineman, Interior Alaska
1972: Research economist, Department of Labor
Summer, 1973: Legal intern, State of Alaska
Summer, 1974: Legal intern, State of Alaska
1974-1975: Hearing Officer, Commercial Fisheries Entry Commission
1975-1976: Commissioner, Commercial Fisheries Entry Commission
1977-1978: Commissioner, Commercial Fisheries Entry Commission
1978-1979: Chairman, Commercial Fisheries Entry Commission
1979-present: Self employed law practice specializing in fishing industry related matters
1979-present: Commercial fisherman, Bristol Bay
1980-present: Commercial fisherman, Southeast Alaska
1981-present: Sea Roe Fisheries, a fish processing company

ORGANIZATIONS:

Member, Alaska Bar Association (1977-present)
Member, United Fishermen of Alaska (1979-present)

RON B. JOLIN
Box 2022
Kodiak, AK 99615
(907) 486-5945

PERSONAL DATA: Born, 7/2/43, Pasco, Washington; Married, 2 children; Alaska resident since 1962 (20 years)

EDUCATION: North Idaho Junior College, Coeur-D-Alene, Idaho

FISHING EXPERIENCE:

SALMON: Cook Inlet gillnet fishery, 1963-1969; Kodiak Area purse seine, 1971 to present (qualified under Limited Entry for salmon permit).

HERRING: Prince William Sound purse seine, 1974 to 1976 (qualified under Limited Entry for herring permit); Kodiak Area purse seine, 1975 to present; Kodiak Area gillnet, 1975 to 1976.

SHRIMP: Kodiak and Westward Areas, shrimp trawl, 1969-1974.

KING CRAB: Kodiak, Dutch Harbor, and Bering Sea Areas, 1963 to present.

PRESENT VESSEL OWNERSHIP: M/V Fayette, 44 foot combination crabber/seiner; M/V Shawn-Aaron, 90 foot combination crabber/tender/longliner.

ORGANIZATIONAL AFFILIATION

-One of the original organizers of the Kodiak Shrimp Trawlers Association, 1st Treasurer of that Association, now re-named the Alaska Draggers Association.

-President, United Fishermen's Marketing Association, Inc., Kodiak, 3 years.

-Director, Alaska Seafood Marketing Institute, 1981 to present; member, original organizers of A.S.M.I.

-Kodiak Advisory Board, 1977 to present, vice-chairman, 1980 to present.

Alaska State Legislature
HOUSE OF REPRESENTATIVES
COMMITTEE ON RESOURCES

JOHN RINGSTAD, CO-CHAIRMAN
RICHARD SHULTZ, CO-CHAIRMAN
POUCH V
JUNEAU, ALASKA 99811
(907) 465-3715

MEMORANDUM

To: Resources Committee Members

From: Rep. John Ringstad, Co-chairman

Date: April 30, 1984

Re: Correspondence regarding Board appointments

In addition to the correspondence included in your committee file on the confirmation of the Governor's appointments to the Board of Fisheries, the committee has on file communiques from at least 250 Alaskans opposed to the make-up of the board, or to actions taken by the board. This correspondence is obviously too voluminous to justify duplicating for every member's file, however, any member who would like to examine the committee file is certainly welcome to do so.

KENAI RIVER SPORTFISHING ASSOCIATION, INC.
3301 "C" Street Suite 202
Anchorage, Alaska 99503
Phone (907) 276-1451

April 11, 1984

VOTE !!

Dear Member:

We have been asked for our input, and it is imperative that we inform the legislature what our wishes are relative to confirmation of the Alaska Board of Fisheries. Your steering committee has voted today unanimously to abide by your vote per the attached ballot. The outcome of this vote will be made public to the legislature and governors office, et al.

Your steering committee today also instructed us to advise you of the following organizations' position on the Fisheries Board confirmation: They are all the recreational fishing organizations we know of in South Central Alaska.

Alaska Sportsfishing Assoc. - Bob Hunter -	Membership Decision	Non-Confirmatio
Alaska Fly Fishing Assoc. - Richard Johnson	Brd Decision	Non-Confirmatio
Isaac Walton League - Sam McDowell	Brd Decision	Non-Confirmatio
Mat Valley Sportsman - Ed DePriest		No Response
Alaska Professional Sportsfishing Assoc. - Chris Goll	Brd Decision	Non-Confirmatio:
Chitna Dip Netters - Byron Haley -	Brd Decision	Non-Confirmatio
Cook Inlet Professional Guides Assoc.- Bob Haglund		No Decision
Trout Unlimited - Hunter Fisher		No Decision
Safari Club International - Paul Palmer	Brd Decision	Non-Confirmatio
Kenai River Guides Assoc. - Harry Gaines		No Decision
Alaska Outdoor Council - Ron Somerville	Brd Decision	Non-Confirmatio

CONFIRMATION OF FISHERIES BOARD:

The Fisheries Board is nominated by the Governor and must be confirmed by a majority of the legislature, that is, the House and Senate. This confirmation hearing is scheduled for approximately May 1, 1984. Last year's board was overturned by the legislature primarily because two sportsmen were not nominated to the board by the Governor. The Governor has re-nominated six commercial and one sportsman this year. We must have your opinion, please vote today on the attached ballot and return immediately in the enclosed self addressed envelope by APRIL 18, 1984. You are encouraged to be a part of our steering committee every Tuesday, at the Beef and Sea restaurant at noon..., and REMEMBER, it'll only be 30 days til the Kenai Kings start running again... WE NEED MORE MEMBERS, PLEASE SIGN ONE UP AND HELP US ALL TODAY... ENVELOPE ENCLOSED.

Thank you.

FOR THE STEERING COMMITTEE

Bob Penney
Chairman

Ben Milliker

Jeff Parker

Bob Gerdon

Dan Sisson

VOTE BALLOT ON REVERSE

BALLOT

YES_____ 1. APPROVE CONFIRMATION OF FISHERIES BOARD.

No 88.5%

ADVISORY VOTE ONLY:

YES 97.5% 1. WOULD YOU VOTE FOR LEGISLATION THAT DESIGNATES THE KENAI RIVER AS PRIMARILY A RECREATIONAL FISHERY AS FOLLOWS:

No _____

A. ALLOW MAXIMUM NOT MINIMUM ESCAPEMENT FOR ALL SALMON SPECIES.,

B. PROVIDE SUFFICIENT HARVESTS FOR TRADITIONAL RECREATIONAL USES.

C. ALLOW THE EAST SIDE SET NET FISHERY (OR OTHER COMMERCIAL FISHING METHODS) TO HARVEST KENAI RIVER SALMON STOCKS WHICH ARE SURPLUS TO ESCAPEMENT AND RECREATIONAL NEEDS.

YES 94% 2. DO YOU SUPPORT BIX BONNEY'S EFFORTS ON THE FISHERIES BOARD?

No ____

END OF BALLOT

****

APRIL 24, 1984 Copies Being mailed to:

MEMO TO: Senator Jay Kerttula
House Speaker Joe Hayes
Senator Bettye Fahrenkamp
Senator Don Bennett
Senator Jan Faiks
Senator Joe Josephson
Senator Bob Mulcahy
Rep. John Cowdery
Rep. Walt Furnace
Rep. John Ringstad
Rep. Bob Bettisworth

As of April 20th we had a 25% return of ballots, as noted above, the percentage was 88.5% for non-confirmation, therefore the position of this association must be for non-confirmation.

Do you think, "individual confirmation" of different board members is feasible. Where would the votes be on this? Appreciate an early telephonic response.

We thank you again so very much for your help. This is a major issue in South Central.

Bob Penney
Chairman

Resumes

TO: COMMITTEES
FROM: CHIEF CLERK
DATE: March 5, 1984

The Governor has made appointments to the following boards and commissions, Commissioners and changes in military rank and they have been referred by the Speaker to these committees for confirmation:
(* indicates resumes have not yet been received & forwarded to committees)

HESS

Board of Education
- Kito, Sam
- Schaeffer, Mary

Board of Nursing Home Administrators
- Deater, Eloise

Board of Regents
- Hensley, Willie
- Shaver, Beatrice Lynn (Student)

Professional Teaching Practices Com.
- Adkison, Perry
- Jorgensen, Spike
- Nelson, James "Tom"
- Ryals, Karen
- Trent, Darleen
- Van Flein, Margaret

JUDICIARY

Alcoholic Beverage Control Board
- Perkins, Jane
- Smith, William

Judicial Conduct, Commission on
- Dale, Barbara
- Lincoln, Georgianna

Judicial Council
- Murray, Renee

LABOR & COMMERCE

Architects, Engineers & Land Surveyors
- Menzies, Malcolm
- Sampson, Sandra

Barbers & Hairdressers, Board
- Ashcraft, Letha
- Janzen, Carolyn
- Slaven, Roger

Dental Examiners, Board
- Buxton, Paul
- Zemlicka, Jerry

Nursing, Board of
Hartz, Lynn
Solomon, Alice

Pharmacy, Board of
Donelson, Joy
Nielson, Christy

Real Estate Commission
Anders, Ed
Benson, John
Collins, LaVerne
Serrano, Gilbert
Hill, Barbara

Worker's Compensation Board
Pruhs, Delia
Richards, David
Thomas (II), Joe
Thompson, Jack

Medical Board
Hughes, Dolores

RESOURCES/FISHERIES

Fisheries, Board of
Angasan, Val
Blake, Robert
Bonney, Bix
Foster, Jesse
Garner, John
Jolin, Ron
Museth, Jerene

Commercial Fisheries Entry Commission
Smith, Phillip

RESOURCES

Game, Board of
Bennett, Joel
Huntington, Sidney
Jackson, Nicholas
Scanlan, Sarah

STATE AFFAIRS

Personnel Board
* Humphries, Ben
Johnson, Marlene

Human Rights Commission
Solomon, Morgan

TRANSPORTATION

Marine Pilots, Board of
Brady, Judith
Hodgman, James

COMMISSIONERS:

COMMUNITY & REGIONAL AFFAIRS

COMMUNITY & REGIONAL AFFAIRS
Notti, Emil
(Report received 1/20/84)

TRANSPORTATION & FINANCE

DOT/PF
Knapp, Richard

CHANGE IN ALASKA NATIONAL GUARD RANK

STATE AFFAIRS

MAJOR GENERAL
Pagano, Edward

BRIGADIER GENERAL
Hoyt, John
(Report received 2/22/84)

Alaska State Legislature

HOUSE OF REPRESENTATIVES

COMMITTEE ON RESOURCES

JOHN RINGSTAD, CO-CHAIRMAN
RICHARD SHULTZ, CO-CHAIRMAN
POUCH V
JUNEAU, ALASKA 99811
(907) 465-3715

M E M O R A N D U M

To: House Resources Committee Members

From: Committee Staff

Date: Monday, April 30, 1984

Re: Resumes of Board Appointees

Attached you will find resumes of the Governor's appointees to the Board of Fisheries, and the Board of Game. These will be discussed at this afternoon's meetings, and Chairman Ringstad expects to take action on the committee's recommendation.

Resume

Nicholas (Nick) Jackson
Box 123
Gakona, AK 99586

PERSONAL DATA

Birth Year: 1936, Copper Center
Marital Status: Married, 5 children

JOB EXPERIENCE

Present	-Ahtna Construction, teamster
1980 - Present	-Ahtna, Inc., President
1979 - 1980	-Ahtna, Inc., Vice President
1975 - 1978	-Ahtna, Inc., General Manager
1974 - 1975	-Ahtna, Inc., Treasurer
1965 - 1973	-Alaska Dept. of Fish and Game, Fish and Game Technician, Glennallen

Other experience:

Involved in hunting, fishing and has been a trapper.

RON B. JOLIN
Box 2022
Kodiak, AK 99615
(907) 486-5945

PERSONAL DATA: Born, 7/2/43, Pasco, Washington; Married, 2 children; Alaska resident since 1962 (20 years)

EDUCATION: North Idaho Junior College, Coeur-D-Alene, Idaho

FISHING EXPERIENCE:

SALMON: Cook Inlet gillnet fishery, 1963-1969; Kodiak Area purse seine, 1971 to present (qualified under Limited Entry for salmon permit).

HERRING: Prince William Sound purse seine, 1974 to 1976 (qualified under Limited Entry for herring permit); Kodiak Area purse seine, 1975 to present; Kodiak Area gillnet, 1975 to 1976.

SHRIMP: Kodiak and Westward Areas, shrimp trawl, 1969-1974.

KING CRAB: Kodiak, Dutch Harbor, and Bering Sea Areas, 1963 to present.

PRESENT VESSEL OWNERSHIP: M/V Fayette, 44 foot combination crabber/seiner; M/V Shawn-Aaron, 90 foot combination crabber/tender/longliner.

ORGANIZATIONAL AFFILIATION

-One of the original organizers of the Kodiak Shrimp Trawlers Association, 1st Treasurer of that Association, now re-named the Alaska Draggers Association.

-President, United Fishermen's Marketing Association, Inc., Kodiak, 3 years.

-Director, Alaska Seafood Marketing Institute, 1981 to present; member, original organizers of A.S.M.I.

-Kodiak Advisory Board, 1977 to present, vice-chairman, 1980 to present.

RESUME

Robert H. Blake
P.O. Box 94
Cordova, Alaska 99574

Phone No.: Office (907) 424-3447
Home (907) 424-3652

Born: Russell Massachusetts
April 16, 1935

Residency: Cordova, Alaska since July 1950

Hobbies: Have held and actively used a sportfish, hunting and trapping license since 1954.

History: Commercial salmon, herring and crab fisherman from 1960 to present. Fishing in the Prince William Sound area and Bristol Bay currently, but have fished in Cook Inlet one season.

President United Fishermen of Alaska, 1979 to present

President of Cordova Aquatic Marketing Association 1954 to present

President of Cordova District Fisheries United 1954 to present

Board of Directors - Prince William Sound Aquaculture Corporation, 1955 to present

Member Alaska Fishermens Fund Advisory and Appeals Council, approx. 1978 to present

Advisory Panel to North Pacific Fishery Management Council approx. 1979 to present

Member Prince William Sound Regional Planning Team approx. 1980 to present

Board member Alaska Seafood Marketing Institute approx. 1980-1983

Board member Fisheries Institute & Technology Center 1980 to present

Member Cordova City Council approx. 1978-1981

November 29, 1982

Gov. Bill Sheffield
Sheffield Hotel
Plaza 201 E 3rd
Anchorage, AK 99501

Dear Bill,

I once again extend my sincere congratulations on your victory. There is no doubt in my mind that you will be one of the "Great" Governors of our State.

I would like to be kept in mind in event there is opportunity to make use of my background and expertise. I believe that I could be of significant value to you in all areas pertaining to the fisheries or subsistance problems. I, specifically, would like to sit on an Ad Hoc group involved in subsistance as related to sport users of our fish and game. I feel my longevity in our state, my interfacing with Bush groups, Commercial fishing interests and my Sport fishing and hunting advocation would be of value to your administration. The following points may be of interest in justifying any appointments.

1. 31 years resident in Alaska
   a. Ketchikan 1951-57
   b. Sitka 1958-62
   c. Kodiak 1962-75
   d. Anchorage 1975-present .
2. 12 years in Alaska Pulp Mills Technical Department ending in 1962 as Lab Superintendent Alaska Lumber & Pulp Co., Sitka
3. 12 years fish processing business President B & B Fisheries, Inc., in Kodiak
4. 7 years executive search and management consulting, President Bonney, Garland & Co., Inc. in Anchorage
5. President Anchorage East Rotary Club
6. In depth background in both sport and commercial fishing -- Co-Chairman Kenai River Sport Fishing Association (500 members) and Board of Directors Alaska Sportfishing Association (1000 members)

Sincerely,

BONNEY, GARLAND & CO., INC.

Bix Bonney
President

Bix Bonney

BB/ekb

Bonney, Garland & Co., Inc.

Calais II Bldg., 3301 C Street, Suite 202 Anchorage, Alaska 99503 Telephone: (907) 276-1451

RESUME

JOHN N GARNER

PERSONAL DATA:

Place/Date of Birth: Ketchikan, Alaska; April 6, 1949
Spouse: Jeanne A. Garner
Children: Alissa (7) and Carrie (5)

EDUCATION:

High School: Copper Valley School (Jesuit Boarding School near Glennallen, Alaska)
College: Seattle University; B.A., History
Post Graduate: University of Washington School of Law; J.D.

EMPLOYMENT HISTORY:

Summers, 1963-1967: Commercial fishing, Yakutat and Bristol Bay
Summer, 1968: Totem Egg Co. chicken ranch, Palmer
Summers, 1969-1971: Telephone lineman, Interior Alaska
1972: Research economist, Department of Labor
Summer, 1973: Legal intern, State of Alaska
Summer, 1974: Legal intern, State of Alaska
1974-1975: Hearing Officer, Commercial Fisheries Entry Commission
1975-1976: Commissioner, Commercial Fisheries Entry Commission
1977-1978: Commissioner, Commercial Fisheries Entry Commission
1978-1979: Chairman, Commercial Fisheries Entry Commission
1979-present: Self employed law practice specializing in fishing industry related matters
1979-present: Commercial fisherman, Bristol Bay
1980-present: Commercial fisherman, Southeast Alaska
1981-present: Sea Roe Fisheries, a fish processing company

ORGANIZATIONS;

Member, Alaska Bar Association (1977-present)
Member, United Fishermen of Alaska (1979-present)

Alaska State Legislature
HOUSE OF REPRESENTATIVES
COMMITTEE ON RESOURCES

JOHN RINGSTAD, CO-CHAIRMAN
RICHARD SHULTZ, CO-CHAIRMAN
POUCH V
JUNEAU, ALASKA 99811
(907) 465-3715

M E M O R A N D U M

To: Resources Committee Members

From: Rep. John Ringstad, Co-chairman

Date: April 30, 1984

Re: Correspondence regarding Board appointments

In addition to the correspondence included in your committee file on the confirmation of the Governor's appointments to the Board of Fisheries, the committee has on file communiques from at least 250 Alaskans opposed to the make-up of the board, or to actions taken by the board. This correspondence is obviously too voluminous to justify duplicating for every member's file, however, any member who would like to examine the committee file is certainly welcome to do so.

BOARD of GAME CONFIRMATION

-Board of Game-

**	Joel Bennett	Juneau
	John Hansen	Alakanuk
	Sidney Hunington	Galena
	Sam Harbo	College
**	Kirk Gay	Anchorage
**	John Shiveley	Anchorage
**	Brenda Johnson	Nome

** Indicates nominees being considered for confirmation.

Bds./Com.

Kirk D. Gay
SRA Box 4F
6240 E. 112th Street
Anchorage, AK 99507
344-3848 home
349-1741 work

Governor-Elect
Bill Sheffield

Dear Governor Sheffield:

I wish to formally request appointment on the Board of Fish & Game. I understand that there will be three slots available this January.

I am a life-long Alaskan and I have a high regard for our fish and wildlife resources. I am familiar with the majority of Alaska and the habitat therein. I suscribe to the philosophy of perpetuating our natural resources for the common good of the people. My ability to listen, analyze and reach decisions will be in the States interest.

I am listing below a personal resume.

Thank you for your consideration.

Sincerely,
Kirk D. Gay

RESUME - Kirk D. Gay

EDUCATION:
Born Anchorage, Alaska 1944

Graduated Anchorage West High 1962
2 yrs college majoring in Business Administration

Licensed Commercial Pilot
Licensed Master Guide

PROFESSIONAL EXPERIENCE:
1963-1965 - SEAIR - ground service

1965-1967 - U.S. ARMY - Honorable Discharge
Vietnam Veteran

1967-1979 - SEAIR - 5 yrs commercial pilot
6 yrs vice president adm./ops.

1979-Present - ALASKA SAFARI, INC. - President

RESUME

NAME:	John Terry Shively
CURRENT POSITION:	Vice President Of Operations NANA Development Corporation
PLACE OF BIRTH:	Middletown, New York
DATE OF BIRTH:	July 1, 1943
HIGH SCHOOL:	Taft School, Watertown, Connecticut
COLLEGE:	University of North Carolina, Chapel Hill, North Carolina Bachelor of Arts Degree in Political Science
ALASKA RESIDENCY:	July 1, 1965 through present

EMPLOYMENT HISTORY:

September 1975-Present: NANA Regional Corporation-Vice President of Operations. Work directly for the President of NANA in overseeing day to day business operations. Also am responsible for lobbying efforts both in Juneau and Washington, D. C. on matters such as oil and gas taxation and land claims issues. In May 1977, I was transferred to the NANA Development Corporation office in Anchorage to work as Vice President of Operations. My duties continued in a similar vien, except that I have no responsibilities for our operations in Kotzebue. I work directly for the President of NANA Development Corporation in administering NANA's construction company, pipeline and oilfield services, utilities, and security companies.

September 1974-May 1975: Alaska Community College (part-time) - taught a 3 credit course on the history and interpretation of the Alaska Native Claims Settlement Act.

December 1972-August 1975: Alaska Federation of Natives - served as Executive Vice President and was responsible for overseeing the financial and administrative matters of the Alaska Federation of Natives including 10 million dollars worth of grants and programs. These programs provided services in the fields of health, education, housing, and business technical assistance. I also assisted in lobbying and working with the Congress, the Alaska State Legislature, and various State and Federal organizations on matters relating to the TransAlaska Pipeline, Native Land Claims, Coastal Zone Management and OCS impact.

November 1969-December 1972: Rural Alaska Community Action Program - served as Depty Director for a little over a year and then was hired as Executive Director. Was responsible for overseeing the programs of the Community Action Program for Rural Alaska including Headstart, Village Development, Heavy Equipment Program, Emergency Food and Medical Services Program, and several other programs. Budgets totaled annually approximately $4 million dollars.

May 1969-November 1969: Alaska Federation of Natives - served as a consultant to set up the health program which I developed while working for the Greater Anchorage Area Community Action Agency.

September 1968-May 1969: Greater Anchorage Area Community Action Agency - developed and worked on funding for a major health grant for the communities of Nome and Bethel.

July 1965-August 1968: Vista Volunteer - served as a Vista Volunteer working in Bethel, Alaska, Yakatat, Alaska, and Fairbanks, Alaska. Worked primarily with youth groups and the court system in Bethel. Worked as Assistant to the Mayor and with youth in Yakatat. Was a supervisor of 30 VISTA Volunteers for northern and western Alaska while stationed in Fairbanks.

MEMBERSHIPS AND ASSOCIATIONS:

Governor's rural Affairs Council, (1971-1976).
Governor's Manpower Commission, (1971).
Greater Anchorage Area Comprehensive Health Planning Council, (1969-1975).
Greater Anchorage Area Health Board, (1969-1975).
Alaska Pipeline Education Committee, (1973-1974).
Alaska Public Interest Research Group, Board of Directors, (1974-1975).
Alaska Federation of Natives Steering Committee on Oil and Gas Taxation, (1976-1977).
Unicorp, Inc., Board of Directors, (Bank Holding Company), (1977-Present).
United Bank Alaska, Board of Directors, (1977-Present).
City of Kotzebue OCS Impact Committee, (1977).
NANA Oilfield Services, Inc., Board of Directors, (1976-Present).
Board of Regents, University of Alaska, (1979 to Present).
Alaska Commission on Postsecondary Education, (1980 to Present).
Alaska United Drilling, Inc., Board of Directors, (1980-Present).

Resume

Brenda H. Johnson
P.O. Box 924
Nome, Alaska 99762

(907) 443-2785 Bus
(907) 443-5743 Res

I. Personal

Date of Birth: 11-03-42

Health: Excellent

Marital Status: Married

II. Business Background

1982 to present: Co-owner of Bush UnLimited, a Fabric Shop serving Nome and villages of Bering Straights Region.

1966 - 1976 - Insurance Claims Adjuster

1968 - 1969 - Vice President of Peoria Illinois Association of Insurance Women

1960 - 1966 - Insurance Accounting

III. Community Service

1982 - 1984: Democratic Chairman of District 23, State Central Committee

1980 - Present: Serving on the Nome Senior Citizens Advisory Board at the request of the Senior (Board is composed of 9 local Elders).

1978 - 1983: Member of Nome Community Board of Directors; served as President 1980 thru 1982.

1977 - 1981: Member of Johnson-O'Malley and Indian Education IV Parent Committee. Served as Chairman of both committees 1979 thru 1981.

1974 - 1976: Served on Indian Education IV Parent Committee, Portland, Oregon (Chairman of Personnel and Evaluation Committee)

IV. Education

Attended Northwest Community College, Nome, Alaska

Graduate of Forrest, Illinois High School.

VITAE

Samuel J. HARBO, Jr. Born: 3/3/29 HANSKA, MINNESOTA
RAISED IN MINNESOTA

MARRIED: Wife - Gayle; Children - Lisa, Lora, Keith, Sam.

Education:

BS U. of Nebraska, 1951 (Soils)
Attended U. of California, Berkeley, Sept. 54 - Jan. 56
MS U. of Alaska, 1958 (Wildlife Mgt.)
PhD. North Carolina State Univ, Raleigh, 1972 (Statistics & Plant Ecology)

Employment:

University of ALASKA, FBKS.
Prof. of Biometrics - 1981 - Present
Assoc. Prof of Biometrics - 1971-1981
Asst. Prof " " - 1965-1971
Instr. of Biometrics, 1964-1965
Chairman Wldf. & Fisheries Program, 1971-1980
Acting Head, Dept. of Wldf. Mgt., 1968-1969

North Carolina State Univ., Raleigh
Biomath Fellowship, U.S Public Health Service, 1963-1964
Research Asst, Cooperative Wildlife Stat. Project, 1961-1964

Alaska Dpt. of Fish & Game, Nome, ALASKA - Research Biologist, 1959-19

U.S. Fish and Wildlife Service, Cold Bay AK. Biologist 1958

Teaching:

Various courses in wildlife management and applied statistics.

Research.

Various publication dealing with statistical applications in wildlife management, wildlife biology and aspects of management and administration

STATISTICAL CONSULTING

During the past 14 years I have undertaken statistical consulting with numerous federal and state agencies, in addition to providing statistical advice to students and faculty at the U. of Alaska.

COMMITTEE ASSIGNMENTS AND OTHER AFFILIATIONS

I have been member and/or chairman of many University committees and groups including the Univ. Assembly, Grievance Committee and Professional Staff Affairs Committee.

Also

ALASKA BOARD of Game -

Chairman - 1975 to 1981.

Vice Chairman - 1981 to present.

United States Delegation to meeting of International Treaty for the Conservation of Polar Bear, Oslo, Norway, 1981 - member of Committee.

PROFESSIONAL OR HONORARY ORGANIZATIONS

Western Assoc of Fish and Game Agencies

Phi Kappa Phi

Box 1
Alakanuk, AK. 99554
March 8, 1983

Board's and Commission's
Office of The Gouenor
Pouch A.
Juneau, AK. 99811

Dear Sirs;
Am sending my "Resume" which you wanted when you called on The Phone Today

Name: John A. Hanson
Age: (52) Birth Date 7-16-31
Married, 6 Children
Education; 4th Grade Grammer (St Mary's Mission)
Fishermen and Trapper
Heavy Equipment operater (when ever Hired)
Retired First Sgt. (National Guard)
Village Council President (for 16 years)
Alakanuk Native Corp. Bd. Director President (5 years)
Store Manager (16 years from 1957 to 1973)
Int'l North Pacific Council (Advisory Panel Member)
Yukon-Canadian (Advisory Board Member.)
Dept. of Fish & Game (Game board Member 1979 to Present)
The Reason I Accepted My Appointment To The Game board Again is because I Am Dedicated To The Resource of The

State of Alaska.
Hope this be understandable.

Thank you.

Sincerely
John A. Hanson
Game Board Member
Box 1
Alakanuk, AK. 99554

RESUME

John Hanson, Alukanuk, Alaska 99554

John Hanson is the past President of the Lower Yukon Fish & Game Advisory Board and is the Alukanuk representative on the Lower Yukon Fishermen's Association. Mr. Hanson is currently serving as an advisor to the North Pacific Fisheries Management Council, and has represented the Yukon-Kuskokwim River during the re-negotiation of the International North Pacific Fisheries Convention in Tokyo, Washington and Anchorage. Mr. Hanson is past President of the Alukanuk Native Village Corporation and Mayor of the Village of Alukanuk. Mr. Hanson is currently employed as a commercial fisherman and trapper, and is recognized as an authority on the issue of subsistence on fish and game resources in the Lower Yukon Basin.

DEPT. of
FISH & GAME

COLLINGSWORTH

June 1, 1983

ALASKA DEPARTMENT OF FISH AND GAME

Commissioner - Don W. Collinsworth

Deputy Commissioner, Program Management - Vacant[1]

Deputy Commissioner, Resource Management - Vacant

Director, Division of Administration - Beverly Reaume

Director, Division of Boards of Fisheries & Game - Beth Stewart

Director, Division of Habitat - John Clark (effective July 18, 1983)

Director, Division of Commercial Fisheries - Steven Pennoyer

Director, Division of Fisheries Rehabilitation Enhancement & Development - Stan Moberly

Director, Division of Game - Vacant[2]

Director, Division of Sport Fish - Richard Logan

Director, Division of Subsistence - Dennis D. Kelso[3]

Chief, Vessels Section - Carl Lehman

Special Assistant for Public Communications - Suzanne Iudicello

Special Assistant for Special Projects and Legislation - Paddy McGuire

[1] Subsistence Director Dennis D. Kelso is Acting Deputy Commissioner

[2] Deputy Director Bob Hinman is Acting Director

[3] Resource Specialist Steve Behnke is Acting Director

SECTION.
40. Compensation of commissioner
50. Powers and duties of commissioner
60. Emergency openings and closures
65. Application extension
70. Regulations as evidence
80. Limitation of power
90. Organization of the department
92. Duties of division of fisheries rehabilitation, enhancement and development
100. Fish and Game Fund established
110. Composition of fund
120. Disbursement of funds
130. Diversion of funds prohibited
140. Assent to provisions of federal aid acts
150. Enforcement authority
160. Duty to arrest
170. Power to execute warrant
180. Power to search without warrant
190. Seizure without warrant and confiscation by court
195. Forfeiture of equipment
200. Power to administer oaths
210. Ineligibility for bounties

Sec. 16.05.010. Commissioner of the Department of Fish and Game. The commissioner is the principal executive officer of the Department of Fish and Game. The commissioner shall be a qualified executive with knowledge of the requirements for the protection, management, conservation, and restoration of the fish and game resources of the state. The commissioner shall be appointed for a term of five years. (§ 4 art I ch 94 SLA 1959)

Effect of state law on acts of Congress. — When the various articles of the state law providing for the administration, management and conservation of fish and wildlife became effective, acts of Congress on the same subject were no longer of any force. Metlakatla Indian Community, Annette Island Reserve v. Egan, Sup. Ct. Op. No. 42 (File Nos. 21-23), 362 P.2d 901 (1961), vacated and remanded on other grounds, 369 U.S. 45, 82 S. Ct. 552, 7 L. Ed. 2d 562 (1962).

Am. Jur. and C.J.S. references. — 2 Am. Jur., Animals, § 1 et seq.; 22 Am. Jur., Fish and Fisheries, § 1 et seq.; 24 Am. Jur., Game and Game Laws, § 1 et seq.

36 C.J.S. Fish § 1 et seq.; 38 C.J.S. Game § 1 et seq.

Sec. 16.05.020. Functions of commissioner. The commissioner shall

(1) supervise and control the department, and he may appoint and employ division heads, enforcement agents, and the technical, clerical, and other assistants necessary for the general administration of the department;

(2) manage, protect, maintain, improve, and extend the fish, game and aquatic plant resources of the state in the interest of the economy and general well-being of the state;

(3) have necessary power to accomplish the foregoing including, but not limited to, the power to delegate authority to subordinate officers and employees of the department. (§ 4 art I ch 94 SLA 1959; am § 1 ch 110 SLA 1970)

Revisor's note. — The following executive order signed by Governor William A. Egan was transmitted to the legislature on January 22, 1962. It was not disapproved by the legislature during the 1962 session and therefore became law under the provisions of § 23 art. III of the state constitution and AS 24.30.130.

"EXECUTIVE ORDER NO. 14. Pursuant to Section 23, Article III, Constitution of the State of Alaska, I hereby reassign from the Department of Public Works to the Department of Fish and Game the function of constructing, maintaining, and operating vessels predominantly utilized by the Department of Fish and Game. I consider this transfer of function necessary for efficient administration.

"Dated at Juneau, Alaska, this 30 day of June, 1961."

Sec. 16.05.030. Status of commissioner.

Repealed by § 40 ch 206 SLA 1975.

Editor's note. — The repealed section derived from § 4, art. I, ch. 94, SLA 1959.

Sec. 16.05.040. Compensation of commissioner. The commissioner is entitled to the compensation fixed by law and, subject to appropriate state travel regulations, is entitled to reimbursement for actual and necessary traveling and other expenses incurred in the discharge of his official duties. (§ 5 art I ch 94 SLA 1959)

Sec. 16.05.050. Powers and duties of commissioner. The commissioner has, but not by way of limitation, the following powers and duties:

(1) assist the United States Fish and Wildlife Service in the enforcement of federal laws and regulations pertaining to fish and game;

(2) through the appropriate state agency, acquire by gift, purchase, or lease, or other lawful means, lands, buildings, water, rights-of-way, or other necessary or proper real or personal property when the acquisition is in the interest of furthering an objective or purpose of the department and the state;

(3) design and construct hatcheries, pipe lines, rearing ponds, fishways, and other projects beneficial for the fish and game resources of the state;

(4) accept money from any person under conditions requiring the use of the money for specific purposes in the furtherance of the protection, rehabilitation, propagation, preservation, or investigation of the fish and game resources of the state or in settlement of claims for damages to fish or game resources;

(5) collect, classify, and disseminate statistics, data and information as in his discretion will tend to promote the objects of this chapter;

(6) capture, propagate, transport, buy, sell, or exchange fish or game or eggs for propagating, scientific or stocking purposes;

(7) Repealed by § 2 ch 227 SLA 1970.

(8) provide public facilities where necessary or proper to facilitate the taking of fish or game, and enter into cooperative agreements with any person to effect them;

(9) administrative, budgeting, and fiscal powers;

(10) the supervision and maintenance, including construction and operation, of vessels used by the Department of Fish and Game;

(11) authorize the holder of an interim-use permit under ch. 43 of this

(5) collect, classify, and disseminate statistics, data and information as in his discretion will tend to promote the objects of AS 16.05.010 — 16.05.950;

(6) capture, propagate, transport, buy, sell, or exchange fish or game or eggs for propagating, scientific or stocking purposes;

(7) Repealed by § 2 ch 227 SLA 1970.

(8) provide public facilities where necessary or proper to facilitate the taking of fish or game, and enter into cooperative agreements with any person to effect them;

(9) administrative, budgeting, and fiscal powers;

(10) the supervision and maintenance, including construction and operation, of vessels used by the Department of Fish and Game;

(11) authorize the holder of an interim-use permit under AS 16.43.010 — 16.43.380 to engage on an experimental basis in commercial taking of a fishery resource with vessel, gear, and techniques not presently qualifying for licensing under AS 16.05.010 — 16.05.950 in conformity with standards established by the Alaska Commercial Fisheries Entry Commission.

(12) **[Effective until January 1, 1983]** not later than March 31 of each year, provide to the commissioner of revenue the names of those fish and shellfish species which he designates as developing commercial fish species for the following fiscal year of the state; a fish or shellfish species is a developing commercial fish species if, within a specified geographical region,

(A) the optimum yield from the harvest of the species has not been reached;

(B) a substantial portion of the allowable harvest of the species has been allocated to fishing vessels of a foreign nation; or

(C) a commercial harvest of the fish species has recently developed.

[Effective January 1, 1983] not later than January 31 of each year, provide to the commissioner of revenue the names of those fish and shellfish species which the commissioner of fish and game designates as developing commercial fish species for that calendar year; a fish or shellfish species is a developing commercial fish species if, within a specified geographical region,

(A) the optimum yield from the harvest of the species has not been reached;

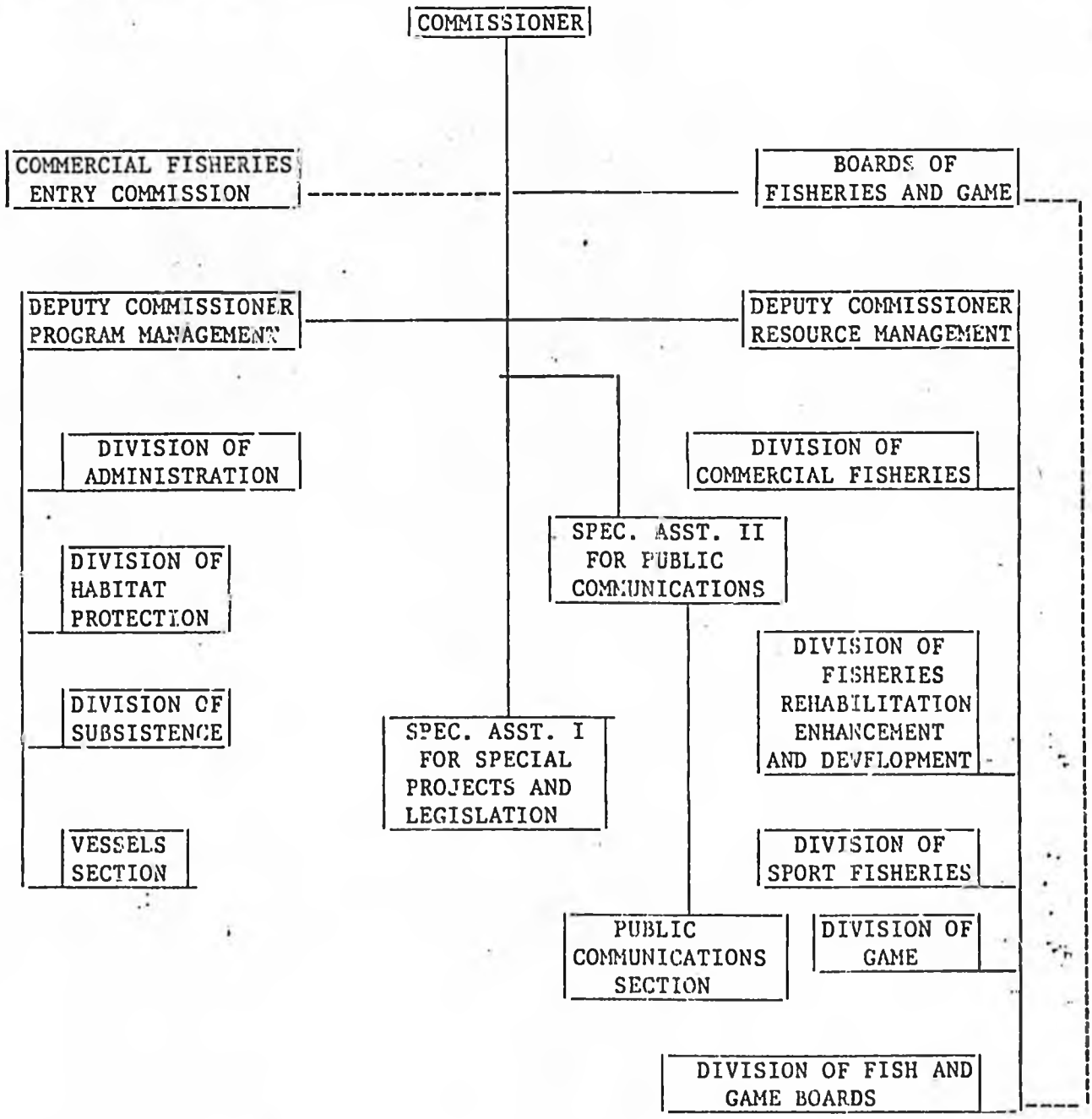
(B) a substantial portion of the allowable harvest of the species has been allocated to fishing vessels of a foreign nation; or

(C) a commercial harvest of the fish species has recently developed. (§§ 6, 11 art I ch 64 SLA 1959; am § 1 ch 42 SLA 1963; am § 2 ch 227 SLA 1970; am § 2 ch 79 SLA 1973; am § 12 ch 79 SLA 1979; am § 1 ch 82 SLA 1982)

Effect of amendments. — The 1979 amendment, added paragraph (12).

The 1982 amendment, effective January 1, 1983, substituted "January 31" for "March 31," "the commissioner of fish and game designates" for "he designates," and

ORGANIZATIONAL CHART



MEMORANDUM State of Alaska

TO: Kevin Bruce
Special Staff Assistant
Office of the Governor

DATE: April 22, 1983

FILE NO:

TELEPHONE NO: 465-4100

FROM: Don W. Collinsworth
Commissioner
Department of Fish and Game

SUBJECT: Employee Information

In accordance with Larry Crawford's request of April 13, 1983, I am transmitting employment information, including resumes, for Deputy Commissioners and Division Directors of the Department of Fish and Game. All of the requested information is provided below and any additional information is available on the accompanying resumes:

Dennis D. Kelso
Acting Deputy Commissioner, Program Management
Department of Fish and Game
Appointed February 1983
Salary: $4,885/month
State Employment:
Director, Division of Subsistence, Department of Fish and Game, Juneau (1981-1983)
Regional Supervisor, Subsistence Section, Department of Fish and Game, Fairbanks (1980)
Attorney, Alaska Public Defender Agency, Fairbanks (1978-1979)
Law Clerk, Alaska Supreme Court (Clerk to Justice Rabinowitz) (1977-1978)

Bruce H. Baker
Acting Director, Division of Habitat Protection
Department of Fish and Game
Appointed April 1983
Salary: $4,625/month
State Employment:
Director, Division of Habitat Protection, Department of Fish and Game, Juneau (1982-1983)
Deputy Director, Division of Habitat Protection, Department of Fish and Game, Juneau (1981-1982)
Natural Resource Policy Specialist, Office of the Governor, Juneau (1978-1981)

Steven R. Behnke
Acting Director, Division of Subsistence
Department of Fish and Game
Appointed January 1983
Salary: $3,779/month
State Employment:
Resource Specialist III, Division of Subsistence, Department of Fish and Game, Dillingham (1982)

Resource Specialist II, Division of Subsistence, Department of Fish and Game, Dillingham (1979-1981)
Research Assistant, Division of Parks, Department of Natural Resources, Anchorage (1973)
Resource Intern, Division of Parks, Department of Natural Resources, Anchorage (1972)

Robert A. Hinman
Acting Director, Division of Game
Department of Fish and Game
Appointed December 1982
Salary: $4,889/month
State Employment:
Deputy Director, Division of Game, Department of Fish and Game, Juneau (1976-1982)
Regional Game Supervisor, Division of Game, Department of Fish and Game, Fairbanks (1967-1976)
Game Biologist IV, Division of Game, Department of Fish and Game, Homer (1965-1967)

E. Richard Logan
Director, Division of Sport Fisheries
Department of Fish and Game
Appointed July 1982
Salary: $4,717/month
State Employment:
Director, Division of Habitat Protection, Department of Fish and Game, Juneau (1978-1982)
Deputy Director, Division of Habitat Protection, Department of Fish and Game, Juneau (1977-1978)
Chief, Anadromous Fisheries, Fisheries Rehabilitation, Enhancement, and Development Division, Department of Fish and Game, Juneau (1975-1977)

Stanley A. Moberly
Director, Division of Fisheries Rehabilitation, Enhancement and Development
Department of Fish and Game
Appointed June 1982
Salary: $5,050/month
State Employment:
Special Assistant, External, International and Intergovernmental Affairs, Office of the Commissioner, Department of Fish and Game, Juneau (1980-1982)
Regional Program Manager, Division of Fisheries Rehabilitation, Enhancement and Development, Department of Fish and Game, Juneau (1975-1980)
Project Leader for Herring Research, Division of Commercial Fisheries, Juneau (1970-1975)

Steven Pennoyer
Director, Division of Commercial Fisheries
Department of Fish and Game
Appointed July 1980
Salary: $5,184/month
State Employment:
Acting Director, Division of Commercial Fisheries, Department of Fish and Game, Juneau (1978-1980)
Chief Fisheries Scientist, Division of Commercial Fisheries, Department of Fish and Game, Anchorage. Transferred to Juneau (1973-1980)
Regional Research Supervisor, Division of Commercial Fisheries, Department of Fish and Game, Anchorage (1967-1973)
Fishery Biologist IV, Division of Commercial Fisheries, Department of Fish and Game, Anchorage (1963-1967)
Fishery Biologist III, Division of Commercial Fisheries, Department of Fish and Game, Anchorage (1960-1963)
Assistant District Biologist, Division of Commercial Fisheries, Department of Fish and Game, Anchorage (1959-1960)

Beverly D. Reaume
Director, Division of Administration
Department of Fish and Game
Appointed November 1981
Salary: $4,885/month
State Employment:
Administrative Officer, Division of Fisheries Rehabilitation, Enhancement, and Development, Juneau (1977-1981)

The Deputy Commissioner, Resource Management; and Director, Division of Boards of Fisheries and Game positions are vacant at this time. Resumes for the individuals appointed to these positions will be transmitted to you as soon as they are selected.

Enclosures

March 1983

RESUME
Dennis D. Kelso

Address: 2760 Douglas Highway, Juneau, Alaska 99801
(907) 364-3100

Date of Birth: October 19, 1947, Waterloo, Iowa

Marital Status: Single

Education: Iowa State University, Ames, Iowa, Bachelor of Science in Psychology, 1969 (graduated with distinction, Honors Program, Phi Kappa Phi, All-University Senior Award).

Harvard University, Cambridge, Massachusetts, Juris Doctor, 1977.

Recent Professional Experience:

Acting Deputy Commissioner, Alaska Department of Fish and Game, Juneau, Alaska (1983 - Present).

Director, Division of Subsistence, Alaska Department of Fish and Game, Juneau, Alaska (1981-1983).

Regional Supervisor, Subsistence Section, Alaska Department of Fish and Game, Fairbanks, Alaska (1980).

Attorney, Alaska Public Defender Agency, Fairbanks, Alaska (1978-1979).

Law Clerk, Alaska Supreme Court (Clerk to Justice Rabinowitz), Fairbanks, Alaska (1977-1978).

Other Employment Experience:

Law Clerk, Burr, Pease and Kurtz, Anchorage, Alaska (summer 1975).

Instructor (1973), Senior Instructor (1974), Course Director/Acting Program Director (1976), Minnesota Outward Bound School, Ely, Minnesota.

Paralegal/Investigator, Tysseling Law Office, Ames, Iowa (1972),

Director of Community Outreach, Iowa State University YMCA, Ames, Iowa (1971-1972).

Instructor (employed by Title I project contractor), Anchorage Borough School District, Anchorage, Alaska (summer 1971).

Other Employment Experience (cont'd):

Research Assistant (1967-1969); Research Associate (1969-1970); Program Advisor, Office of the Dean of Students (1970-1971), Iowa State University, Ames, Iowa.

Guide, Charles L. Sommers Wilderness Canoe Base, Ely, Minnesota (summers 1965, 1966).

Research and Professional Publications:

Undergraduate Response. Journal of Phi Kappa Phi, Fall 1969.

Legal Issues in Protection for Subsistence on the Proposed National Interest Lands. Unpublished. Harvard Law School, 1977.

Federal Power to Protect Subsistence on the Public Lands: An Assessment of Legal Limits on Policy Choices in the Alaska Native Claims Settlement Act and Beyond. The Subsistence Lifestyle in Alaska Now and in the Future. University of Alaska, School of Agricultural and Land Resources Management, Special Publication 1, Fairbanks, 1979.

Other Publications:

Subsistence Division: Two Years Later. Alaska Fish Tales and Game Trails, Fall 1981.

ABBREVIATED RESUME

BRUCE H. BAKER

ADDRESS: P.O. Box 2335
Juneau, Alaska 99803

IN BRIEF: Bruce Baker has most recently served as Director and Deputy Director of the Habitat Division. After receiving his Bachelor of Science and Master of Forestry degrees from the University of Michigan, he worked for the U.S. Forest Service in forest protection and land use planning. After that he served as a natural resource policy specialist and as State-Federal Coordinator in the Office of the Governor, State of Alaska.

EMPLOYMENT HISTORY:

State of Alaska

Director, Habitat Division, Alaska Department of Fish and Game, Juneau. October 1982 to present.

Deputy Director, Habitat Division, Alaska Department of Fish and Game, Juneau. October 1981 to October 1982.

Natural Resource Policy Specialist, Office of the Governor, State of Alaska, Juneau. May 1978 to October 1981 (also served as State-Federal Coordinator during 1981).

U.S. Forest Service

Forest Protection Group Leader, Division of Timber Management and later the Division of State and Private Forestry, U.S. Forest Service, Juneau. 1972-1977 (also served as team member for preparation of Forest Service document, "Southeast Alaska Area Guide").

Supervisory Staff Assistant for forest protection, State and Private Forestry, U.S. Forest Service, Delaware, Ohio. 1971 to 1972.

Forest Protection Specialist, Division of Timber Management, U.S. Forest Service, Ogden, Utah. 1967 to 1971.

Forest Protection Specialist, Divison of Timber Management, U.S. Forest Service, Juneau 1965 to 1967.

U.S. Army

First Lieutenant (Platoon Leader and Battalion Adjutant), U.S. Army Corp of Engineers, Fort Belvoir, Virginia and Fort Carson, Colorado. 1963 to 1965.

WRITING: Author or co-author of approximately 35 publications, articles and reports (mostly on professional topics with some on outdoor recreation).

EDUCATION: Master of Forestry, School of Natural Resources, University of Michigan, Ann Arbor, Michigan, 1963.

Bachelor of Science, School of Natural Resources, Univeristy of Michigan, Ann Arbor, Michigan, 1962.

PERSONAL DATA: Born in Detroit, Michigan, January 25, 1940
Married, with two daughters

ALASKA DEPARTMENT OF FISH AND GAME
DIRECTOR, DIVISION OF COMMERCIAL FISHERIES

Steven Pennoyer graduated from the University of California, Berkeley, in 1958, with a BA in Wildlife Conservation. He was employed by the California Department of Fish and Game prior to being selected by the Alaska Department of Fish and Game, Division of Commercial Fisheries, as an Assistant District Biologist for the Yukon and Kuskokwim areas on July 1, 1959. He was promoted to Acting District Management Biologist on January 1, 1960, a classification which was converted to Fishery Biologist III when the new state classification plan became effective in October of 1960. In October 1963 Mr. Pennoyer transferred to Biological Research, as Bristol Bay Research Biologist, with a promotion to Fishery Biologist IV. In July of 1967 he assumed the duties of Regional Research Supervisor for the Central and Arctic-Yukon-Kuskokwim Regions, a position he filled until November of 1973 when he was promoted to Chief Fisheries Scientist for the Division of Commercial Fisheries and subsequently transferred from Anchorage to the Juneau headquarters office. He assumed the duties of Acting Director of the Division of Commercial Fisheries in 1978 while continuing to fill the position of Chief Fisheries Scientist, maintaining both functions until July of 1980, when he was appointed as Director, the position which he holds at present.

Throughout his nearly 24 years with the Department of Fish and Game, Mr. Pennoyer has been responsible for fisheries management, research, and administration at the area, regional, and headquarters levels. He has considerable experience with the process of Board of Fisheries/public input to resource management.

RESUME

PERSONAL DATA

E. Richard Logan	Age: 41	Good Health
Born: Idaho Falls, Idaho	Married	Two sons

EDUCATION

University of Idaho	B.S. Forestry (Fisheries Option)	1964
University of Idaho	M.S. Agriculture (Aquatic Entomology)	1966
Washington State University	PhD. Aquatic Entomology	1969

WORK EXPERIENCE

Dickinson State College — Associate Professor — 1969-1973
Dickinson, North Dakota

At Dickinson State I was responsible for the undergraduate training of biology, ecology and wildlife students. I taught a wide variety of courses in each discipline. I also developed an environmental education area in the North Dakota badlands in conjunction with the Forest Service. I was honored to receive the "Environmental Award for Excellence" by Governor Art Link and the Badlands Environmental Association for my research in land-use studies.

In 1971 I was awarded the honor of participating in a program to evaluate the water resource planning of the Souris-Red-Rainy River Basin Commission. The team of scientists was charged with the scientific overview of the Commission's water resource planning.

As a result of my participation on the above team I was awarded a two-year grant to evaluate a number of dam sites in relation to irrigation, power, and coal development in western North Dakota. The evaluation was to select appropriate dam sites to minimize environmental damage.

I was also contracted by the Bureau of Reclamation to evaluate a series of dam sites proposals to supply Dickinson with a municipal water supply.

Dames and Moore Engineering Consulting Firm — 1973-1975
Park Ridge, Illinois

Dames and Moore offered to double my salary so I departed North Dakota for Chicago.

At Dames and Moore I was responsible for project management and quality control of all fisheries projects. During my two years at the firm I managed a series of projects evaluating nuclear power plant locations,

coal and phosphate mining sites, and hydroelectric alternative evaluations.

Alaska Department of Fish and Game 1975-Present
Juneau, Alaska

My long term goal to move to Alaska became a reality. During my tenure in the Department I have served in three divisions.

Fisheries Rehabilitation and Enhancement Division 1975-1977
Chief of Anadromous Fisheries

I was hired at the inception of a program to develop a state-of-the-art salmon enhancement and rehabilitation program. I developed a pathology, genetics and fish cultural program, designed mitigational strategies for industrial development and initiated a comprehensive hatchery site selection program.

Habitat Protection Division
Deputy Director 1977-1978
Director 1978-1982

An opportunity to return to habitat evaluation and preparation of mitigation strategies unexpectedly availed itself in 1977. The State of Alaska was entering the industrial era and was providing unlimited opportunities for new and innovative work. The Department faced a multitude of competitive demands on the habitat i.e. onshore and offshore oil and gas leasing, hydro development, placer and hard rock mining, dewatering streams etc.

So that we might cope with the demand we established an excellent industrial and legislative relationship, initiated a prototype geoprocessing system for fish and wildlife values, procured a $7 million dollar habitat planning grant and prepared multifaceted instream regulations for salmon streams. Based on other State contacts we have what is considered to be the state-of-the-art in habitat relationship practices.

Sport Fish Division 1982-Present
Director

One of my professional goals is to place myself in the position of furthering my personal education. I have long felt 5-6 years is peak efficiency production from a given position.

The Division mandate is research and management of both salmon and trout. The Division has a research staff plus a close tie with the University of Alaska Cooperative Fish and Wildlife Units. We presently fund an assistant unit leader and 4-6 graduate students.

During my tenure the following programs have been instituted.

establishment of a new working relationship with governmental agencies and private groups.

renovation of the Cooperative Fish and Wildl[illegible] Unit relationship

establishment of a program review committee to review all research.

automation of the budget system.

updating and improving the data management system.

rebuilding a stagnant division and establish a new espreit de corp.

Finally I would like to mention our Equal Employment Opportunity (EEO) program. The Department has had a very poor EEO/Minority hire record. I initiated and became chairman of the Department's first EEO task force. Within two years we have brought the Department from dead last to the middle of the pack in minority hires. We are now expanding our horizons into total human resource planning.

Currently I am directing a task force (at the request of the Division of Administration) which has been set up to evaluate our personnel system. I feel that my proven management and leadership skills have led to a variety of challenging experiences for personal and Departmental growth.

RESUME

Robert A. Hinman
P.O. Box 2887
Juneau, Alaska 99803

Date of Birth: 4/23/28
Palisade, Minnesota

Education

1946	Wenatchee High School Wenatchee, Washington
1949 - 1951	Wenatchee Junior College; A.A. degree Wenatchee, Washington
1951 - 1952	University of Washington Seattle, Washington
1953 - 1954	University of Alaska; B.S. Wildlife Management Fairbanks, Alaska
1956 - 1958	Utah State University; M.S. Wildlife Management Logan, Utah

Short Courses: Personnel Management (3)
MBO
Photogrammetry
Letter Writing
Human Behavior

Professional Experience

Deputy Director, Division of Game
Alaska Department of Fish and Game
Juneau, Alaska

8/16/76 - Present

Duties: Assist in planning, implementation and supervision of game management programs of the State. In the six and one-half years in this position I served as Deputy to two Directors and under three Commissioners. Under the two Directors, I generally assumed responsibility for internal divisional matters and well as specializing in regulatory and legislative matters. I have been the chief liaison between the Board of Game and the Game Division for six years.

Regional Game Supervisor
Alaska Department of Fish and Game
Fairbanks, Alaska

1/67 - 8/76

Duties: Planning, budgeting, implementing and supervising game management programs in the interior arctic region of Alaska.

Game Biologist IV (grade 18)
Alaska Department of Fish and Game
Homer, Alaska

8/65 - 1/67

Duties: Area biologist on the Kenai Peninsula. In addition to normal biological duties I also did the initial survey, construction and vegetation work on the Kenai Moose Research Center.

Regional Game Manager
Utah Department of Fish and Game
Ogden, Utah

1/60 - 7/65

Duties: I was responsible for the game management program of the Department in the seven northern counties in Utah. Extensive experience in deer, elk and game bird management as well as big game damage assessment and control. Also extensive enforcement experience.

Conservation Officer
Utah Department of Fish and Game
Cedar City and Vernal, Utah

2/58 - 1/60

Duties: Area game management duties, particularly on mule deer, elk and antelope; game law enforcement, big game damage control and assessment.

Research Assistant
Utah State University
Logan, Utah

7/56 - 1/58

Duties: Conducted field research in southern Utah on pronghorned antelope for master of science study.

Biological Aide GS5
U.S. Fish and Wildlife Service
Anchorage, Alaska

5/56 - 7/56

Duties: Assisted with biological studies on the Yukon Delta, primarily relating to andromonous fish.

Conservation Officer
U.S. Army Alaska
Fort Richardson

9/54 - 5/56

Duties: As the Conversation Officer for headquarters U.S. Army Alaska, I planned and monitored military conservation programs and monitored military activities that affected wildlife; involved numerous TDY assignments to other areas within the State.

Biological Aide GS5
U.S. Fish and Wildlife Service
Anchorage, Alaska

1/54 - 8/54

Duties: Assisted in studies on the Kenai Peninsula on the use of herbicides to rehabilitate moose range; waterfowl banding in the Nelchina Basin.

Biological Aide GS3
U.S. Fish and Wildlife Service
Fairbanks, Alaska

5/53 - 9/53

Duties: Waterfowl research; conducted study on Minto Flats on comparative breeding behavior of greater and lesser skop.

Other Experience

I worked in construction for three summers in the Fairbanks area to finance schooling (two years as a carpenter and one year as a laborer). I worked with my father for three years in the taxidermy business and I worked extensively with Boy Scouts during my late teens as Scout Master and scout camp staff, was an Eagle Scout.

Professional Organizations

Wildlife Society: Charter member and past president of Alaska Chapter
Charter member and past president of Utah Chapter

RESUME

BEVERLY D. REAUME

Address: 8453 Kimberly Street, Juneau, Alaska 99801
Phone: 789-2997 (home)
465-4120 (work)

Marital Status: Married to David Reaume
Two children, Catherine and Daniel

Education: B.S. degree with major in secondary education and psychology, Madison College, Harrisonburg, Virginia. Graduate study at George Washington University and University of Alaska with emphasis on management.

Experience:

Nov. 1981 to present — Director, Division of Administration.

The Division of Administration is responsible for providing services to the Department of Fish and Game in the areas of personnel, payroll, purchasing, contracts, leasing, accounts payable and fiscal management. From a headquarters office and four regional offices, we provide these services to 900 full-time and 800 seasonal employees located throughout the State. The Department's annual budget is $66 million. During my first year, we have reorganized the Division into a service-oriented organization and have implemented a state-of-the-art automated accounts payable system.

Feb. 1977 to Nov. 1981 — As Head of Administration for the Fisheries Rehabilitation, Enhancement and Development Division, I established an administrative structure that effectively and efficiently provided support and direction to a headquarters office, two regional offices, eleven field offices and nineteen hatcheries. I developed a successful financial management system that tracks budget items from initial request to final expenditure.

Sept. 1975 to Jan. 1977 — As Village Administrator for the Wilde Lake Community Association, my job had two distinct components. One, management of a community center and three neighborhood centers which served about 800 people per week. Duties included contracting with 25 independent instructors, leases, service contracts, performance contracts, proposal writing, report writing, financial management, and personnel management. Two, staff to the elected Board of Directors which included coordinating their extensive committee network, dealing with the press and local government representing 10,000 residents.

Feb. 1973 to June 1975	An elected representative, first to the Long Reach Village Board and then to the Columbia Council and the Columbia Association Board of Directors. The Columbia Association is funded by a special tax on all residential and commercial property which provides the funding for amenities for Columbia and serves as a focal point of the local governance system. It is a private, public service corporation with $50,000,000 in assets and an annual operating budget of approximately $3,000,000. Served as Vice Chairperson of the Columbia Combined Boards representing 40,000 residents. Skills gained during my term of office included decision making, budget preparation and analysis; program analysis and priority setting; management; and public relations. Activities averaged 30 to 40 hours per week.
June 1962 to Jan. 1973	Four years in personnel which involved recruitment, evaluation, writing procedures and policies, administering benefit program and serving as a resource person for employees. Four years as an administrative assistant coordinating and evaluating reports. Two years as an executive secretary handling royalties, contracts, grant proposals, negotiations and secretarial duties for the Board of Directors.

MEMORANDUM State of Alaska

TO: Lynn
Division of Personnel

DATE: November 3, 1982

FILE NO:

TELEPHONE NO: 465-4160

FROM: S.A. Moberly
Director
Division of Fisheries Rehabilitation
Enhancement, and Development
Department of Fish and Game

SUBJECT: Academic & Employment
Background
Other Activities

Graduated from High School 1959. U.S. Army Federal Reserves 1959 to 1967, honorably discharged, highest rank was Sergeant. A Bachelors of Science Degree in Fisheries, Kansas State University, graduated in 1965. Enrolled in a Masters of Public Administration, University of Alaska, 1975 to present.

Other training includes several management courses directed towards Management. and Administration Efficiency.

My employment history is as follows:

Fisheries Biologist Trainee, Kansas Game Commission 1964

Nebraska Game and Parks Commission 1965-1970
Reaching the position of Regional Supervisor for Fisheries

Alaska Department of Fish and Game 1970-1975
Division of Commercial Fisheries - Project Leader
for Herring Research

Alaska Department of Fish and Game 1975-1980
Division of Fisheries Rehabilitation, Enhancement
and Development - Regional Program Manager

External International and Intergovernmental Affairs 1980-June 1982
Special Assistant to the Commissioner

Alaska Department of Fish and Game June 1982 to Present
Division of Fisheries Rehabilitation, Enhancement
and Development - Director

Alaska Public Employees Association - President 1974 - 1975
" " " " Executive Committee 1973 - 1974

Alaska Chapter American Fisheries Society - President Elect 1979
" " " " " - President 1980
" " " " " Executive Committee 1981

Western Division of the American Fisheries Society
President Elect 1982
(Will serve as President in 1983)

SAM/tg
02-001A(Rev.10/79)

RESUME

Steven R. Behnke
P.O.Box 10220
Dillingham, Alaska 99576

Personal

Born: June 19, 1951 in San Diego, CA
Alaska Residence: 1955 to present
Married: Wife is a certified teacher, presently working part-time. Two children.
Hobbies: Wilderness skills, reading, gardening, woodworking.

Education

1973 B. A. (Geography and Northern Studies), University of Alaska, Fairbanks (1969 - 1973); strong minor in Anthropology.

1980 M. A. (Human Geography, McGill University), Montreal, Quebec (1973 - 1975).

Employment

1/82 - Present	Resource Specialist III Subsistence Division Alaska Department of Fish & Game Dillingham, Alaska
7/79 - 12/81	Resource Specialist II Subsistence Division Alaska Department of Fish & Game Dillingham, Alaska
1/79 - 6/79	Consultant Self-employed Wasilla, Alaska
7/77 - 12/79	Carpentry, freighting, trapping, subsistence activities Self-employed Lake Clark, Alaska

11/77 - 6/78	Research Associate (part-time) Anthropology and Historic Preservation Cooperative Park Studies Unit University of Alaska Fairbanks, Alaska
6/77 - 9/77	Archeological Field Assistant Anthropology and Historic Preservation Cooperative Park Studies Unit University of Alaska Fairbanks, Alaska
9/74 - 5/75	Teaching Assistant Department of Geography McGill University Montreal, Quebec
6/74 - 8/74	Research Assistant - Geography Arctic Environmental Information and Data Center University of Alaska Fairbanks, Alaska
1/74 - 6/74	Research Associate Inuit Land-Use and Occupancy Project Department of Geography Montreal, Quebec
6/73 - 8/73	Research Assistant Planning Section Alaska Division of Parks Anchorage, Alaska
6/72 - 8/72	Resource Intern Planning Section Alaska Division of Parks Anchorage, Alaska
6/71 - 8/71	Archeological Field Assistant Department of Anthropology University of Alaska Fairbanks, Alaska

Employment Details

January 1982 to Present — Resource Specialist III
Subsistence Division
Alaska Department of Fish & Game

As regional coordinator for the Southwestern Region (Bristol Bay, Aleutians, Kodiak), assist in planning and conducting research on subsistence resource use and in presenting results of research. Provide liason with other Divisions of the Department of Fish and Game and other state and federal agencies in matters relating to subsistence, including research and development of regulations. Work closely with members of the local fish and game advisory committees, native organizations, and local communities. Assist Division Headquarters staff with budget and policy matters. Am responsible for coordinating the research efforts of a small staff (two Resource Specialist II's, two Technician III's, and a Clerk/Typist III). We have recently completed a major effort to map subsistence land-use for Bristol Bay communities to provide information for the Bristol Bay Cooperative Management Plan.

July 1979 to December 1981 — Resource Specialist II
Subsistence Division
Alaska Department of Fish & Game

Opened the first office of the newly-established Subsistence Section in Southwestern Alaska and developed contacts in local organizations and most communities in the region. Identified issues related to fish and game management and subsistence in the Bristol Bay area. Initiated research and provided information to local fish and game advisory committees and the Boards of Fisheries and Game on issues such as the subsistence fisheries of the Naknek River and Iliamna Lake, on brown bear use, and on the role of wildlife in the economy of the village of Nondalton.

January 1979 to June 1979 — Self-employed Consultant

Assisted in developing a proposal, conducting fieldwork, and writing a report describing a sociocultural baseline of Lower Cook Inlet communities, and potential impacts of OCS development. Work conducted with Stephen R. Braund for the Bureau of Land Management, Outer Continental Shelf Office.

July 1977 to February — Self-employed

Trapped, logged, and freighted by boat on Lake Clark, Alaska. Also worked as carpenter on several short-term construction jobs in this area.

November 1976 to June 1977 — Research Associate
Anthropology and Historic Preservation
University of Alaska

Conducted detailed field studies of resource use and subsistence in and around proposed Lake Clark National Park and proposed additions to Katmai National Park Service. This research involved several months residence in the village of Nondalton, and shorter periods in eight other Bristol Bay villages. Research methods included observation and participation in addition to interviews with residents and detailed mapping of their land-use activities.

June 1977 to September 1977 — Archeological Field Assistant
Anthropology and Historic Preservation
University of Alaska

Assisted in archeological survey of the shores of Lake Clark, Alaska as a member of a four-man team. Also, conducted ethnohistoric research to add to information about archeological sites in the area.

June 1974 to August 1974 — Research Assistant - Geography
Arctic Environmental Information Center

Duties included assistance to regional native corporations with land status and land selection information, special projects for the director, and assistance with land-use sections of Alaskan regional environmental atlases.

January 1974 to June 1974 — Research Associate
Inuit Land-Use and Occupancy Project

Spent six months in two neighboring villages (Igloolik, Hall Beach) in the Northwest Territories, Canada, collecting data to document Inuit land-use and subsistence patterns. Observed and participated in subsistence activities, interviewed residents, and constructed mkaps of each residents land-use patterns. Also collected population and other community data as baseline for studies of gas and oil exploration impact.

June 1973 to August 1973 — Research Assistant (Temporary)
Alaska Division of Parks
Planning Section

Assisted in compiling information on known archeological and historical sites in Alaska, recording these on maps, and examining state projects for potential conflicts with archeological and historical values. Made field checks of possible sites in Craig-Klawack area, and on Upper Koyukuk River.

June 1972 to August 1972 — Resource Intern
Alaska Division of Parks
Planning Section

Under supervision of planning staff, conducted systematic inventory of private inholdings within Alaska state park system, collecting information on land status, existing uses, and potential conflicts. Prepared document which is still in use by Division of Parks.

June 1971 to August 1971 — Archeological Field Assistant
Department of Anthropology
University of Alaska

Assisted in archeological excavations on Amchitka Island, Alaska, under contract with the AEC. During August, participated in archeological survey and excavation in upper Koyukuk River drainage.

Research Experience in Addition to Employment

1976-77

Collected information relevant to understanding the impacts of changing patterns of land ownership in the Lake Clark region upon the communities of Port Alsworth and Nondalton. Prepared M. A. thesis for McGill University.

Publications

1972 Alaska State Park System Inholding Study. Alaska Division of Parks, Anchorage, Alaska.

1978 Resource Use and Subsistence in the Vicinity of the Proposed Lake Clark National Park, Alaska and Additions to Katmai National Monument. Occasional Papers No. 15. Anthropology and Historic Preservation, CPSU, University of Alaska, Fairbanks, Alaska.

1979 Dena'ina and the Land - The Impact of Changing Patterns of Land and Resource Use Jurisdiction Upon Subsistence Options in an Alaskan Village. Master's thesis, Department of Geography, McGill University, Montreal, Quebec.

1980 Sociocultural Systems Analysis: Lower Cook Inlet Petroleum Development Scenarios. Technical Report No. 47, Bureau of Land Management, Alaska Outer Continental Shelf Office (with Stephan R. Braund).

1982 Wildlife Utilization and the Economy of Nondalton. Division of Subsistence, Alaska Department of Fish and Game, Dillingham, Alaska.

Resume

Elizabeth A. Stewart
8230 Aspen Avenue
Juneau, AK 99801

Personal Background:

Date of Birth: February 11, 1950
Place of Birth: San Diego, California
Length of Residence in Alaska: Since January 3, 1959
Graduated from East Anchorage High School in 1968
Attended Alaska Methodist University -- 1968-1969 and 1971-1974

Employment History:

During high school crewed in the Bristol Bay Drift gill net fishery and worked in canneries.

From July 1974 through September 1976 worked at the NMFS Auke Bay Fisheries Laboratory editing articles for publication in scientific journals, wrote public information articles and monthly report for regional distribution.

From October 1976 through November 1976 worked as a temporary for the ADF&G Southeast Regional Commercial Fisheries office editing annual reports and compiling statistical information.

From March 1977 through May 1983 worked for the Commercial Fisheries Entry Commission. Began employment as a research technician and was promoted to Fisheries Coordinator and finally to Special Assistant to the present Commission Chairman. In the latter two capacities represented the Commissioners at public meetings and hearings including the Alaska Board of Fisheries and North Pacific Fishery Management Council. Primary responsibilities included inter-agency data coordination, analysis of Legislative information requests, analysis of Entry Commission permit point systems and point system design, in-house and other agency regulatory anaylsis, public information distribution and contact, and drafting correspondence for the Commissioners, Governor's Office and others.

JOHN CLARK

Temporary Address
(until July 15, 1983):
83 Anson Road, Flat 3
London, England N70AS

Permanent Address:
Route 2, Box 272
Bryan, Ohio 43506

Employment History

February 1978 to August 1981: Deputy Director
Habitat Protection Division
Alaska Department of Fish and Game

Responsible for overall management and assistance to the director in policy development and program operations. Primary responsibility for development and management of the budget. Supervised nine people, including the six regional and branch office supervisors and three central office employees.

Instrumental in: 1) standardizing permit application forms and the format for habitat protection permits; 2) developing guidelines for implementing statutory mandates; 3) establishing data management and land use planning programs within the Division; 4) inaugurating a research program to test instream flow methodologies; 5) testing new analytical tools and techniques including remote sensing technology and habitat characterization procedures; 6) obtaining grants for research of specific development proposals; 7) developing a report and recommendations on a statewide floodplain management program.

Represented the director and commissioner on several interagency and intergovernmental committees. Chaired working subcommittees. Negotiated with the Alaska Federation of Natives and mining, logging and environmental interest groups. Worked with communities. Testified before both houses of the Alaska Legislature.

December 1975 to January 1978: Policy and Program Specialist II
Division of Policy Development and Planning
Office of the Governor
State of Alaska

Staff analyst for issues pertaining to land use, environmental and natural resource planning. Also charged with coordinating certain activities of concern to more than a single state agency. Supervised one professional planner. Assisted in the preparation of fiscal year 1978 budget.

Principal accomplishments: 1) report and recommendations on state sponsored agricultural development; 2) analysis of options for future use and management of a major frontier roadway; 3) coordination of the State's 1976 and 1977 positions on the federal outer continental shelf oil and gas leasing programs for Alaska; 4) chairmanship of an interagency water management working group; 5) preparation of the State's 1977 position on proposed federal water management restructuring; 6) annual review and analysis of agency budget requests; 7) coordination of the State's response to the federal marine sanctuaries program.

August 1975 to October 1975: Assistant Project Scientist
Betz Environmental Engineers, Inc.
Plymouth Meeting, Pennsylvania

Regional land use and water management planner.

Principal assignments: 1) investigation of optional future water supplies for a borough; 2) analysis of the land use implications of alternative plans for expanding and upgrading a wastewater treatment plant in two municipalities.

June 1974 to June 1975: Independent Contractor
Western Pennsylvania Conservancy
Pittsburgh, Pennsylvania

Conducted, with four others, a regional land use planning study of a six-county region in Western Pennsylvania. Included investigations of the local geology, hydrology, ground water systems, soil conditions and vegetational patterns. Studied historical and preferred use of lands. Held public meetings. Concluded with recommendations to the State and local governments.

February 1969 to December 1972: Personnelman
U.S. Navy

Personnel administration. Supervised five individuals. Responsible for personnel evaluations, training, education, advancement and the service records of enlisted personnel.

September 1968 to January 1969: Geology Instructor
Duke University
Durham, North Carolina

Taught two geology laboratory classes. Prepared and gave lectures and examinations, graded papers and examinations, planned and conducted field trips.

Education

1981 - 1983 London School of Economics and Political Science
Master of Science in Economics (expected August 1983)

Macroeconomic and microeconomic theory, econometrics and statistics, investment planning.

1973 - 1975 University of Pennsylvania
Master of Regional Planning

Regional land use and environmental planning with additional work in urban planning, economics, environmental law, real estate, ecology, limnology and soil science.

1969 - 1970 Texas A&I University

Part-time student. Completed courses in elementary statistics and supervision.

1968 - 1969 Duke University

Studied for a Master of Science degree in marine geology with concentration in stratigraphy and paleontology.

1964 - 1968 Kent State University
Bachelor of Science in Geology

Major work in geology with a comprehensive science minor consisting of work in physics, chemistry, biology and geography.

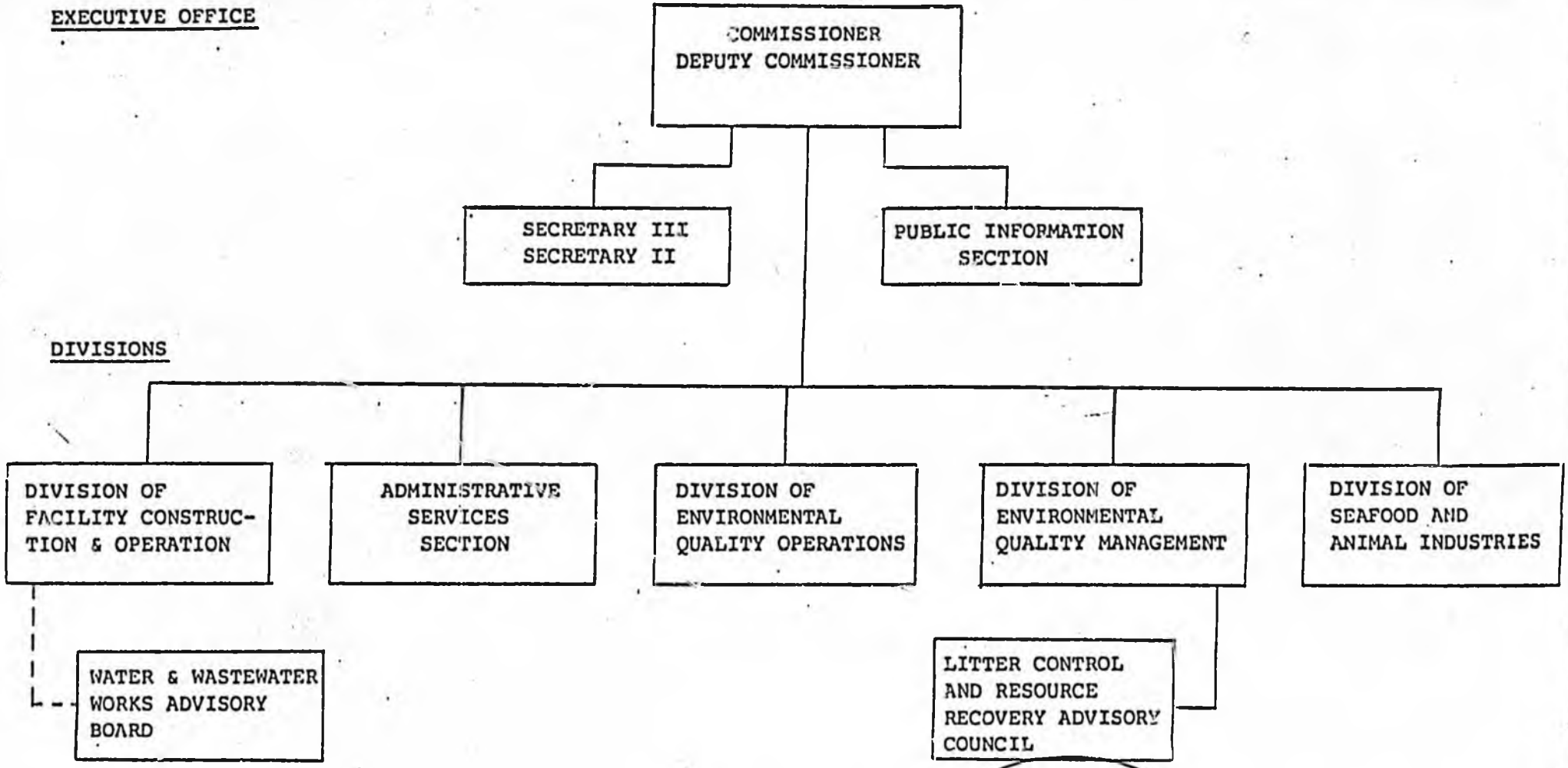
References available upon request.

DEPT. of
ENVIRONMENTAL
CONSERVATION

STATE OF ALASKA

DEPARTMENT OF ENVIRONMENTAL CONSERVATION

UNIT ORGANIZATION CHART



APPROVED:

COMMISSIONER OF ENVIRONMENTAL CONSERVATION — DATE AUG 20

W P Hudson by JFM — COMMISSIONER OF ADMINISTRATION — DATE 12/2/81

GOVERNOR OF ALASKA — DATE 12/7/81

(d) In this section, "public facility"

(1) means a capital improvement within one of the categories described in (b) of this section which is constructed

(A) for subsequent occupancy or operation by the state, a public corporation of the state, the University of Alaska, a political subdivision, or a regional educational attendance area;

(B) by a political subdivision or any private party with the assistance of financial support provided by the state if funds appropriated or paid by way of a grant or loan in advance of construction of the facility, or any part of it, are 50 per cent or more of the estimated costs of construction of the facility;

(2) does not include projects constructed with the proceeds of one or more loans issued by a loan program administered by the Department of Commerce and Economic Development. (§ 14 ch 168 SLA 1978; am § 6 ch 62 SLA 1979; am § 13 ch 83 SLA 1980; am Executive Order No. 50, § 11 (1981))

Effect of amendments. — The 1981 amendment deleted "communication facilities and" near the beginning of subsection (b)(3)(F).

Chapter 46. Department of Environmental Conservation.

Article

1. Organization (§ 44.46.020)
3. Alaska Council on Science and Technology (Repealed)

Article 1. Organization.

Section

20. Duties of department

Sec. 44.46.020. Duties of department. The Department of Environmental Conservation shall

(1) have primary responsibility for coordination and development of policies, programs and planning related to the environment of the state and of the various regions of the state;

(2) have primary responsibility for the promulgation and enforcement of regulations setting standards for the prevention and abatement of all water, land, subsurface land and air pollution, and other sources or potential sources of pollution of the environment, including by way of example only, petroleum and natural gas pipelines;

(3) promote and develop programs for the protection and control of the environment of the state;

(4) take such actions as are necessary and proper to further the policy declared in AS 46.03.010.

(5) adopt regulations for

(A) the prevention and control of public health nuisances;

(B) the regulation of sanitation and sanitary practices in the interest of public health;

(C) standards of cleanliness and sanitation in connection with the construction, operation, and maintenance of a camp, cannery, food handling establishment, food manufacturing plant, mattress manufacturing establishment, industrial plant, school, barbershop, hairdressing or cosmetology establishment, soft drink establishment, beer and wine dispensaries, and for other similar establishments in which lack of sanitation may create a condition which causes disease;

(D) the regulation of quality and purity of commercially compressed air sold for human respiration. (§ 2 ch 120 SLA 1971; am Executive Order No. 51, § 40 (1981))

Effect of amendments. — The 1981 amendment added paragraph (5).

Article 3. Alaska Council on Science and Technology.

Section

70 — 110. [Repealed]

Secs. 44.46.070 — 44.46.110. Council established; purpose, powers and duties; records, reports; definition; short title.

Repealed by Executive Order No. 48, § 6 (1981).

Cross references. — For present provisions on Alaska Council on Science and Technology, see AS 44.21.241 — 44.21.255.

Editor's notes. — The repealed article derived from Executive Order No. 46, § 3 (1980); § 7, ch. 148, SLA 1980.

Chapter 47. Department of Community and Regional Affairs.

Article

3. Planning Assistance (§ 44.47.095)
4. Rural Development (§§ 44.47.140, 44.47.145)
7. Day Care Assistance (§§ 44.47.250 — 44.47.270, 44.47.305, 44.47.310)
8. The Temperate Social Activities Revolving Loan Fund (Repealed)
9. Division of Housing Assistance (§§ 44.47.370 — 44.47.440, 44.47.460, 44.47.470, 44.47.490, 44.47.510, 44.47.520, 44.47.560)
10. Local Boundary Commission (§ 44.47.565)
11. Senior Citizens Housing Development Fund (§§ 44.47.610 — 44.47.620)

Article 3. Planning Assistance.

Section

95. Planning assistance for development and maintenance of district coastal management programs

IV. PROGRAMS

The department's organization, budget, and management are based upon ten programs, all of which entirely or partially provide direct services to the public.

The last part of this report includes an organization chart and discussion of each of the department's four divisions. The programs are also discussed in more detail in those descriptions, in terms of the role of each unit in carrying out these programs.

A. Drinking Water

Most people would like the assurance that water available from public sources is safe to drink, but few realize that producing safe drinking water requires ever increasing amounts of effort and money. Because of population growth coupled with natural resource development, an increased effort by the Department of Environmental Conservation has been required to maintain safe drinking water throughout the state.

During the past ten years there has been a large increase in the number of small water systems constructed in the state, particularly in remote areas. Lack of proper operation and maintenance causes many of these systems to experience malfunctions or conditions which can lead to water contamination. Also, increasing population and development have, in some instances, resulted in contamination of water sources, which can pass untreated to the consumers of poorly operated water systems. Another problem area is poorly maintained or simply obsolete and deteriorated older water systems.

The consequences of not maintaining safe public water supplies can be catastrophic. A number of outbreaks of waterborne diseases have occurred in Alaska within the past ten years; shigellosis in 1971 and 1976, dysentery in 1972 and 1977, salmonellosis in 1974, and giardiasis in 1979 and 1980. These diseases can result in extreme discomfort, hospitalization and sometimes death.

A primary objective of DEC is to ensure that public water supplies provide a reliable and safe water. Several methods of supervision are employed, ranging from strict enforcement of legal requirements to financial assistance for water suppliers. The department has chosen a balanced program, the major features of which are:

- Continuing public education.
- Technical assistance in solving water supply problems.
- Regulations that set minimum standards for public water systems.
- Plan review for additions to existing systems and construction of new ones.
- Training and certification of water system operators.
- Inspection of water systems.
- Waterborne disease surveillance and investigation.
- Construction grants program.

In addition to the protection afforded water systems by plan review, facility inspection and regulatory elements of the department's safe drinking water program, technical and financial assistance to evaluate and correct problems is a major thrust of the program.

B. Water Pollution Control

In most states and many nations, lakes, rivers and coastal waters have been polluted by a variety of domestic and industrial sources. This is not the case in Alaska. With very few exceptions, Alaska's coastal and inland waters are clean.

A major challenge to the state and the department is presented by our pristine water. While the public, in general, supports the policy of maintaining Alaska's water quality, there are increasing pressures to accommodate development without the accompanying costs of waste treatment. The state must maintain its present effort to allow discharges while maintaining the present uses of Alaska's waters. This means further development of our water quality standards, based upon new scientific information on the impacts of different pollutants, the design of mixing zones and other factors, to allow cost-effective discharges of pollutants and still confine degradation to a limited area.

The water pollution control program is designed to address the major economic activities in Alaska (oil and gas, seafood processing, forest products, mining, and hydrocarbon processing) and municipal wastes.

C. Air Quality Control

There are two basic air quality issues in Alaska: vehicle-caused air pollution in Anchorage and Fairbanks; and maintaining the existing high quality of air throughout the state.

Even though cities the size of Anchorage and Fairbanks in the continental United States do not usually have significant air quality problems, their subarctic location, combined with climatic and human factors, creates high carbon monoxide concentrations in the air, during certain times of the year. The Department of Environmental Conservation has been monitoring air pollution concentrations in these areas for nearly a decade.

Approximately 96 percent of the carbon monoxide produced in Fairbanks and 85 percent of that produced in Anchorage comes from motor vehicles. During winter months, concentrations rival those found in large urban complexes of the contiguous 48 states. This situation can be traced to extreme winter temperatures and associated meteorological phenomena. Cold temperatures increase vehicle emissions by requiring a richer fuel mixture to keep the engine operating. Winter weather conditions are often typified by temperature/pressure inversions which do not allow ground air to rise and mix with the upper atmosphere. This stagnant air becomes more and more polluted as air is held down by the "pressure cap" formed by the upper air

A two-year study is planned to improve understanding of winter meteorological conditions found in Anchorage and Fairbanks, and to determine methods to help alleviate the carbon monoxide problems. The department has borrowed a Mobile Emission Test Facility from the U.S. Environmental Protection Agency which will allow the state to test vehicles operating under normal conditions. These tests should give a better understanding of the effects of cold on automobile emissions. Once testing is completed, a program to reduce air quality problems from vehicle exhausts will be designed and implemented.

The core of the new program is the Mobile Emission Test Facility. Here, DEC will be able to determine what the benefits are of vehicle inspection and maintenance, new retrofit devices designed to aid cold-start problems and use of alternate fuels such as gasohol and liquid gas. In addition, the staff of the facility will develop a typical Alaskan driving cycle to compare with the federal model and develop new emission base line data for cold weather climates.

Air pollutants are also generated from stationary sources which are most often industrial. For example, pulp mills can produce sulfur dioxide, asphalt plants emit particulate matter, and the incomplete combustion of hydrocarbon fuels used in heating releases sulfuric and nitric oxides into the air.

During the past decade a growing population and expanding industrial activities have contributed to an increase in air pollution. Realizing the potential for air pollution problems during the early years of its existence, the Department of Environmental Conservation published its first set of air quality regulations in 1972. These regulations set standards to control the particulate matter, sulfur dioxide and visible emissions (smoke) from about 50 major sources of air pollution and seven hundred minor sources in the state.

Through continued monitoring and enforcement of air quality standards, the department will continue to safeguard the Alaskan airshed throughout the next decade of industrial expansion.

D. Solid Waste

The department proposed a major revision to the solid waste management regulations for public review and comment in the summer of 1982. The regulations and a revised solid waste management plan, which will bring nearly all facilities into compliance with a set of appropriate standards by 1987, will be put in effect in 1983. Its elements include revised regulations, formal facility inspections, greatly expanded technical assistance and training, the on-going permit program, development of how-to-do-it guidelines for solid waste activities, a construction grants program, data gathering, and a public information program. These elements will help the department place more and more emphasis on problem prevention activities and less on reacting to existing problems.

E. Hazardous Materials

Increased industry such as additional oil and gas development, the new

gas pipeline and new lands set aside for oil exploration will undoubtedly increase Alaska's volume of hazardous wastes. The state will manage these wastes in part through implementation of the Federal Resource Conservation and Recovery Act and the companion state law. A tracing and manifest system will ensure that all wastes are disposed into a permitted facility. New, safer facilities with highly developed technological capabilities will come into use as the cost and responsibility of handling is placed on the waste generators. This should in turn create incentives to reduce the production of hazardous waste in the second half of the 1980's as alternative products and production processes are developed.

The state is also exploring the possibilities of approving a secure landfill-incinerator combination capable of accepting hazardous wastes and improving the treatment and transport of wastes to lessen the amount exported. As Alaska and the rest of the nation grapple with the problem, it is likely that better solutions will emerge.

F. Sanitation

The United States enjoys one of the highest levels of sanitation of any nation. This fact has a direct bearing on the length and quality of our lives. There are serious problems in Alaska with sanitary conditions; however, they are centered primarily in rural areas, and small towns and suburbs on the margins of Alaska's cities. These problems include contaminated sources of drinking water, contact with sewage from on-site disposal systems, and inadequate attention to sanitation in restaurants and other public facilities. The department's staff is not adequate to maintain a quality sanitation program in Alaska. A major effort should be made to establish local health programs throughout the state, operating under existing state standards. The Municipality of Anchorage currently administers health-related functions which DEC carries out in the rest of the state. Elsewhere in the United States, these are often local responsibilities.

G. Permits

DEC operates a permit assistance program under the authority of the Environmental Procedures Coordination Act. This program includes permit information centers in Anchorage, Fairbanks, and Juneau, a directory of permits, and the opportunity for developers to secure all approvals for a project under a single master permit application process. The permit information centers receive hundreds of inquiries per month. The department has received frequent thanks for these services.

H. Oil Pollution Control

In 1976, the Alaska Legislature passed its first major legislation addressing the problem of oil spills. It required oil spill contingency plans, proof of financial responsibility for clean-up efforts and liability, as well as provisions for charges against terminal users and oil tankers based on the degree of spill risk their equipment and operations presented. Funds collected from the program were to be used to develop a contingency fund to meet clean-up costs in the event of a

major spill. The fund was struck down by the courts, leaving the other two provisions intact. In 1980, the Alaska Legislature passed revisions to this legislation extending contingency plans and financial responsibility to offshore exploration and production facilities and oil barges. Very recently, the governor approved a $1 million fund to cover oil spill containment and cleanup, for use when the cause of the spill is unknown or the individual or group cannot provide the cleanup themselves.

Fortunately, there have been few dramatic news stories about oil spills. This in itself is indicati of success for the department's oil spill control program. Even thc h the state has witnessed several medium-sized spills, damage has been kept to a minimum. The department has a good start on developing oil spill contingency plans for coastal communities, and oil spill clean-up equipment is now being stationed in various key locations throughout the state. These efforts can be expected to reduce the danger of potential oil spills and preserve the natural beauty and resources of the state.

I. Management and Support

This program is basically internal, as it provides guidance and management of the department. However, direct public services are provided in that the department's management works directly with municipal officials, citizens, interest groups, and others, and often intervenes on behalf of Alaskans in disputes with federal agencies.

J. Facilities Construction and Operation

Municipal wastewater management in Alaska has progressed significantly in the past decade. In 1970 there were no municipal secondary sewage treatment plants operating in the state. Disposal of sanitary waste was generally handled by septic tank systems or by discharges of raw waste into local water bodies or, in some cases, on land. These practices presented potentially severe health hazards and in several cases resulted in widespread outbreaks of disease. In fact, during the winter of 1971, nearly half of the city of Cordova contracted gastro-intestinal illness when sewage contaminated Eyak Lake water was used as an emergency water supply.

In the past, most new residential growth was developed using septic tanks and drainfields. often, these systems were sited in soils too "tight" (i.e., clay, hardpan, etc.) to allow adequate percolation. As a result, homeowners were faced with the expensive decision to install a second drainfield or form a local assessment district to build a collector sewer system. When these alternatives proved too expensive, raw sewage often surfaced and collected in road ditches and back yards. As Alaska's population grew and areas with less desirable soil conditions began to be developed, unsanitary sewage disposal became an increasing problem.

This problem was recognized by the Alaska Legislature when the department was created and given authority to award grants to municipalities for construction of water and sewer projects. These grants were

originally to provide 25 percent of all eligible costs or one-half of non-federally financed project costs, whichever was less. The law was amended in 1976 to increase the state's participation to 50 percent of total funding costs.

Positive health benefits have resulted through improved municipal sanitation facilities and practices. Although these benefits are difficult to quantify, they are perceived to be significant by many municipalities as evidenced in the continuing interest and support of the state grants program. Incidences of waterborne disease outbreaks also appear to have decreased substantially since inception of the program a decade ago.

MEMORANDUM State of Alaska

TO: Larry Crawford
Chief of Staff
Office of the Governor

DATE: April 21, 1983

FILE NO:

TELEPHONE NO: 465-2600

FROM: Richard A. Neve'
Commissioner
Dept. of Environmental Conservation

SUBJECT: Employee Information

In response to your April 13, 1983 memo, I'm providing information and resume for my directors.

Keith A. Kelton
Director, Environmental Quality Operation Division
Date of hire: July 8, 1970
Pay Range: 26B
Salary: $4885.00 per month

Joseph W. Cladouhos
Director, Environmental Quality Management Division
Date of hire: November 1, 1971
Pay Range: 26A
Salary: $4725.00 per month

Gary L. Hayden
Director, Facility Construction and Operations Division
Date of hire: May 25, 1975
Pay Range: 26A
Salary: $4725.00 per month

George A. Hart
Director, Seafood and Animal Industries Division
Date of hire: May 19, 1969
Pay Range: 25A
Salary: $4725.00 per month

William B. Publicover
Director, Administrative Service Division
Date of hire: January 24, 1977
Pay Range: 26B
Salary: $4885.00 per month

Resumes of educational background and previous non-state work experience are attached.

Biographical Sketch of

Richard Anthony Nevé

SS# 548-28-9626

Born:	3 November 1923; Los Angeles, California
Education:	B.S. Loyola University, Los Angeles, 1948 - Biology M.S. University of San Francisco, 1951 - Physiology and Microbiology Ph.D. University of Oregon Medical School, Portland, 1956 - Biochemistry
Academic Position:	Professor of Marine Science (Aquaculture and Marine Pathology and Toxicology), 1970-present
Member:	American Chemical Society American Association for the Advancement of Science National Shellfish Association Biochemical Society (London) American Society of Zoologists Biological Society (Plymouth) The American Fisheries Society Pacific Fisheries Technologists World Mariculture Society
Consultant:	Prince William Sound Aquaculture Corporation (salmon) (Cordova, Alaska) Sheldon Jackson College Aquaculture Program (salmon & oysters) (Sitka, Alaska) Metlakatla Indian Community (Edible Marine Resource Development)
Special Activities:	Program Chairman, for The North Pacific Aquaculture Symposium, August 18-27, 1980, Anchorage Alaska, and Newport Oregon. Member of Steering Committee for Second International Conference on Toxic Dinoflagellate Blooms; Key Biscayne, Florida, Oct. 31 - Nov. 6, 1978. Participant, National Academy of Sciences, "Study Section on Aquaculture", Washington, D.C., March 9-11, 1977. Participant, First International Conference on Toxic Dinoflagellate Blooms; Boston, Mass., Nov. 4-6, 1974. Co-Principal Investigator of Marine Oil Pollution Programs on Oil Spill Contingency Plans in the U.K. and Scandinavian Countries, April 1976. Participant, Third International Conference on Port and Ocean Engineering Under Arctic Conditions. Fairbanks, Alaska, August 11-15, 1975.

Special Activities: (cont'd)

Participant, American Society of Limnology and Oceanography. "Enhancement of Primary Productivity by Artificial Upwelling". Halifax, N. S., June 24, 1975.

Participant, Seventh International Seaweed Symposium, Sapporo, Japan, August 8-12, 1971.

Participant, Symposium on "Organic Matter in Natural Waters", University of Alaska, September 2-4, 1968.

Experience:

Principal designer for new marine laboratory for University of Alaska, Institute of Marine Science, Seward Station.

Principal designer and developer of artificial upwelling system to enhance primary productivity and ultimately feed for finfish and invertebrates.

Co-Developer colorimetric test for paralytic shellfish poison.

Dean of Graduate Studies and Professor of Biochemistry, Central Washington State College, Ellensburg, Washington, 1966-1970

Associate Professor and Head Department of Biology, Seattle University, 1962-1966.

Visiting Scientist, Pacific Science Center, Seattle, Washington, 1964-1966.

Consultant, Department of Fisheries, University of Washington, Seattle, Washington, 1961-1966.

Lecturer, Chemistry Department, Seattle University, Seattle, Washington, 1961-1966.

Head of Department of Biochemistry, Providence Hospital, Seattle, Washington, 1960-1963.

Post-doctoral Fellow of U.S. Department of Health, Education and Welfare, National Heart Institute at University of California, Berkeley, 1958-1960.

Research Associate, University of Oregon Medical School, Department of Pediatrics, 1956-1958.

Pre-doctoral Fellow of the Dazian Foundation, 1954-1955.

Teaching and Research Assistant, University of Oregon Medical School, 1951-1956.

Biologist at U.S. Naval Radiological Defense Laboratory, San Francisco, 1949-1951.

Teaching Assistant at University of San Francisco, 1948-1949.

Relevant Recent Publications:

Farwell, G. W., A. C. Broad, R. A. Nevé and D. E. Bevan. 1967. Edition of section on education of "Oceanographic Resources of the Pacific Northwest," University of Washington Press.

Nevé, R. A. and G. A. Howard. 1970. Carotenoids of the crinoid *Florometra serrestissima*. Symposium on Organic Matter in Natural Water. University of Alaska Press.

Nevé, R. A. 1970. The challenge of change in graduate education today. Western Association of Graduate Schools, Seattle, Washington.

Nevé, R. A. 1972. A chemical assay for paralytic shellfish poisoning. Proceedings of the National Shellfish Association 63:9.

Publications: (cont'd)

Nevé, R. A., R. C. Clasby, J. J. Goering, and D. W. Hood. 1976. Enhancement of primary productivity by artificial upwelling. Marine Science Communications 2(2):109-124.

Gershey, R. M., R. A. Nevé, D. L. Musgrave, and P. B. Reichardt. 1977. A colorimetric method for determination of saxitoxin. J. Fish. Res. Board Can. 34:559-583.

Paul, A. J., D. W. Hood and R. A. Nevé. 1976. Rearing of chum salmon in an artificial upwelling system. Aquaculture 9:387-390.

Paul, A. J., J. M. Paul, D. W. Hood and R. A. Nevé. 1977. Observations on food preferences, daily ration requirements and growth of *Haliotis kamtschatkana* (Jonas) in captivity. Veliger 19(3):303-309.

Paul, A. J., J. M. Paul and R. A. Nevé. 1978. Phytoplankton densities and the growth of *Mytilus edulis* in a model Alaskan upwelling system. J. Cons. Int. Explor. Mer. 38(1):100-104.

Reichardt, P. B., R. A. Nevé, R. M. Gershey, S. Hall, D. L. Musgrave, P. J. Seaton and G. A. Swisher, Jr. 1978. Chemical investigations of paralytic shellfish poisoning in Alaska. Sea Grant Report 78-3, Inst. Mar. Sci. Report R78-4, University of Alaska, Fairbanks, Alaska.

Cooney, R. T., D. Urquhart, R. A. Nevé, J. Hilsinger, R. C. Clasby, D. Barnard. Some aspects of the carrying capacity of Prince William Sound, Alaska for hatchery released pink and chum salmon fry. Sea Grant Report 78-4, Inst. Mar. Sci. Report R78-3, University of Alaska, Fairbanks, Alaska.

Blogoslawski, W. and R. A. Nevé. 1979. Detoxification of shellfish in Second International Conference on Toxic Dinoflagellata Blooms; (ed) D. L. Taylor and H. H. Seliger. Elsevier/North-Holland. p. 473.

Hall, S., R. A. Nevé, P. B. Reichardt and G. A. Swisher, Jr. 1979. Chemical Conference on Toxic Dinoflagellata Blooms; Key Biscayne, Florida; Oct. 31 - Nov. 6; (ed) D. L. Taylor and H. H. Seliger. Elsevier/North-Holland. p. 348.

Nevé, R. A. 1979. Solar electricity. The Northern Engineer 11(3):28-33.

Hall, S., P. B. Reichardt, and R. A. Nevé. 1980. Toxins extracted from an Alaskan isolate of *Proto gonyaulax* sp., Biochem. & Biophys. Res. Com. 97(2):649-655.

Nevé, R. A. 1981. The Alaska Eskimo Whaling Commission Response to Change in The Renewable and Economic Resources of the North. *In:* The Renewable and Economic Resources of the North, Milton Freeman (ed.) Association of Canadian Universities of the North.

Nevé, R. A. 1982. The use of ozonized ice to extend the shelf life of fresh Alaskan fish. Report to the Alaska Department of Commerce and Economic Development, Office of Commercial Fisheries Development.

11/5/82

Resume
of
WILLIAM ANDREW PUBLICOVER

Personal Information

Date of Birth:	5 December 1932
Marital Status:	Married, 1 child
Education:	B.S. Marine Engineering U.S. Coast Guard Academy 1954
Home Address:	9166 Parkwood Drive, Juneau, Alaska 99801
Phone:	Home 789-2276 Office 465-2696

Relative Experience

State of Alaska

October 1979 to present - Deputy Director, Environmental Quality Operations Division - act as chief of staff and administrative officer for the division - prepared fiscal side of policy and operating budgets, assimilated newly reorganized components into a coherent FY 81 budget package, integrated Sanitarians into the FY 82 budgets - established program codes that will lead to determination of true program costs - lead role in structuring regional organization that clearly delineates lines of responsibility - as member of senior staff, contributed to establishment of department policy and priorities.

January 1977 to September 1979 - Tanker Safety Specialist - initiated Alaska oil pollution control program - developed regulations for tankers and terminals from complex statute within eight months - provided comments on various Coast Guard proposals for Valdez Vessel Traffic System and regulation changes - developed state spill contingency plan, provided formal training for spill specialist, represented state on the Regional Response Team - assisted the Department of Law in defense of Chevron versus Hammond suit - chaired department reorganization task force.

U.S. Coast Guard

June 1976 to December 1976 - Marine Inspection Office, N.Y. - Chief, Material Inspection Section - responsible for inspection and certification program in New York zone - evaluated and approved ship alterations and repair - oversaw new construction program - acted as Executive Officer in his absence - supervised 46 military and 6 civilian personnel.

June 1974 to June 1976 - Marine Safety Office, Guam - Captain of the Port - On Scene Coordinator for Pollution, Guam and Trust Territory - responsible for Merchant Marine, Boating and Port Safety programs - coordinated Navy commercial maritime interface in Port - initiated revised harbor regulations, expanded Pollution Contingency Plan, developed port fire fighting plan - assisted Government of Guam in updating Boating Safety Program - provided liaison and assistance to Trust Territory in marine safety and pollution - supervised 9 military staff.

June 1971 to June 1974 - Headquarters, Chief, Vessel Inspection and Manning Standards Branch - responsible for uniform interpretation and application of manning and inspection regulations - developed regulations implementing new laws governing Pollution, Ports and Waterways Safety and Boating - controlled overseas inspection program - established manning levels for new vessels - prepared vessel inspection input to budget, long and short range planning - initiated R & D effort for Automated Inspection Data System and Inspection Techniques - developed regulations for Offshore Oil Industry Vessels - supervised 7 offices and 4 civilian personnel.

April 1960 to June 1971 - Marine Inspection Office, New York, Supervisory Hull and Machinery Inspector - supervised training, assignment and evaluation of 24 field inspectors - conducted inspection of vessels for Sealand, Ingram, and Santa Fe in Germany, France and Holland - supervised conversion of foreign vessel to U.S. flag - two years in Technical Branch approving ship's structures, machinery, and stability.

Private Industry

Two and a half years with Worthington Corporation, Marine Division - prepared bids for shipboard condensers, compressors, pumps and turbines - entered shop orders - post order follow-up to delivery - administered over $40 million in orders at one time - advanced to Sales Representative for Bath Iron Works and Bethlehem Steel accounts.

RESUME

Name: George A. Hart Social Security Number: 266-26-2037

Birthdate: August 26, 1928

Marital Status: Married 23 years, three children.

High School: Graduated 1945; Garfield Heights High School, Garfield, Ohio.

Work/Job History:

1945-1949 U.S. Navy, Commissarian Third Class. Honorable Discharge.

1949-1965 Various positions in the food manufacturing and processing industry. (Meat and poultry).

Last Position: Plant Superintendent, Hibbs Packing Company, Ellensburg, Washington.

Responsibilities: General management of slaughter and meat processing operations, employing 42 personnel.

1966-1969 U.S. Department of Agriculture, Meat and Poultry Inspection Program.

Last Position: Regional Training Supervisor.

Responsibilities: Development of a training program for state and federal meat and poultry inspection personnel. Training of state and federal personnel in the regulations, requirements and inspection procedures under the 1967 revision of the U.S. Wholesome Meat Act.

1969-1980 State of Alaska, Meat Inspection Supervisor.

1980-Present State of Alaska, Chief of Food Inspection (Sanitarian IV).

Responsibilities: Development, supervision and general administration of the state meat and poultry inspection program. In 1977 also assumed supervision and general administration of the state fish inspection program.

Education or Training:

Course/School	Dates Attended
Broadway Community College Psychology II	1949 (24 Hrs.)

Course/School	Dates Attended
USDA Training Sessions	1966-1969
Sanitation-Microbiology & Food Poisoning	
Principals of Statistics	
Rodent and Pest Controls	
Labeling - Net Weights	
Processing Calculations - Additives	
Fabrication and Portion Control	
Formulation - Mathematics	
Curing and Smoking - Rendering and Refining	
Canning - Deceptive Practices	
Physical Plant/Management Relations	
USDA/FBI Compliance Staff-Evidence Collection	1972
Contract Administration	1974
Supervisory Management	1975
FDA Shellfish Sanitation	1977
FDA Paralytic Shellfish Poison	1977
Measuring Job Performance	1978
FDA-Procedures of Enforcement	1979
USDA/FDA - Better Manufacturing Practices	1982
Can Integrity - Decomposition	1982
Handling, Storage and Transportation of Fishery Products	1982

Licenses and Commissions:

U.S. Food and Drug Commission	May 1981
USDA Cross License - State/Federal Meat & Poultry Inspection	June 1969
USDA Cross License - State/Federal Complaince & Program Review Staff	February 1970

DATA SHEET

Gary Lynn Hayden

P.O. Box 1011
Auke Bay, Alaska 99821

Personal Information

Date of Birth:	September 30, 1946
Height:	5' 9"
Weight:	135 lbs.
Marital Status:	Married

Education

School:	University of Arkansas; September 1972 to August 1973
Degree:	Master of Science Civil Engineering
School:	University of Arkansas; September 1965 to January 1970
Degree:	Bachelor of Science Civil Engineering
Activities:	American Society of Civil Engineers, Alpha Phi Omega (Service), President of Baptist Student Union
School:	Arkansas Polytechnical Institute of Technology; September 1964 to May 1965
Major:	Pre-engineering

Work

Employer:	Alaska Department of Environmental Conservation
Date:	February 15, 1983 to present
Position:	Director, Division of Facility Construction and Operation
Duties:	Management of programs for operator training and certification, Village Safe Water, construction grants for water and wastewater systems, and auditing of grants
Employer:	Alaska Department of Environmental Conservation
Date:	January 16, 1981 to February 14, 1983
Position:	Chief, Water Quality and Environmental Sanitation Section
Duties:	Management of water pollution control, drinking water, oil pollution, and environmental sanitation programs; supervision of 14 positions and an annual operating budget of $1,100,000

Employer:	Alaska Department of Environmental Conservation
Date:	December 10, 1976 to January 16, 1981
Position:	Environmental Engineer
Duties:	Program manager for State's Drinking Water Program, grant and budget management, work plan development, program oversight, and technical assistance to public and regional office staff
Employer:	Alaska Department of Environmental Conservation
Date:	May 29, 1975 to December 16, 1976
Position:	Sanitary Engineer I/Environmental Engineer III
Duties:	Staff engineer for the Water Pollution Control Program inspection of industrial wastewater treatment facilities, water quality surveys, review of federal regulations
Employer:	Arkansas Department of Health
Date:	October 1973 to May 1975
Position:	District Engineer
Duties:	Technical assistance to public water systems, plan review, operator training, and water borne disease outbreak investigation
Employer:	McClelland Consulting Engineers, Inc.
Date:	August 1971 to May 1973
Position:	Staff Engineer
Duties:	Soil exploration and report preparation, supervision of Materials Testing Laboratory, subdivision planning, general engineering design
Employer:	Arkansas Highway Department
Date:	February 1970 to August 1971
Position:	Materials Engineer
Duties:	Material and Test Division, soil exploration and testing, materials inspection, asphalt research
Employer:	Arkansas Highway Department
Date:	June 1969 to September 1969
Duties:	Construction inspection, surveying
Employer:	University of Arkansas (Civil Engineering Department)
Date:	September 1967 to June 1969
Duties:	Part-time in Soil Laboratory and in summer as Research Assistant
Employer:	Baptist Student Union of Arkansas
Date:	June 1967 to September 1967
Duties:	Summer student worker in Massachusetts, assisted pastors in youth work, religious surveys, camp counselor in New Hampshire

Licenses

State of Alaska
Registered Professional Engineer CE4648

State of Arkansas
Registered Engineer

Military

Rank:	Specialist 5
Unit:	Army Reserve and Alaska National Guard
Date:	December 19, 1969 to 1976

Personal Resume of
JOSEPH WILLIAM CLADOUHOS

ADDRESS

Home:

9002 Ferndale Street
Juneau, Alaska 99801
Phone: (907) 789-0191

Office:

Pouch "O"
Juneau, Alaska 99811
Phone: (907) 465-2640

EDUCATIONAL QUALIFICATIONS

Master of Science, in Zoology, University of Montana; August 1971.

Bachelor of Arts, in Biology, College of Great Falls; December 1968.

EMPLOYMENT BACKGROUND

Joseph W. Cladouhos

Director, Environmental Quality Management, Alaska Dept. of Environmental Conservation; February 1983 to present. Directs, administers and supervises the Department's ten programs of Environmental Quality Management including environmental planning, strategic planning, development of management strategies for protecting the quality of the environment, development of regulations, guidelines and implementation plans, classification of the State's airsheds and watersheds as to quality needed to protect uses.

Assistant Chief, Water Quality and Environmental Sanitation, Alaska Dept. of Environmental Conservation, Juneau; March 1981 to February, 1983. Planned and coordinated the statewide environmental health and sanitation program, including budget, workplans, policies, procedures and performance measures. Directed the implementation of the statewide public drinking water program. Provided technical expertise for Environmental Sanitarians.

Assistant Chief, Environmental Health, Alaska Dept. of Environmental Conservation, Juneau; July 1980 to March 1981. Revised eleven different sets of administrative environmental health regulations and accompanying inspection forms and initiated the "SPIF" computer system. Note: my work with the Dept. of Environmental Conservation, Division of Environmental Quality Management, placed me in daily contact and interaction with air quality and hazardous waste personnel, environmental engineers and ecologists.

Contractor, U.S. Centers For Disease Control, Juneau; June 1975 to 1982. Provided part time professional services in support of foreign quarantine program of CDC.

Sanitarian Supervisor, Alaska Dept. of Health and Social Services, Juneau; July 1975 to June 1980. Planned, organized and implemented environmental health programs in Southeast Alaska. Performed responsibilities as FDA certified food service evaluation officer and standardized field staff, provided epidemological follow-up, and prepared educational material.

Sanitarian III, Alaska Dept. of Health and Social Services, Juneau; August 1974 to July 1975. Implemented the environmental health programs in the Juneau district and directed the on-lot water/sewage disposal programs.

Sanitarian II, Alaska Dept. of Health and Social Services, Fairbanks; November 1971 to August 1974. Field sanitarian responsible for environmental health programs in rural communities and metropolitan area of the North Star Borough, Fairbanks.

Teaching Assistant, Graduate School of Zoology, University of Montana; June to August 1971. Assisted in the instruction of undergraduate zoology students.

Chemist, Anaconda Company, Black Eagle, Montana. General analytical chemistry, September 1969 to June 1970.

Assistant Industrial Hygienist, Anaconda Company at Black Eagle, Montana. Assisted the industrial hygienist with air and water pollution monitoring equipment and investigating health related employee complaints, 1969.

ACCREDITATIONS AND HONORS,

Registered Sanitarian, National Environmental Health Association

Diplomate, American Academy of Sanitarians

Commissioned Officer, U.S. Consumer Product Safety Commission

Chairman, Statewide Health Coordinating Council (1982-1983)

President, Alaska Environmental Health Association (1978)

President, Taku Toastmasters Club (1977)

President, Valley Toastmasters Club (1980)

Competent Toastmaster Certification (1980)

Outstanding Sanitarian, Alaska Environmental Health Association (1980)

Board Member, Southeast Alaska Health Systems Agency (1976-79)

Board Member, Alaska Public Health Association

Elder, Presbyterian Church

Member, Juneau Rotary Club

Editor, AEHA Newsletter (1980 - present)

Certificate of Merit, 1978 (NEHA)

"Whos Who Among Students In American Universities and Colleges" (1967-1968-1969)

"Whos Who In The West" (1980-1981)

PROFESSIONAL ASSOCIATIONS

Alaska Environmental Health Association

American Academy of Sanitarians

American Public Health Association

Alaska Public Health Association

American Management Association

International Association of Milk, Food, and Environmental Sanitarians.

CONTINUING EDUCATION

Attend professional environmental and public health meetings and workshops.

Attend graduate level management classes at the University of Alaska and participate in numerous shorter training seminars and workshops.

Update knowledge and skills by reading professional journals and other relevant literature.

Read one book per month on management or supervision.

PERSONAL DATA

Born: September 10, 1946, in Great Falls, Montana.

Marital Status: Married, children ages ten, eight, and three years

Height: 6'0"

Weight: 160

Hobbies: Reading, fishing, scuba diving, playing with children, carpentry, home computing, hunting, handball, singing, and jogging (average 20 - 30 miles per week)

REFERENCES

Professional and personal references available upon request.

PERSONAL RESUME - DECEMBER 1982

NAME: Keith Allen Kelton PHONE NUMBER: 907-789-9978

ADDRESS: 2339 Meadow Lane Juneau, Alaska 99801

PERSONAL DATA: Height: 6'2" Weight: 200# Married-one child

Born: December 13, 1943, Yuba City, California

U.S. Citizenship by birth S.S.#504-48-0503

No physical limitations-health excellent

Hobbies include hunting, fishing, numismatics, gardening and sculpture

PROFESSIONAL REGISTRATION:

Registered as a professional civil engineer in the State of Alaska, January 1973. P.E. #3368E

PROFESSIONAL AFFILIATIONS:

*Association of State & Interstate Water Pollution Control Administrators

*Water Pollution Control Federation

*Alaska Rural Development Council

*Ducks Unlimited

EDUCATIONAL BACKGROUND:

Salem Public High School, Salem, South Dakota
Graduated May 1962

South Dakota State University, Brookings, South Dakota
Graduated January 1967, B.S. Civil Engineering

University of Minnesota, Minneapolis, Minnesota
Part time, winter and spring quarters 1969
Courses in sanitary engineering-no degree

South Dakota State University, Brookings, South Dakota
Graduated June 1970, M.S. Sanitary Engineering

University of Alaska, Juneau, Alaska
Completed course in Arctic Engineering

University of Alaska, Juneau, Alaska
Various courses of interest on a variety of topics, no degree awarded

detail.

April 1982 to present - Director in charge of the newly created Division of Facility Construction and Operation. This change authorized total budgetary, personnel and policy decisions for the Municipal Grants, Village Safe Water and Operator Training and Certification programs.

October 1979 to March 1982 - Environmental Conservation Supervisor in charge of the Facility Construction and Operation Section. Supervise Construction Grants, Village Safe Water and Operator Training and Certification Programs.

January 1975 to October 1979 - Construction Grants Administrator supervising engineering design, grant awards, payments and construction of water and sewerage projects financially aided by State and federal grants- State of Alaska, Department of Environmental Conservation.

July 1970 to December 1974 - Sanitary Engineer II in charge of State Solid Waste Management Program- State of Alaska, Department of Environmental Conservation.

February 1967 to June 1969 - Design and construction engineer, employed by the Minneapolis Water Department.

Summer 1966 - Tech IV with the Alaska Department of Highways, Valdez, Alaska.

SALARY HISTORY:

EMPLOYER	DATES OF EMPLOYMENT	STARTING SALARY	FINAL SALARY
State of Alaska	July 1970 - present	$1400/month	$4835/month
City of Minneapolis	Feb. 1967 June 1969	$ 711/month	$ 935/month
State of Alaska	Summer of 1966	$4.25/hour	$4.25/hour

REFERENCES:

Mr. Charles O. Taflin, Minneapolis Water Department, 43rd and Marshall St. N.E., Minneapolis, Minnesota 55421

Dr. James A. Dunbush, Professor of Civil Engineering South Dakota State University, Brookings, South Dakota 57006

Mr. Jonathan W. Scribner, Assistant Deputy Commissioner, Department of Transportation and Public Facilities, State of Alaska, Pouch Z, Juneau, Alaska 99811

Mr. C. Deming Cowles, Director of State/Federal Relations; State of Alaska, Suite 345, Hall of the States, 444 N. Capitol Street N.W., Washington, D.C. 20001

Mr. Jerry Reinwand, Executive Assistant to the Governor, Office of the Governor, State of Alaska, Pouch A, Juneau, Alaska 99811

PROFESSIONAL EXPERIENCE SUMMARY

April 1982 to Present - Division Director. The Municipal Grants, Village Safe Water and Training & Certification programs were elevated to division status. As Director of the Division of Facility Construction and Operation, I was delegated total budgetary, personnel, purchasing and policy authority. During this period of time the Operator Training and Certification program was fully developed and implemented. The construction programs continued to operate at essentially the same level. Total staffing for the Division remained at 22 positions. All other functions remained the same.

October 1979 to March 1982 - Environmental Conservation Supervisor. Following a Departmental reorganization my responsibilities were increased to include the Village Safe Water and Operator Training and Certification Programs as well as the Municipal Construction Grants. This position was responsible for the overall administration and coordination of these three programs. This responsibility includes supervisory and budgetary decisions for 22 positions with an annual operating budget of $1.373 million for FY 82. In addition, capital project funding was approximately $30.0 million per year.

These responsibilities require a full range of managerial and technical skills. The position makes technical decisions on projects ranging from simple rural sanitation improvements to complex treatment concepts for large urban facilities. These technical decisions must be tempered with consideration for energy conservation and the reliability versus the cost of operation and maintenance.

Management of 22 positions includes daily supervision and work assignments as well as the administrative aspects of personnel management such as writing job descriptions and completing performance evaluations. It is also necessary to have an understanding of audit procedures.

In this capacity I dealt daily with the public, particularly municipal officials, consulting engineers and State and federal agency personnel. These contacts require the ability to tactfully convey program requirements while sometimes providing a level of financial support less than what is requested.

January 1975 to October 1979 - Employed by the State of Alaska, Department of Environmental Conservation as Construction Grants Administrator. In this position I was responsible for administering grants for water and sewerage projects constructed with State and federal aid. This included review of design concepts, plan approvals, grant awards, payments and field inspections during construction. This program managed approximately 240 active projects with annual obligations exceeding $20.0 million in State funds. In addition, the program administered approximately $17.0 million per year in federal funds allocated by the U.S. Environmental Protection Agency. In this capacity I supervised six people.

July 1970 to January 1975 - I was hired as a sanitary engineer by the State of Alaska, Department of Environmental Conservation, to develop and implement a Statewide solid waste management program. While in the position I wrote and promulgated Solid Waste Management Regulations and developed the permit system by which they are administered. In addition, I was responsible for formulating a comprehensive State Plan recommending solid waste management procedures for the different regions of Alaska.

In my capacity as State Solid Waste Program Coordinator, I developed a program which provided technical assistance and guidance to Alaskan communities, industries and citizens. Training courses were presented on an annual basis and several educational brochures were developed. In my capacity as Program Coordinator, I traveled to all parts of the State providing technical assistance and am fully familiar with existing environmental and related health problems throughout the State. In this position I was responsible for the direct supervision of two staff members and provided program guidance for 12 regional office personnel.

In addition, during my first 1.5 years of employment, I served as Regional Environmental Engineer for Southeastern Alaska. In this capacity it was my duty to assist the various communities with all environmental problems. This included all aspects of sanitary engineering such as water supply, sewage disposal, air quality control and of course solid waste management.

June 1969 to June 1970 - I attended graduate school at South Dakota State University on a Federal Water Pollution Control Administration Training Grant. My major advisor while completing work for a M.S. degree in Sanitary Engineering was Dr. John R. Andersen. Major areas of study included design of water and sewerage facilities and laboratory testing procedures. My thesis was entitled "Cost Evaluation of Municipal Water Hardness Reduction and Private Softening for the City of Brookings, South Dakota.

February 1967 to June 1969 - As a civil engineer for the Minneapolis Water Department, City of Minneapolis, Minnesota, my work consisted of design and construction of water treatment and distribution facilities. Major projects included:

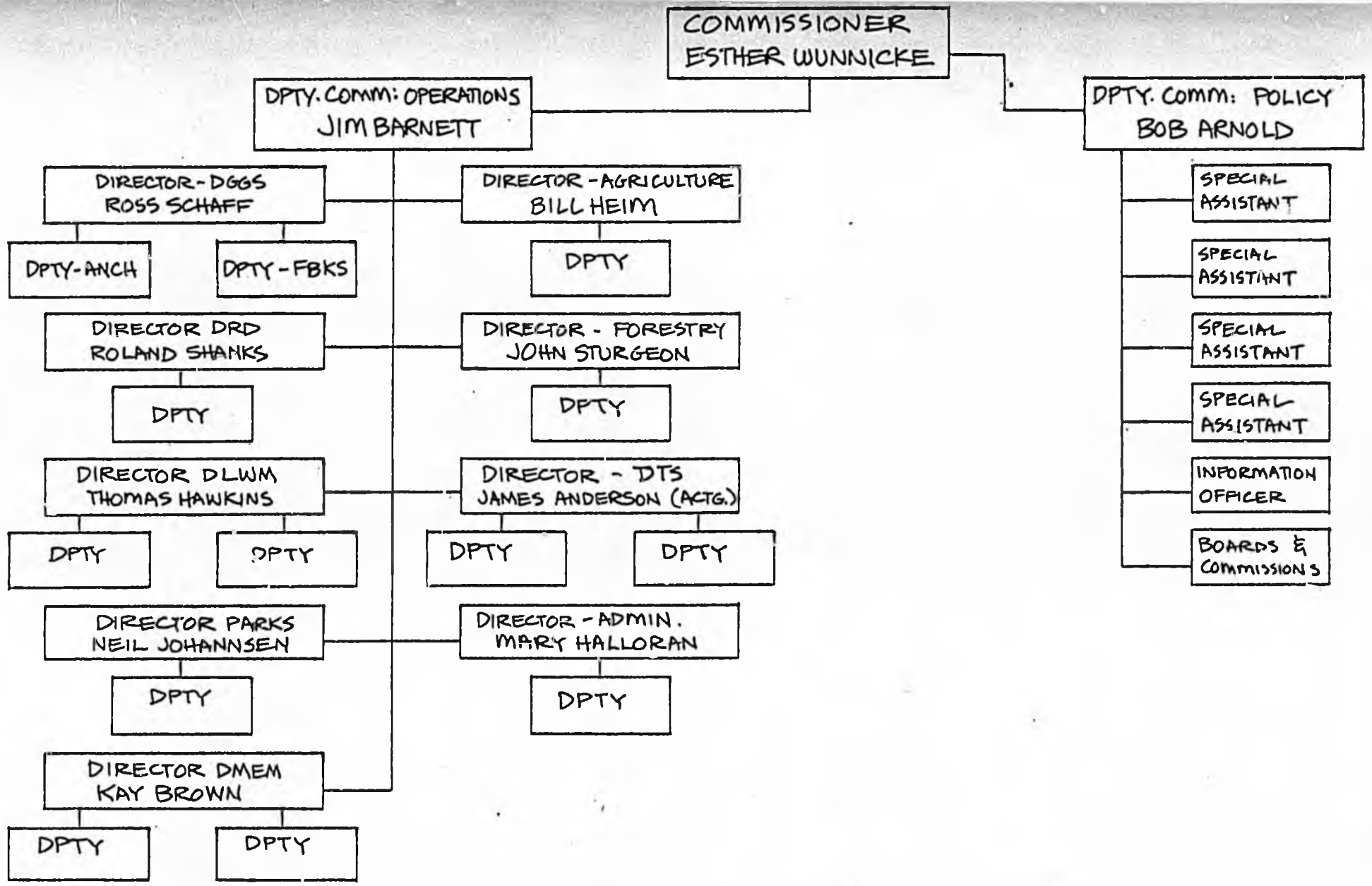
1. Design and construction of 3,000 feet of 36 inch mortar-lined, welded-steel water transmission line. The line was laid through both industrial and residential areas with several hundred feet of sheeting required. I was responsible for all phases of the project, which had a total cost exceeding $200,000. Depending upon the phase of the project, up to 20 men were under my supervision.

2. Modification and waterproofing of the wash-water tanks for the main filter plant. The project entailed doing the required work under a close time schedule so that the filtration plant could be back on line prior to peak summer demand.

3. Several experimental projects were undertaken to investigate an efficient method for dewatering lime and alum sludges so that the chemicals could be recovered. Centrifuges, filter presses, vacuum filters, floatation devices, freezing and reverse osmosis were included in the dewatering techniques tested.

June 1966 to September 1966 - Summer work as a Tech Iv with the Alaska Department of Highways, Valdez Regional Office. Five weeks were spent in Valdez running gradations on asphalt batch mix aggregates and field density work with the soils laboratory. Eight weeks were spent doing general surveying work along the Chitina Road.

DEPT. of NATURAL RESOURCES



ADMINISTRATIVE STRUCTURE

DEPARTMENT OF

NATURAL RESOURCES

DEPARTMENT OF NATURAL RESOURCES

Personnel Information

Deputy Commissioners and Division Directors

Spring 1983

Deputy Commissioner (Policy)

Robert D. Arnold
Deputy since February 1983
Salary: $5236/mo

Mr. Arnold is stationed in Juneau, where he serves as the Department's policy coordinator and legislative liaison. Most recently (1978-82), Mr. Arnold served as Assistant to the State Director for Conveyance Management at the Bureau of Land Management. In this position he managed land conveyance programs that affect Alaskans. Previously (1974-78) he served in various capacities with Alaskan organizations, such as Executive Director of the Alaska Native Foundation and Executive Director of the Alaska Educational Broadcasting Commission. He has also held positions with the Federal Field Committee for Development Planning in Alaska, with U.S. Representative Rivers and Senator Bartlett, and with the Alaska Centennial Commission. His publications include books and articles about land tenure and Native claims in Alaska.
EDUCATION: Woodrow Wilson Fellow, U. of Washington, 1956-57; AB, Wichita State U., 1956

Deputy Commissioner (Operations)

James K. Barnett
Deputy since February 1983
Salary: $5236/mo

Mr. Barnett serves in Anchorage, where he directs the day-to-day activities of the Department outside Juneau. For the past seven years, Mr. Barnett was an attorney for Sohio-Alaska Petroleum Company (formerly BP Alaska Inc.), specializing in natural resources, labor, administrative, and commercial law. Prior to this Mr. Barnett served at the Anchorage law offices of Ely, Guess, and Rudd, where he specialized in business and natural resources law and commercial litigation. He has also been Chairman of the Anchorage Municipal Platting Board, and Chairman as an industry representative of the North Slope Borough Service Area 10 Utility Board. He is on the Board of Directors of the Anchorage United Way campaign.
EDUCATION: JD, Cornell University, 1974; BS, MBA, U. of California, 1968, 1969

Director of the Division of Agriculture

Bill L. Heim
Director since February 1983
Salary: $4725/mo

Mr. Heim is stationed in Wasilla at the Division's headquarters. Mr. Heim has been an Alaskan dairy specialist and a farmer for almost 30 years. He has served as a staff member for the Alaska Agricultural Action Council, and has worked on forage and grassland, red meat processing, livestock, and dairy projects in the past.
EDUCATION: Coursework at U. of Minnesota, U. of Alaska

Director of the Division of Forestry

John L. Sturgeon
Director since May 1982
Salary: $4725/mo

As State Forester, Mr. Sturgeon provides management and protection of the state's forested lands. He has worked in Alaskan forestry since 1970, for the Department of Natural Resources and the U.S. Forest Service. After 1974, as an employee of the Division of Lands, Mr. Sturgeon provided technical information on forest management to private landowners and established the state's first tree nursery. For the U.S Forest Service (1970-74), Mr. Sturgeon was involved in timber sale layout and administration.
EDUCATION: BS, U. of Minnesota, 1970

Director of the Division of Geological and Geophysical Survey

Ross G. Schaff
Director since 1975
Salary: $5629/mo

Dr. Schaff has a long record of involvement in geological research in Alaska. He was appointed to the faculty of the geology department of Alaska Methodist University in 1960, and became State Geologist in 1975. He has also served as Acting Director of the Division of Minerals and Energy Management, and has been appointed to the USGS Earthquake Studies Advisory Panel, the Association of American Geologists Liaison Committee, and the National Academy of Sciences' Committee on Alaskan Coal Mining and Reclamation. EDUCATION: AB, AM, PhD, Boston University, 1957, 1958, 1963

Director of the Division of Land and Water Management

Tom Hawkins
Director since February 1983
Salary: $4725/mo

Working in Anchorage, Mr. Hawkins manages the Department's largest division, which is responsible for day-to-day management and appropriation of state lands and waters. Since mid-1979, Mr. Hawkins had been General Manager of Choggiung, Ltd, a profit-making village corporation in Dillingham. His work involved budgeting, planning, organizing, and administering land, finances, and programs including a hotel, lumber company, construction company, consulting services, real estate leasing and sales, and a property management company. Between 1975 and 1977, Mr. Hawkins had served as the Corporation's first management employee, supervising land selections, developing corporate investment strategy, leasing and developing real estate, and managing timber and gravel sales. He also gained professional land policy and administrative experience as a land use analyst with the Federal-State Land Use Planning Commission, as a land law examiner with the U.S. Bureau of Land Management, as a land management officer with the Department of Natural Resources, and as an engineering technician with the Corps of Engineers, Alaska District. EDUCATION: MPA, U. of Alaska, 1980; BA, Whitman College, 1968

Director of the Division of Management

Mary Halloran
Director since January 1983
Salary: $4725/mo

Ms. Halloran was Deputy Director of the divisio prior to her appointment in January. She has also served as Special Assistant to the Commissioner of Natural Resources, providing policy and technical research on oil and gas issues, with experience in permit reform, royalty oil auditing and disposals, petrochemicals, and unitizatio . Before joining the Department in 1980, Ms. Halloran wa a staff member of the Alaska State Legislature Joint Gas Pipeline Committee, researching oil and gas issues such as the management of the Prudhoe Bay reservoir and working with industry, business, and administrative personnel in analyzing proposed legislation affecting oil and gas exploration and development. She has also worked on the staff of the House Resources Committee.
EDUCATION: M.Phil, MA, BA, U. of Kansas, 1973, 1971, 1969

Director of the Division of Minerals and Energy Management

Kay Brown
Director since January 1982
Salary: $4885/mo

As Director of DMEM, Ms. Brown implements leasing and development of state-owned subsurface resources, including oil, gas, coal, hardrock minerals, and geothermal, and administers the state's ambitious five-year oil and gas leasing program. Ms. Brown has a broad background in Alaskan resource issues, particularly in oil and gas. She has worked on energy issues as Director and Deputy Director (Oil and Gas) of DMEM since mid-1980. Prior to this she served as Special Assistant to the Commissioner at DNR (1979-80), where she coordinated preparations for the federal-state Beaufort Sea oil and gas sale. Ms. Brown was a policy analyst and aide in the Alaska State Legislature, working for the Legislative Affairs Agency and for Senate President John Rader.
EDUCATION: BA, Baylor University, 1973

Director of the Division of Parks

Neil C. Johannsen
Director since February 1983
Salary: $4725/mo

Mr. Johannsen directs the Alaska State Park system from Anchorage. He has worked in the State Parks Division for eight years (1971-79) as chief of planning, operations chief, and district superintendent. From 1979-83, he was Deputy Director of the California Department of Parks and Recreation, which manages 280 units with a $200 million annual budget. Mr. Johannsen has worked for the U.S. Forest Service and has published 35 articles and books on public recreation and park planning. His graduate work was in forestry.
EDUCATION: MS, U. of Washington, 1975; BS, California State U., 1969

Director of the Division of Research & Development

Roland Shanks
Director since January 1983
Salary: $4725/mo.

Mr. Shanks is stationed in Anchorage. From 1981, he served as manager of land administration for Cook Inlet Region, Inc. In this position he supervised day-to-day administration of the Corporation's landholdings and developed and implemented corporate policy on land use authorizations such as oil and gas leases, coal leases, permits, and rights-of-way. In 1980-81, Mr. Shanks was a land consultant and served as President of the Interior Land Managers Association. He has previously served as a realty officer for the Tanana Chiefs Conference and has worked for the Bureau of Land Management and the U.S. Forest Service.
EDUCATION: BS, California Polytechnic State U., 1973

Director of the Division of Technical Services

James R. Anderson
Director since September 1981
Salary: $4885/mo.

Mr. Anderson has worked with the Division since 1979, including a stint as Acting Director. His past experience includes almost three years as data systems coordinator with the Federal-State Land Use Planning Commission, where he designed and developed data gathering programs, management tools, and materials for a coordinated federal-state resource information system. Mr. Anderson has also been business development manager at Esca-Tech Corporation and has done marketing and sales management at Boeing Computer Services, The Boeing Company, and Norse Control Systems.
EDUCATION: BS, U. of Washington, 1966

ESTHER C. WUNNICKE
Biographical Data

Career:

Acting Manager, Alaska Outer Continental Shelf Region, Minerals Management Service May 1982 - present.

Manager, Alaska Outer Continental Shelf Office - Bureau of Land Management - August 1979 through May 1982.

Federal Co-Chairman, Joint Federal-State Land Use Planning Commission for Alaska. Appointed by the President and confirmed by the Senate. July 1977 to June 1979.

Director, Policy Development and Research and Co-Counsel of Federal-State Land Use Planning Commission, Anchorage, Alaska. 1972 through 1977.

Assistant Attorney General, State of Alaska, Department of Law, Anchorage. 1971-72.

Attorney-Advisor, Federal Field Committee for Development Planning in Alaska, Anchorage. 1967 - 1971.

Instructor in Government - Adams State College, Alamosa, Colorado, 1957 - 1959.

Senior Partner, private practice of law, Crane and Koogler, Aztec, New Mexico, 1950-57.

City Council Member, Aztec, New Mexico, 1952 - 1955.

Publications:

"Federal Islands Within the States" - *George Washington Law Review, 1950.*

Colorado School Law as Interpreted by the Colorado Supreme Court - 1887-1957, 1958.

Alaska Native and Federal Hire, with Robert D. Arnold, Federal Field Committee, 1967.

"The Land Issue" and Framework for Decision" - *Alaska Natives and the Land*, Federal Field Committee, 1969.

"Legal Framework for Alaska Fisheries" - Alaska Fisheries Policy, University of Alaska, 1972.

Education:

A. B. Degree in English and Political Science - George Washington University, Washington, D.C., 1945-48.

Law Degree (J.D.) with highest honors - George Washington University, Washington, D.C., 1948 - 50.

M. Ed. Degree, Adams State College, Alamosa, Colorado, 1957 - 58.

Wunnicke

Honors and Awards:	Department of the Interior's Meritorious Service Award, 1982.
	Valedictorian, Aztec, New Mexico, 1939.
	Editor-in-Chief, George Washington University Law Review, Washington, D.C., 1948-50.
	Order of the Coif, 1950.
Professional and Civic Associations:	Alaska Bar Association . . . . . 1972 - present
	New Mexico Bar Association . . . . . 1950 - present
	American Bar Association . . . . . 1950 - 66 1972 - 76
	Federal Bar Association . . . . . 1969 - 75
	Anchorage Women's Lawyers Association . . . . . 1976 - present
	Anchorage League of Women Voters. . . . . 1964 - present
	Anchorage Women's Resource Center . . . . . 1975 - present
	Anchorage Human Relations Commission . . . . . 1967 - 1971
	Chugach Council. Camp Fire, Inc., Anchorage. . . . . 1975 - 78
Date and Place of Birth:	March 15, 1922, Kline Colorado
Marital Status:	Married to William C. Wunnicke Mother of William Paul, born in 1961 and Amy Margaret, born in 1962

Dep-Comm
POLICY

Robert D. Arnold
2304 West Marston Drive
Anchorage, Alaska 99503

(907) 243-0192

Employment history

1978 - present	Assistant to the State Director for Conveyance Management Bureau of Land Management U.S. Department of Interior
1974 - 1978	at the Alaska Native Foundation: first as Education Project Director; then as Director, Center for Equality of Opportunity in Schooling; then as Executive Director.
1971 - 1974	Executive Director Alaska Educational Broadcasting Commission State of Alaska
Earlier work history	Manager, Anderson - Lawrence Associates (1969 - 1970)
	Federal Field Committee for Development Planning in Alaska (1967 - 1969)
	Aide to Congressman R. J. Rivers and Senator E. L. Bartlett (1965 - 1966)
	Executive Director, Alaska Centennial Commission (1963 - 1964)
	News Director, KHAR, Anchorage (1962)
	High School Teacher, three districts (1957 - 1961)

Community Service/Honors

1979	Special Achievement Award, Bureau of Land Management
1978 - present	Chairman or member, Anchorage Community College Council
1976	Outstanding Humanist of the Year, Alaska Humanities Forum

1975 - 1976	Chairman, KAKM-TV
1973 - 1974	President, Alaskan of the Year, Inc.
1970 - 1973	Member, Greater Anchorage Area School Board
1971 - 1973	Chairman, Anchorage Borough Mental Health Center Steering Committee
1971 - 1972	President, Theatre One, Inc.
Earlier Service	Special Services Program, AMU (1970); Anchorage Manpower Advisory Committee (1971); Governor's Commission Cross-Cultural Education (1969); Anchorage Native Welcome Center (1969 - 1970); Citizens Budget Advisory Committee (1968 - 1970); Ad hoc Committee on "Drunk in Public" (1968); Equal Employment Opportunity Committee (1968); St. Michael's Cathedral Restoration Committee (1966); Anchorage Fellowship for Social Justice (1963).
Selected Publications	"Looking Beyond Capitalism," The Alaska Journal, January 1982
	Alaska Native Land Claims, (editor and senior author), the Alaska Native Foundation, Anchorage, 1976, 1978.
	"A Survey of the Administrative Situation of Lapps, Greenlanders, Eskimos and Indians of the North," in Education in the North, University of Alaska-Arctic Institute of North America, 1974.
	"Here's What Educational Research is Mumbling," National School Board Journal, February, 1973
	Time for Change in the Education of Alaska Natives, with Charles K. Ray, for the Governor's Commission on Cross-Cultural Education, 1970.
	Alaska Natives and the Land, with David M. Hickok, Esther C. Wunnicke, Arlon Tussing, Douglas N. Jones, Federal Field Committee for Development Planning in Alaska, 1968.
	Alaska Natives and Federal Hire, with Esther C. Wunnicke, Federal Field Committee for Development Planning in Alaska, 1967.

Education	Graduate studies, political science and government, University of Washington, as Woodrow Wilson Fellow, 1956-1957
	A.B., political science, Wichita State University, 1956
Personal	Born June 11, 1932; married with six children

Dep - Cancel

D-S

December 1982

JAMES K. BARNETT
SRA Box 2040-J, 10050 Prospect Drive
Anchorage, Alaska 99507
Home Phone: 349-1720
Work Phone: 263-5432

Current Employment: Attorney, Sohio Alaska Petroleum Company (formerly BP Alaska) since February 1, 1976. Mailing address: Pouch 6-612, Anchorage, Alaska 99502.

Specialization in natural resources, labor, administrative and commercial law as legal counsel to a major Alaska natural resources corporation involved in a broad range of oil and gas exploration and production activities in Alaska. This involves oil and gas, environmental, legislative, financial and commercial law expertise in advising corporate management in the day-to-day operations of the corporation and includes legal practice before many state and federal agencies, including the National Labor Relations Board, Alaska Public Utilities Commission, Alaska Transportation Commission and state and federal courts in Alaska.

Additionally, the position involves responsibilities as a spokesman for the Company in environmental and municipal affairs--most notably before the Alaska Legislature, Alaska Coastal Policy Council and the North Slope Borough.

Previous Legal Experience: Employment as associate and summer law clerk with the law offices of Ely, Guess & Rudd, 510 "L" Street, Suite 700, Anchorage, Alaska, 99501. Supervisors: Robert C. Ely and Joseph Rudd. Employment dates: June-August 1973, May 1974-January 1976. Specialization in business and natural resources law and commercial litigation with primary representation of Alyeska Pipeline Service Co., BP Alaska and NANA Regional Corporation.

Admitted to Alaska Bar on October 21, 1974.

Civic Activities: Vice Chairman and member of Anchorage Municipal Platting Board 1980 - present.

Member, Board of Directors, United Way of Anchorage 1981 - present. Key person and corporate coordinator for several Sohio United Way campaigns.

Chairman and member, North Slope Borough Service Area 10 Utility Board 1980 - present.

Member of Municipality of Anchorage Reapportionment Committee, 1980.

Member of Board of Supervisors of the Upper O'Malley Limited Road Service Area 1979-81.

Vice Chairman and Treasurer, Alaska Conservation Foundation, 1979-81.

Chairman, Alaska Chapter, Sierra Club, 1977-79.

Educational

CORNELL LAW SCHOOL:

Juris Doctor degree obtained May, 1974, with Specialization in International Affairs.

Executive Editor and Member of the Board of Editors of Cornell International Law Journal. Legal article published May 1974.

Participation in several extra-curricular legal projects, including legal aid clinic.

Graduation in upper 20% of class.

GRADUATE BUSINESS SCHOOL:

University of California, Berkeley, M.B.A., 1969. Emphasis in taxation and financial accounting. Dissertation for Master's Degree concerning the Investment Tax Credit of 1962.

UNDERGRADUATE EDUCATION:

University of California, B.S., 1968. Emphasis in Business Administration and Economics. Graduation with Honors.

Glendale College, Glendale, California, A.A., 1967. Emphasis in Liberal Arts and Economics, Graduation cum laude.

Prior Employment:

Internal Auditor, Lockheed Aircraft Corporation, Burbank, California, 1969-1971.

Teaching Assistant, Schools of Business Administration, University of California, Berkeley, 1968-1969.

Personal:

Born November 14, 1947

Married to Marilyn S. Barnett:
Supervisor for Elementary School Management
Anchorage School District

Interests:

Skiing, backpacking, photography and woodworking.

Local References:

Timothy A. Bradner, Associate Director, Government Affairs, Sohio Alaska Petroleum Company, Pouch 6-612, Anchorage, Alaska 99502

James D. Linxwiler, Esq., Ely, Guess & Rudd, 510 "L" Street, Anchorage, Alaska, 99501

Thomas E. Meacham, Esq., Burr, Pease & Kurtz, 810 "N" Street, Suite 200, Anchorage, Alaska, 99501

George N. Nelson, President, Sohio Alaska Petroleum Company, Pouch 6-612, Anchorage, Alaska, 99502

John A. Reeder, Esq., Senior Counsel, Sohio Alaska Petroleum Company, Pouch 6-612, Anchorage, Alaska, 99502

Harris Saxon, Esq., Ely, Guess & Rudd, 510 "L" Street, Anchorage, Alaska, 99501

Robert A. Straub, Director Government Affairs, Sohio Alaska Petroleum Company, Pouch 6-612, Anchorage, Alaska, 99502

RESUME

Roland Shanks
524 N. Park St.
Anchorage, Alaska, 99508

277-2905 home
274-8638 office

EMPLOYMENT HISTORY

November 1981 to Present- Manager, Land Administration- Cook Inlet Region, Inc. Supervises a staff of seven people carrying out the day-to-day administration of CIRI's land holdings. Developd and implements corporate policy dealing with land use authorizations (leases, permits, rights-of-way, etc.). reviews and monitors Federal, State, and Local regulations and legislation, providing input as appropriate. Assures the completion of land selections and the conveyance process. Regularly deals with Federal, State, and Local governmental employees and issues as a representative of CIRI. Represented CIRI on the Surface Coal Mining Regulations Workshop, and the Alaska Native Land Managers Association.

December 1980 to November 1981- Consultant. I lobbyed in Juneau representing five in-state and national groups. In this capacity I testified before legislative committees, coordinated with legislators and staff, prepared legislation and amendments and wrote press releases. I worked primarily on land disposal reform, nuclear and hazardous waste, permit reform and the hydro financing legislation during the session. I worked closely with the affected departments and the Governor's office while preparing testimony and positions. I also coordinated with the Tanana Chiefs Conference, AFN, Doyon, the Alaska Rural Community Action Program (Rural Cap), many fishing groups, and several village leaders.

After the legislative session I was the President of the Interior Land Managers Association (ILMA). ILMA was an advocate for Doyon and the villages in the Interior. We dealt primarily with problems associated with implementation of the Alaska Native Claims Settlement Act, The Alaska National Interest Lands Conservation Act, and various State statues. Much of this time was spent working on the Alaska Railroad transfer legislation, coordinating positions with several Native Corporations and Environmental groups. I represented the ILMA at several meetings with State and Federal officals dealing with the Railroad transfer.

April 1978 to December 1980- Realty Officer- Tanana Chiefs Conference. I was the program director of the Realty Program. The program provided real property management assistance to individual Natives owning land under the Native Allotment Act and the Alaska Native Townsite Act. I also provided advice and information to village councils, corporations, and Native groups regarding ANCSA and other pertinent lands issues. Also, in cooperation with the TCC planning office I worked with

village councils and corporations to identify economic opportunities. I reviewed and commented on Federal and State permits and applications. I also coordinated with State and Federal legislators and administrators to seek relief on various issues.

Some of my other duties included policy development and implementation.

As the leader of the State Land Disposal Task Force I coordinatted with the villages and the State to ditribute information and gather input to the process. I also coordinated with several other groups to seek reform legislation. I also acted as the main legislative contact on the State Land Disposal issue.

I was also the main legislative contact on the Hual Road issue. I also participated in policy deveopment within the Tanana Chiefs.

While at TCC I was a member of a Task Force which monitored the Northwest Gasline Project. I represented TCC at meetings with Northwest officals, the Office of the Federal Inspector, and the State Pipeline Coordinators Office. I also assisted the villages in right-of-way negoiations.

I also monitored the Alaska Lands Bill for TCC. I spent some time in Washington D.C. representing TCC. I also traveled extensively to village to provide information on the Bill and to gather input.

During the formation of TCC's subsistence program, I was heavily involved with the subsistence issue. I participated in founding meetings of the Rural Alaska Resources Association, and I coordinated with other regions to push for the current subsistence legislation.

January 1976 to April 1978- Realty Specialist- Bureau of Land Management, Fairbanks District Office. I worked in the Bering Straits, Arctic Slope, and NANA Regions. I processed casework under both the Native Allotment Act and the ANCSA. I traveled extensively in these regions visiting many villages and subsistence camps.

EDUCATION AND TRAINING

1973 B.S. in Natural Resources Management, California Polytechnic State University. Graduated with Honors

1975 Bureau of Land Management, Basic Land and Mineral Management, a five month training course in Public Land Law.

OTHER PROFESSIONAL TRAINING

BLM

Introduction to the BLM Planning System
Alaska Lands Conference
Cultural Resources Workshop
Visual Resources Workshop
Recreation Impacts on Wilderness Areas

BIA

Realty Training Workshop
National Realty Officers Meeting

OTHER

Alaska Archeological Association- Symposium on Subsistence
American Right-of-Way Association- Course 101
National Association of Review Appraisers- Review Appraisal Course
Rocky Mountain Mineral Law Institute- 1980 Institute

PROFESSIONAL ORGANIZATIONS

National Association of Review Appraisers, Senior Member, C.R.A.
American Right-of-Way Association
Alaska Native Land Managers Association, Executive Committee

BOARDS AND COMMISSIONS

Surface Coal Mining Regulations Workshop
Municipality of Anchorage, Campbell Tract Task Force

RESUME

DIR. - PARKS

NEIL C. JOHANNSEN
4616 T Street
Sacramento, CA 95819
(916) 739-1416

January 1983

DUCATION

975 University of Washington, Seattle, WA — Master of Science

Major: Outdoor Recreation
Minor: Wildlife Management, Planning

969 California State University, Sacramento, CA — Bachelor of Science

Major: Park Management
Minor: English

966 Santa Rosa Junior College, Santa Rosa, CA — Associate in Arts
Forestry; Transfer Courses

XPERIENCE

979 - Present **Deputy Director, California Department of Parks and Recreation**

The California Department of Parks and Recreation manages 280 State Park units which served, in 1980-81, 65 million visitors. Total budget exceeds $200 million annually; employs 3,000 persons.

As an appointed (civil service exempt) employee, have supervised park operations, development, planning, resource management, interpretive programs and economic and fiscal affairs (concessions). Frequently serve as acting Director, have testified before legislative committees, delivered speeches to major groups, determined policy, conducted staff meetings, supervised the preparation and management of budgets in excess of $70 million in annual expenditures. Have recruited and filled positions of major leadership responsibility. Seasoned in working with the State Legislature, other state agencies and numerous federal, county and local government entities

Author of the Department's handbook on concession policies, two lengthy publications on building the economic strength of the State Park System. A prime author of the Department fee policy; instrumental in negotiating existing concession contracts which increased Department concession revenues by 35 percent in one year. Annual Salary: $50,000

Business Address: California Department of Parks and Recreation
Director's Suite, P.O. Box 2390
1416 Ninth Street, Sacramento, CA 95811
(916) 323-1171

972-1979 **Chief of Planning, Alaska State Park System**

The 70 units of the Alaska State Park System are scattered over 1,500 miles of the state's spectacular landscape, include 3.5 million acres, serve 3 million visitors annually, with a total budget of $8 million

As the Alaska State Park's System's first planning chief, responsibilities included structuring a planning office, hiring and training staff, preparing a comprehensive, statewide park system plan, writing budgets, general obligation bond measures, park unit enabling legislation, testimony before legislative committees, and supervising the preparation of park development plans. Frequently served as acting State Park Director. Prepared planning documents and wrote legislation which created the 1.5 million acre Wood-Tikchik State Park, generally considered the largest state park in America. Traveled over 50,000 miles annually by bush plane. Salary: $40,000.

Business Address: Alaska Division of Parks, 619 Warehouse Avenue
Anchorage, Alaska 99501

1971 - 1972 **District Superintendent, Alaska State Park System**

Served as operations chief for 15 state parks covering one million acres, including units in central Alaska, Kenai Peninsula and Kodiak Island. Prepared budgets, supervised ranger and maintenance activities

1969 - 1971 **Planner, U.S. Forest Service**

Served on two national forests: the Olympic in Washington State and the Chugach in Alaska. Prepared land use plans, supervised the construction of recreation facilities, wrote interpretive publications, served as an aircraft operations officer on several large forest fires. Conducted interpretive programs in Alaska.

1966 - 1968 **Park Ranger, California Department of Parks and Recreation**

Seasonal, weekend, holiday employment as park aid, later as seasonal park ranger at three California State Parks: Tomales Bay, Samuel P. Taylor and Marshall Gold Discovery. Maintenance, fee collection, patrol, first aid, law enforcement, interpretive programs

1970 **Teacher, Highline Community College**
Tacoma, Washington

Instructed evening classes in outdoor recreation

MEMBERSHIPS, COMMITTEES, COMMISSIONS, ETC.

Administrator (Membership) California Park and Recreation Society: 1979 - Present.

Commissioner: California Heritage Preservation Commission (Advisory Body to California Secretary of State) -appointed: 1981 - Present

Executive Committee (elected), Alaska Chapter, Sierra Club 1974

Member (Governor Appointee), Wood-Tikchik State Park Advisory Commission, Alaska: 1978-1979

Vice President (elected), Alaska Conservation Society, Cook Inlet Chapter 1973

Affirmative Action Commission (appointed by Dean), College of Forest Resources, University of Washington: 1969-1970

Xi Sigma Pi National Forestry Fraternity, elected to life membership for maintaining 3.7 GPA in forestry, wildlife subjects.

McIntyre-Stennis Fellow - Awarded full financial support fellowship for graduate studies at University of Washington, Seattle.

Supporting Member, California State Park Rangers Association.

PUBLICATIONS

1. Incentives: Economic Strategies for the 1980s; December 1981; 91 pages; California Department of Parks and Recreation
2. Economic Performance Survey of the California State Park System; November 1981, 261 pages; California Department of Parks and Recreation.
3. Chugach State Park Master Plan; 89 pages; State of Alaska; February 1980
4. Marine Parks of Alaska: The International Connection; Alaska Magazine, including special 5,000 copy reprint; 1979
5. Sailing: North Country Almanac; The Alaska Advocate, July 1978
6. Between Mountains; Yachting Magazine; June 1978
7. Alaska's Columbia Glacier; Alaska Magazine; January 1978
8. Sailing on the Wild Side; Cruising World Magazine; five-page color feature story; 1978
9. Fireweed and Rainbows; Alaska Outdoors Magazine; 1978, Volume 1, No. 2
10. Guide to the Alaska State Park System; Recreation Folder; State of Alaska, 1978
11. Log Cabin Christmas; Alaska Magazine; three pages; December 1977
12. Recreation, Scenic and Heritage Areas of Concern; Cape Puget to Cape Suckling, Alaska; State of Alaska; 112 pages; July 1977
13. Prince William Sound: Paradise at the End of A Pipeline; three-page color feature; Pacific Search Magazine, Seattle; February 1977
14. Wilderness Proposals; co-author; Alaska-Northwest Publishing Company; 1977; 112 pages, sold 20,000+ copies at $9.00
15. Guide to the Alaska State Park System; 8-page booklet; State of Alaska; press run: 50,000 copies; 1977
16. Keystone State Park: A Proposal; State of Alaska; 11-page booklet; 1977
17. Hatcher Pass State Recreation: A Proposal; 10-page booklet; State of Alaska; 1977
18. Proposed Bald Eagle Council Grounds State Park, Alaska; 14-page booklet; State of Alaska; 1977
19. Trails 'N Tips: Winter Use of Chugach Park; Recreation Folder; State of Alaska, 1974
20. The Proposed Wood-Tikchik State Park; 14-page booklet; State of Alaska, 1977
21. Alaska Catalog; Polar Palm Productions; 140 pages; contributing author; 1977
22. Winter Cruising; Cruising World Magazine; seven pages; November-December 1976
23. Leeward of the Northern Gales; Sail Magazine; six-page feature; October 1976
24. Cruising Prince William Sound and The Northern Gulf of Alaska; Alaska Conservation Review Magazine; Summer 1976
25. Trails 'N Tips on Summer Use of Chugach State Park; State of Alaska, Recreation Folder, 1976
26. Parks In Trouble; The Northern Observer; October 1975
27. Sailing Prince William Sound; Alaska Magazine; July 1975
28. Exploring Alaska's Prince William Sound; Alaska Travel Publications; 1975; 106 pages (a 106-page popular book detailing sailing voyages into a remote Alaskan embayment), sold 5,000 copies at $7.00
29. Denali State Park, A Master Plan; 50 pages; State of Alaska; 1975
30. Wood-Tikchik State Park, A Comprehensive Master Plan; State of Alaska, 56 pages, 1975
31. People of the North; Alaska Magazine; September 1976
32. Alaska's Natural Gem: The Woodriver-Tikchik Lakes; Alaska Magazine; October 1974
33. Four Mountain Goats In A Truck; Pacific Search Magazine, Seattle, January 1971
34. About Beavers; Pacific Search Magazine, Seattle; December 1970
35. Shades of Green: A Portrait of the Quinalt Rain Forest; Olympic National Forest Federal Printing Office folder, 1970

HOBBIES, INTERESTS, ACTIVITIES

Offshore sailing and Navigation.

Running, including competitive distance racing.

Camping, travel, fishing, hiking, natural history.

International Travel: Have toured over 30 countries, including treks through the Far East, Middle East, Europe, Africa.

Photography and free lance writing.

REFERENCES

Pete Dangermond, Jr., Director
California Department of Parks and Recreation
P.O. Box 2390
Sacramento, CA 95811
(916) 323-1171

Huey D. Johnson, Secretary for Resources
State of California
1416 Ninth Street, Room 1311
Sacramento, CA 95814
(916) 445-5656

William Penn Mott, Jr., President
California State Park Foundation
1212 Broadway, Room 436
Oakland, CA 94612
(415) 834-4411

Russell W. Cahill, Superintendent
Department of Natural Resources
State of Washington
Olympia, WA 98504
(206) 753-5331

Robert Trent Jones, Jr., Chairman
State Park and Recreation Commission
President, Robert Trent Jones Golf Course Design
705 Forest Avenue
Palo Alto, CA 94301
(415) 326-3833

Gene Robens
(International Consultant in Business and Finance)
Gene Robens and Associates
2182 Dupont Drive, Suite 216
Irvine, CA 92715
(714) 851-5929

RESUME OF KAY BROWN

220 W. Manor Ave.
Anchorage, AK 99501
(907) 272-6871 (home)
(907) 276-2653 (work)

SUMMARY OF QUALIFICATIONS AND EXPERTISE

Natural Resource Issues

* Broad background in Alaska natural resource issues
* Implemented and managed five-year oil and gas leasing program for the State of Alaska
* Experience in negotiating oil and gas unit agreements
* Knowledge of petroleum geology, geophysics, field operations, permitting and environmental regulations, reservoir management, gas pipeline economics, the oil and gas lease
* Familiarity with the Alaska Lands Act
* Knowledge of issues and laws affecting development of coal, hardrock mineral, geothermal and hydroelectric resources

Management

* Exemplary record in managing the 72-person Division of Minerals & Energy Management
* Responsibility for a $3.4 million budget
* Effective at hiring, training, motivating and supervising personnel
* Demonstrated ability to balance and integrate competing interests
* Helped design and implement computer systems for royalty income accounting and lease record management
* Experienced public speaker
* Organized, analytical, motivated. A leader.

Writing, Research and Analysis

* Award-winning writer

* Former wire service and newspaper reporter and editor

* Specialties include news, non-fiction, technical and regulation writing

* Former policy analyst for the Alaska Legislature

EMPLOYMENT HISTORY

Director, Division of Minerals & Energy Management

(January 1982 - present)

One of 10 directors in the Alaska Department of Natural Resources. A line manager with responsibility for implementing state policy on the leasing and development of state-owned subsurface resources, including oil, gas, coal, hardrock minerals, and geothermal.

Deputy Director, Oil and Gas, Division of Minerals & Energy Management

(July 1980 - December 1981)

Major areas of responsibility included directing the state's Five-Year Oil and Gas Leasing Program; administering about 1,700 oil and gas leases; directing the royalty income accounting program; preparing and administering a $2.5 million budget; managing a staff of 40; and acting as division liaison with other agencies, the press, the oil industry and the public.

Special Assistant, Department of Natural Resources

(June 1979 - June 1980)

As a special assistant to the Commissioner of Natural Resources, duties included coordination of preparations for the state-federal Beaufort Sea sale in December 1979; research and policy analysis; and liaison work with the State Legislature, special interest groups and the public.

Policy Analyst, Alaska State Legislature

(June 1978 - June 1979)

Wrote an energy newsletter for legislators, and other projects, for the Research Division, Legislative Affairs Agency.

Aide, Alaska State Legislature

(December 1977 - May 1978)

Administrative and research assistant to Senate President John Rader.

Entrepreneur, Alaska Advocate

(March 1977 - September 1977)

Reporter, editor and part-owner of a statewide weekly news magazine that specialized in political and investigative reporting. 1978 Press Club awards for feature writing, breaking news coverage.

Reporter, The Anchorage Times

(April 1976 - February 1977)

Reporter and feature writer for the Times' Sunday Crossroads section. Contributed to a series on criminal justice that won the top Press Club award in 1976.

Reporter, United Press International

(June 1973 - March 1976)

Covered two sessions of the Georgia Legislature in Atlanta. Extensive experience in rewrite and editing.

Editor, The Baylor Lariat

(1970-1973)

Editor of Baylor University's student newspaper, an eight-page tabloid daily. Hired and supervised staff of 25. Experience in all aspects of newspaper production.

Reporter, The Charlotte Observer

(Summer 1972)

Internship at this North Carolina daily newspaper.

Media intern, U.S. Senate campaign of George Bush
(Summer 1970)

Stumped for Bush in more than 30 Texas towns.

Secretary, Fort Worth Independent School District
(Summer 1969)

In addition to secretarial duties, edited Head Start curriculum project.

EDUCATION

Baylor University
(1969-1973)

Bachelor of Arts, Journalism/Environmental Studies

Honors

Cum Laude graduate
Outstanding Journalism Graduate
Mortar Board
Dean's List
Student Congress representative
Who's Who in American Colleges and Universities

DIL 3665

ROSS G. SCHAFF
Biographical Sketch

Date of Birth

December 3, 1935
Scranton, Pennsylvania

Education

A.B.: Geology (1957)
A.M.: Geology (1958)
Ph.D.: Geology (1963) Boston University

Academic Experience

-Appointed Assistant Professor of Geology in 1960 as an original faculty member of Alaska Methodist University.

-Served on numerous faculty committees including faculty representative to the Board of Trustees.

-Awarded the Beth and James Armsey Excellence in Teaching Award.

-Appointed Professor of Geology and Academic Dean of the University (1973-1975).

Public Service Experience

-Nominated by the Governor's Committee for the Selection of State Geologist (1975).

-Appointed State Geologist by DNR Commissioner Guy Martin (1975); reappointed by Commissioners Robert leResche and John Katz.

-Appointed Acting Director of the Division of Minerals and Energy Management for 5-months in 1980.

-Appointed by the National Academy of Sciences to the Committee on Alaskan Coal Mining and Reclamation (1980).

-Appointed to the Association of American State Geologist Liaison Committee (1981-83).

-Appointed to the USGS Earthquake Studies Advisory Panel (1981).

-Appointed to the University of Alaska School of Mineral Industries Advisory Board (1979).

-Appointed to the University of Alaska Geophysical Institute Advisory Board (1979).

-Represented Alaska to the United Nations Conference on Small-Scale Mining.

-Gave numerous presentations on Alaska mineral and energy resouces at the international, statewide, and university levels.

References

Dr. Dallas Peck
Director, United States Geological Survey

Dr. Robert Horton
Director, United States Bureau of Mines

Dr. Earl Beistline
Dean Emeritus
University of Alaska
School of Mineral Industry

Mr. John Katz
Former Commissioner of Natural Resources

Mr. Charles Herbert
Former Commissioner of Natural Resources

Mr. Phil Holdsworth
Former Commissioner of Natural Resources

RESUME

DIR - ADMIN

Mary Halloran
718 Fifth
Juneau, Ak. 99801
586-1702 (home)
465-2407 (work)

Current position: Deputy Director
Division of Administration and Management
Department of Natural Resources

Education: Master of Philosophy, University of Kansas, 1973
Master of Arts, University of Kansas, 1971
Bachelor of Arts, University of Kansas, 1969
Certificate, University of Madrid, Spain, 1967
Diploma, Topeka High School, Topeka, Kansas, 1963

Employment History:

Deputy Director
Division of Administration and Management
Department of Natural Resources
June 1982-Present
Supervisory responsibility for division's 50 employees who carry out the Department's fiscal, budgetary, audit, personnel, supply, word processing, and contractual activities. Emphasis on fiscal actions such as Revised Programs, Reimbursable Services Agreements, cooperative agreements, professional services and construction contracts, and budget implementation.

Special Assistant to the Commissioner II
Department of Natural Resources
September 1980-June 1982
Provided policy and technical research on oil and gas issues. Coordinator for state agencies' review of the Dow-Shell petrochemical feasibility study. Chief staff to the Governor's Task Force on State Participation in ANGTS Financing. Liaison with State Pipeline Coordinator's Office on pending issues, such as right-of-way lease, and with D.C. attorney on issues under consideration by Federal Energy Regulatory Commission, such as final certificate of public convenience and necessity and related rate base issues. Staff work on permit reform, seismic legislation, proposed Anchorage Municipality royalty gas contract, royalty oil disposals, royalty auditing, federal royalty accounting and auditing, and unitization. Also monitored the Pacific Alaska LNG project, proposed changes in DMEM regulations, and other areas as needed.

Research Analyst
Joint Gas Pipeline Committee
Alaska State Legislature
June 1979-August 1980
Provided specialized research in oil and gas, including Prudhoe Bay reservoir management, gas pipeline financing, petrochemical development, and Alpetco project progress, preparing reports and briefings for legislators and the public. Worked with industry, business, environmental, and administration representatives in analyzing proposed legislation affecting oil and gas exploration and development. Served as technical witness at legislative hearings. Acted as legislative representative at public meetings. Also had administrative responsibility for the committee, including contract administration and budget preparation.

Administrative Assistant
House Resources Committee
Alaska State Legislature
January 1979-June 1979
Provided research and analysis of natural resources issues and specific bills under consideration by the House Resources Committee. Issues analysis ranged from the proposed Beaufort Sea lease sale to Susitna Dam project to Northwest gas pipeline project. Reviewed technical and policy materials and testimony, preparing briefing papers and reports.

Dissemination Specialist
Alaska Department of Education
September 1978-January 1979
Coordinated the gathering, writing, and editing of technical abstracts for a computerized educational resources base. Trained other staff in abstract writing, including techniques for compatibility with the national ERIC computer system. Was program coordinator for the Department of Education's Promising Practices program which identified model Alaskan education programs and disseminated information about those programs to other educators through public presentations, news and feature stories, and videotapes. Authored papers on department's dissemination activities for national publication. Also served as state coordinator for the Teacher Center program.

Reporter
Alaska Advocate
February 1978-September 1978 (parttime)
Wrote news, editorial and feature stories. Took photos. Did advertising preparation, layout and sales. Shared responsibility for distribution and circulation in Juneau.

Freelance writer-photographer
Various newspapers, Iditarod Area School District
February 1978-September 1978 (parttime)
Wrote news and feature stories, and took photographs. Also researched, wrote and published public report on education in Iditarod Area Schools.

Coordinator, Public Information
Alaska Department of Education
April 1975-February 1978
Created, coordinated and implemented a public information program for the Alaska Department of Education, including work on sensitive projects such as the decentralization of the former State-Operated-School System and bilingual-bicultural education. Started and edited Alaska Education News, a monthly newspaper distributed to around 7,000 people statewide. Started and edited Information Exchange, a weekly newsletter for department personnel and others. Created an information strategy instrumental in securing passage of the 1976 bond issue for rural school construction. Participated in negotiations with U.S. Office of Civil Rights over bilingual-bicultural education in Alaska. Planned and coordinated Alaska Education Week for presentation to the U.S. Office of Education in D.C. March 1977. Reorganized the Public Information section, supervising a change to computerized mailing labels, other changes in publications format, establishment of a weekly clipping service, setting up of a darkroom, and processing of approximately 400 publications annually. Was responsible for the section's budget and administration, including direct supervision of five staff. Worked with Alaska media, members of the public, and other state information officers. Wrote or supervised the writing of news releases, news stories, speeches, proposals/grants, policy papers and technical reports. Also supervised the production of photos, videotapes, radio actualities, public displays, and slide shows. Acted as department representative at public meetings and hearings.

Executive Secretary
Alaska International Industries, Fairbanks
March 1975-April 1975
Assistant to the firm's comptroller, normal secretarial duties.

Administrative Secretary
Ellerbe/Alaska, Fairbanks
June 1974-April 1975
Administrative assistant to firm's director. Supervised clerical staff and prepared billings, general correspondence and administrative reports. Edited firm's proposals and bids.

Legal Secretary
Curran & Hodges, Fairbanks
November 1973-June 1974
Prepared legal documents, billings and general correspondence.

Instructor
Kansas University Orientation Center for Foreign Students
Summers of 1970, 1971, 1972, and 1973
Organized and taught courses in bibliography and research methods for graduate students, English as a second language, composition, reading and language skills.

Assistant Instructor of English
Department of English, University of Kansas
September 1969-May 1972
Taught composition and literature to university freshmen and sophomores, two three-hour courses each semester.

Bilingual Secretary/Translator
Fletamar, Madrid, Spain
October 1968-January 1969
Translated shipping documents from Spanish to English, and vice versa. Provided English instruction to firm's employees. Normal secretarial duties.

Bilingual Secretary/Publicist
HERO, Madrid, Spain
December 1967-April 1968
Wrote news releases and cutlines for publicity photos for movies. Developed photographs. Translated materials. Normal secretarial duties.

Bilingual Secretary/Translator
Consulpresa, Madrid, Spain
June 1967-December 1967
Translated engineering and technical documents from English, Spanish, and Portuguese to the other languages. Edited an engineering textbook for publication. Normal secretarial duties.

Various parttime jobs during college undergraduate years.

References: Any former employer may be contacted as a reference
Other references upon request

STATE OF ALASKA
EMPLOYMENT APPLICATION

This application is for one job class only. Unless the recruitment announcement allows you to use more than one job class title, a separate application must be turned in for each job class you want to apply for. A job class is a set of individual positions that have been grouped together and given the same official title because they have the same kind of duties and responsibilities. The Division of Personnel distributes a list of all job classes open for application with a description of each. Read these descriptions BEFORE you fill out this application to see what kind of education or experience is required. You can find the list of job classes and the pamphlet "Applying for a Job", which tells you more about how to fill out this application, at many places statewide including the offices listed below, State Personnel Offices, and all State Employment Centers.

Fill out all parts of the application. Give complete detailed information. All applications must have an original signature in ink at the bottom of this page. An application without a title, original signature and date, or an incomplete application will be returned to you. REPORT ANY ADDRESS AND TELEPHONE CHANGES PROMPTLY IN WRITING TO ANY OFFICE LISTED BELOW.

TYPE OR PRINT IN INK ONLY

1. APPLYING FOR: (Use official job class title only)
DIRECTOR, DIV. OF LANDS, DIV. OF RESEARCH & PLNNG, ASST. TO COMMSNR.

2. NAME (Last) (First) (M.I.)
HAWKINS, THOMAS, J.

PREVIOUS NAME EMPLOYED UNDER (With State of Alaska)
HAWKINS, TOM

3. MAILING ADDRESS
BOX 247

6. RESIDENT OF ALASKA?
☐ NO ☑ YES - Since 1972

CITY
DILLINGHAM

ST. AK ZIPCODE 99576

7. I HAVE A VALID ALASKA DRIVERS' LICENSE.
☐ NO ☑ YES
IF YES GIVE NUMBER: 345931

4. SOCIAL SECURITY NUMBER
534-42-9372

5. HOME PHONE
907 842-5329

BUSINESS OR MESSAGE PHONE
( ) -

8. I AM APPLYING FOR
(Check "X" boxes that apply)

A PERMANENT JOB
- ☑ (A) Permanent full-time
- ☐ (B) Permanent part-time
- ☐ (C) Permanent seasonal

NON-PERMANENT JOB
- ☐ (D) Temporary job lasting 120 days or less
- ☐ (E) Temporary job lasting only as long as a special project or program

9. EMPLOYMENT WITH STATE OF ALASKA
- ☐ I have never been employed by the State of Alaska
- ☑ Not employed by the state now but I have been in the past

Employed by the state now, my employment status is:
- ☐ (PE) Permanent
- ☐ (PR) Probationary
- ☐ (NP) Non-permanent
- ☐ (E) Exempt
- ☐ (PX) Partially-exempt
- ☐ (L) Layoff

10. I learned of the position for which I am applying from:
- ☐ (E) Employment Center
- ☑ (F) Personal Friend
- ☐ (S) State Employee
- ☐ (P) Div. of Personnel
- ☐ (D) A Dept. Personnel Office
- ☐ (R) Radio Announcement
- ☑ (T) T.V. Announcement
- ☑ (N) Newspaper
- ☐ (O) Other

SEE BACK OF THIS APPLICATION FOR EXPLANATION OF TERMS USED

11. The State of Alaska has an Equal Employment Opportunity program. To assist in the program, you are asked to voluntarily answer the following questions to provide the information necessary for reporting purposes. Under State and Federal law, the information you provide cannot be used to discriminate against you.

ETHNIC BACKGROUND

	MALE		FEMALE	
White	(T)	☑	(H)	☐
Black	(O)	☐	(C)	☐
Hispanic	(S)	☐	(E)	☐
Asian or Pacific Islander	(L)	☐	(B)	☐
American Indian	(K)	☐	(A)	☐
Alaska Native	(P)	☐	(D)	☐

PLACE OF BIRTH
☑ U.S.A. ☐ Other _____

DATE OF BIRTH
Mo. 3 Day 8 Year 1946

FOR OFFICE USE ONLY

		WT.	P/F
W			
O			
T & E			
AV			
VP			
EC			
FIN AVG			

12. CERTIFICATION: I swear that the information I have entered on this form is true to the best of my knowledge. I understand that if I deliberately conceal or enter false information in this form my application may be rejected, I may be removed from the list of eligible candidates, or I may be removed from my job. I agree that the State of Alaska, or its agents, may contact former employers or other persons who know me in order to obtain additional information about my skills. I understand that the information in this application may have to be released when required in an authorized legal investigation.

SIGNATURE Tom J. Hawkins DATE 12-12-82

DEPARTMENT OF ADMINISTRATION

Submit to: DIVISION OF PERSONNEL

JUNEAU:	FAIRBANKS:	ANCHORAGE
Pouch C - 0201	675 7th Avenue Stn. J	3341 Fairbanks St.
Juneau, Alaska 99811	Fairbanks, Alaska 99701	Anchorage, Alaska 99502
465-4430	456-1017	279-6441

Form 02-250 (Rev. 6/80)

THE STATE OF ALASKA IS AN EQUAL OPPORTUNITY EMPLOYER

13. Give your entire work history. Start with your present job and work back. Include all jobs, military service, volunteer work, military experience, and summer jobs. If you worked for the Federal Government or were in the armed [illegible] work, military experience, and summer jobs. If you worked for the Federal Government or were in the armed [illegible] military ranks. Give accurate and complete information about the duties and responsibilities you had in each job. If you supervised anyone, explain who they were (typists, technicians, etc.) and describe what kind of supervisory duties you had (direct the work, hire, promote, fire, etc.). Incomplete answers may cause your application to be rejected or given a low score.

Employer: CHOGGIUNG LTD.
Address: BOX [redacted] 196
DILLINGHAM, AK 99576

Your Job Title: General Manager

From: Jul 79 To: Jan 82
Hrs./Wk.: 60 | Starting Salary: 48,000 | Final Salary: 65,000

No. of Employees Supervised: 50 | OFFICE USE

Name of Your Supervisor: Wm Tennyson

Supervisor's Title: President

Reason for Leaving: variety of experience is broadening & like access to UAA time to time

Duties: plan, budget, organize, and administer land, finances, and programs of co with hotel, lumber co., construction co., consulting services, real estate leasing & sales, property management. Co has earned REGULAR PREFITS - PUBLIC RELATIONS

Employer: F/S Land USE PLANNING COMMISSION
Address: 733 W. 4th AV.
Anchorage, AK 99501

Your Job Title: Land Use Analyst

From: APR 1977 To: JUN 1979
Hrs./Wk.: 40 | Starting Salary: 65-13 36,000 | Final Salary: 65-14 44,000

No. of Employees Supervised: | OFFICE USE

Name of Your Supervisor: JOHN KATZ

Supervisor's Title: COUNSEL

Reason for Leaving: END OF AGENCY EXISTENCE

Duties: VARIETY OF POLICY RELATED LAND USE STUDY ACTED AS FACILITATOR FOR IMPLEMENTATION OF NUMEROUS ANCSA ISSUES, ANALYZED STATE & FEDERAL LAND MANAGEMENT POLICIES & PROGRAMS, DEVELOPED POLICY. ASSISTED ANCSA CORPS.

Employer: CHOGGIUNG LTD.
Address: BOX 196
DILLINGHAM, AK 99576

Your Job Title: LAND PLANNER

From: MAR 75 To: MAR 77
Hrs./Wk.: 40 | Starting Salary: 20,000 | Final Salary: 25,000

No. of Employees Supervised: 2-6 | OFFICE USE

Name of Your Supervisor: Wm Tennyson

Supervisor's Title: President

Reason for Leaving: wanted to live in town to go to U. of A.

Duties: first employee for large village corporation supervised village land selections, developed corporate investment strategy, leased and developed real estate, managed gravel and timber sales, worked with state & federal agencies

---

Employer: BUREAU OF LAND MGT.
Address: P.O. BOX 13
701 C STREET Anchorage, 99513

Your Job Title: LAND LAW EXAMINER

From: OCT 73 To: MAR 75
Hrs./Wk.: | Starting Salary: 65-9 15,000 | Final Salary: 65-11 18,000

No. of Employees Supervised: 5 | OFFICE USE

Name of Your Supervisor: JOAN HAGANS

Supervisor's Title: CHIEF, ADJ. SECTION

Reason for Leaving: INTEREST IN PRIVATE SECTOR EMPLOY

Duties: ADMINISTERED FEDERAL LAND LAWS AND ADJUDICATED WIDE VARIETY OF LAND CLAIMS INCL ALL settlement claims - pipeline R/W - ANCSA, STATE SELECTIONS, HOMESTEAD, O&G LEASES, GRAVEL SALES. DIRECTED & TRAINED ANCSA ADJUDICATORS FOR BBY KONIAG - WRITING & REASONING

Employer: ALASKA DEPT. OF NATURAL RES.
Address: 323 E 4th.
Anchorage, AK 99501

Your Job Title: LANDMGT. OFFICER II

From: NOV. 72 To: OCT 73
Hrs./Wk.: 38 | Starting Salary: RN 614 15,000 | Final Salary: RN 614 15,000

No. of Employees Supervised: — | OFFICE USE

Name of Your Supervisor: PEAN NATION

Supervisor's Title: WATER SECTION CHIEF

Reason for Leaving: BLM HAD 2 MOS. TRAINING PROGRAM

Duties: Administered State land laws particularly as they affected tidelands and water bodies. Adjudicated preference rights, shore fishery leases, tideland leases, gravel sales, permits, and other land actions.

Employer: CORPS OF ENGINEERS, AK DIST.
Address: BOX 1008
Anchorage, AK 99510

Your Job Title: ENGR. TECH

From: JULY 72 To: NOV 72
Hrs./Wk.: 40 | Starting Salary: 65-3 12,000 YR | Final Salary: 12,000 YR

No. of Employees Supervised: 1 | OFFICE USE

Name of Your Supervisor: HARLAN MOORE

Supervisor's Title: CHIEF, FDNS. BRANCH

Reason for Leaving: temporary position

Duties: Chena River flood study Participated in Cook Inlet Sediment Study and variety of other research projects - analyzed silt, water quality, did quality testing of concrete load testing, operated variety of test devices

---

NOTE: If you need more space, use Form 02-250A, Additional Employment History, or plain sheet, being sure to give all information above.

1. Five (5) veteran's preference points are awarded if: You have completed 90 days or more of active duty (other than for training purposes) in the United States Armed Forces during war periods: April 6, 1917 to December 1, 1919; September 16, 1940 to December 30, 1947; June 27, 1950 to November 7, 1975.

And you were discharged under honorable conditions.

2. Ten (10) veteran's preference points are awarded if: You meet all of the above requirements and submit a letter dated in the last 6 months from the U.S. Veteran's Administration showing that you have at least a 10% service-connected disability.

Applicants with service in the National Guard or Reserves do not qualify for veteran's preference unless called to active duty for 90 days or more. If you served in this capacity, please submit a copy of your service record (DD form 214).

Service Branch	Date Entered	Date Discharged	Rank at Discharge	Type of Discharge
ARMY	23 OCT 68	25 JUL 70	E-5	HONORABLE

15. Have you been convicted of a misdemeanor within the past five years or a felony within the past ten years? ☐ Yes ☑ No

If yes, explain on a separate sheet of paper and attach it to this application. (A conviction record is not absolute grounds for disqualification. The number, nature, recency and relationship to the job applied for will be evaluated in reviewing this application.)

16. List relatives employed by the State of Alaska. Father, Mother, Son, Daughter, Brother, Sister, Husband, Wife, Aunt, Uncle, Grandfather Grandmother, Grandson, Granddaughter (Including Half, Step and In-law relationships). NONE

Bristol Bay CRSA - elected member 1981-2 Gov. Growth Policy Council 8.-
Dillingham Planning Comm - 1979-82 75-77 BB Study Group 81-82

17. List CURRENT professional licenses, certificates or registrations.

Title	Date Obtained
American Plnng Assn.	1977-82
AK Land Mgrs. Assn.	1975-82

18. List electronic or mechanical equipment you operate or repair (if relevant to this job class).

Operate	Repair
CHAINSAW, SNOWMACHINE, SKIFF & KICKER	
TYPEWRITER.	

19. High School Diploma or GED Certificate ☑ Yes ☐ No

Name and Location of High School: LAKE STEVENS, WA

If GED, give Number & Issuing State:

Date Received: 1964

Last H.S. Grade Completed: 12

High School Courses Most Related to this Job Class: WORLD PROBLEMS - DEBATE

20. Education and Training Received after High School

A List in A all college education and training. Most colleges and universities grant credit in semester or quarter hours depending on how the school year is divided (into semesters, trimesters, quarters, etc.); be sure to list your college credits in the correct column. If your credit was not given on this basis, enter it in the column marked "Other" and explain the credit on a separate sheet.

College, University, Graduate School Only Name & Location of School	Dates Attended	Specify Grad. Cred. with "G" Qtr. Hrs.	Sem. Hrs.	Other	Major or Subjects Taken	Degree/ Year	DO NOT USE
WHITMAN COLLEGE WALLA WALLA, WA	1964-68		125		HISTORY, ECON POLI SCI	BA 1968	
U OF WASHINGTON SEATTLE, WA	1970-71	30			BUS. ADMIN - BLDG CONST		
U OF ALASKA ANCHORAGE	1972-75		30G		NAT. RES. PUB ADMIN	CRO PLNG CERT 1977	
U OF ALASKA ANCHORAGE	1977-1982		50G		PLANNING ECONOMICS	MPA 1979	

B List in B education or training not received at a college or university. Indicate the kind of school you attended (vocational, technical, business, correspondence, etc.). List the subjects you studied, the number of class hours in contact with a teacher or the number of assignments you completed for a home-study course, and any certificate or degree you received.

Other Education/Training Only Name & Location of School	Kind of School (Vocational, Business, etc.)	Dates Attended	Hours/ Assignments Completed	Subjects Taken	Date Awarded Cert.	Degree	DO NOT USE
BLM LAND LAW SCHOOL PHOENIX, AZ	LAND LAW	OCT-NOV 1973	2.00 HOURS	Federal Land Law	NOV 1973		

21. Transcripts are: ☐ Enclosed ☐ Requested from my school ☐ On file with the Division of Personnel

Supplemental Information is: ☐ Enclosed ☐ On file with the Division of Personnel

Name as it Appears on Transcript: Thomas J. Hawkins

22. TYPING CERTIFICATION

If the job class for which you are applying requires you to type, please complete the sentence below. Give the speed you are completely sure you can type.

I swear that I can type at a speed equal to, or faster than, _____ words per minute with fewer than _____ total errors during a period of at least five minutes. I understand that if I cannot type at this speed I may be removed from an eligible list or from my job.

Signature | Date

BE SURE TO COMPLETE ITEMS 23 AND 24 ON THE BACK OF THIS FORM

B

C

D

E

F

G

Acceptance 70.00

Q

E

HLY

OTHER

TOTAL

You will be put on the eligible list for only those jobs which are in the cities/towns/villages, and the departments where you wish to work. You may be removed from an eligible list if you refuse employment or are not available under any of the conditions you have said you will accept. At any time you may change these conditions by notifying the Division of Personnel in writing.

LOCATION WHERE YOU WILL WORK

Do not mark "Any" unless you are, in fact, willing to relocate anywhere in the State. ☐ ANY City, Town or Village in the State

- ☑ Anchorage
- ☐ Fairbanks
- ☐ Juneau
- ☐ Ketchikan
- ☐ Other
- ☐ Other
- ☐ Other
- ☐ Other

DEPARTMENT

I will work for any Department: ☐ YES ☑ NO

I do not want to work for:

- ☐ 01 Office of the Governor
- ☑ 02 Administration
- ☑ 03 Law
- ☑ 04 Revenue
- ☑ 05 Education
- ☑ 06 Health & Soc. Ser.
- ☑ 07 Labor
- ☑ 08 Commerce & Economic Dev.
- ☑ 09 Military Affairs
- ☐ 10 Natural Resources
- ☑ 11 Fish & Game
- ☑ 12 Pub. Safety
- ☑ 18 Env. Conservation
- ☐ 21 Comm. & Regional Affairs
- ☐ 25 Trans. & Public Facilities

24.

Number of days required to report to work after being notified that I was hired. 21

INFORMATION

This application form is used for all jobs in the classified service of the State of Alaska.

The classified service is ALL State positions except those which have been excluded by law. Classified positions are governed by certain rules and regulations. Under these rules, positions are filled through a competitive process. This means that a person must apply and pass any required examinations to be considered for hire.

A complete explanation of the classified service and the competitive hiring process is found in the pamphlet, "Applying for a Job with the State of Alaska: What You Need to Know Before You Start." This pamphlet is available from Division of Personnel Offices in Juneau, Anchorage, and Fairbanks; at all State Employment Centers; and at all State Personnel Offices.

DEFINITION OF TERMS

PERMANENT EMPLOYEE is someone currently working in the classified service who has completed a probationary period in a permanent full-time, permanent part-time, or permanent seasonal position.

PROBATIONARY EMPLOYEE is someone working in a permanent full-time, permanent part-time, or permanent seasonal position who is currently serving a probationary period ("working test period" during which the employee's work is closely observed and evaluated to see if they can do the job).

NON-PERMANENT EMPLOYEE is someone currently hired in the classified service to do a temporary job (one lasting 120 days or less) or to work on a special project or program.

EXEMPT EMPLOYEE is someone currently working in a position that is excluded by law from the classified service.

PARTIALLY-EXEMPT EMPLOYEE is someone currently working in a position that is excluded by law from some of the regulations covering the classified service. Appointments to partially-exempt or exempt positions do not have to be made through the competitive process that is required in the classified service.

LAY-OFF STATUS applies only to probationary or permanent employees who have been laid-off from their jobs in the classified service. Lay-off status from a position is limited to 2 years.

RECEIVED
MAY 27 1983

James R. Anderson
2040 Shepherdia Drive
Anchorage, Alaska 99504
Home Phone: (907) 277-6376

First came to Alaska in 1951 with the U. S. Coast and Geodetic Survey on the USS Pathfinder working in the Bering Sea, Aleutian Islands, and the West coast of Alaska.

Graduated from the University of Washington.

Worked in Engineering for the Boeing Company for 18 years in their new business development areas. Worked in Alaska for Boeing from 1968 thru 1974.

Worked as Business Development Manager in 1975 to October, 1976, for the Calista Corporation's new Subsidiary ESCA-TECH.

Worked from October, 1976 thru June, 1979 with the Federal State Land Use Planning Commission for Alaska, as their Data Systems Coordinator.

Worked from July, 1979 thru September, 1981 with the State of Alaska, Department of Natural Resources as a Natural and Physical Scientific Planner. This position required a strong working knowledge of Federal/State responsibilities and experience in a broad field of scientific disciplines. Some of the projects worked on for this Division, were the Offshore Coastal Marine Boundary capital improvement project, utilized to obtain an agreement to these boundaries with the Federal government for Oil and Gas Lease Sales; a Land Disposal pre-planning program to collect available resource data on all land disposal areas and interpret new data from NASA Photography, integrating all the data into terrain unit maps with discriptive matrices for the evaluation of land capability for use; and a side looking air-borne radar program to evaluate the utilization of this data gathering technique for offshore/nearshore detection of land projections for use and defining the State coastal ownership areas. While these projects were primarily for the benefit of this Division, the overall program established was multi-beneficial to other Divisions within this Department and other State agencies.

Worked from October, 1981 to present as the Director of the Division of Technical Services. I have 200 people in this Division and I am responsible for surveying and engineering performed on behalf of other Divisions, including necessary preparatory work. In addition, the Division administers the State Recorder's Office and serves as the respository for all State land records, wherein, it actually serves as the Department's "title company." The Division also represents the Department before other organizations where documents subject to record are at issue.

Notice of Rating

United States Civil Service Commission
OFFICE OF SENIOR LEVEL POSITIONS
1900 E STREET, N.W.
WASHINGTON, D.C. 20415

(Issuing Office)

NAME AND ADDRESS (Number, Street, City, State and ZIP Code)

Mr. James R. Anderson
3254 Montclaire Ct.
Anchorage, AK 99503

I.D. No. 379805

ANNOUNCEMENT TITLE AND NUMBER
Senior Level Positions
Announcement No. 408

DATE ISSUED JAN 16 1979

PERIOD OF CONSIDERATION FROM ABOVE ISSUE DATE
☐ 6 MONTHS ☐ 12 MONTHS
☐
SEE REVERSE SIDE

This is NOT a notice of appointment. It is a record of your rating. It is important that you keep it.

ONLY the section checked below refers to your rating. Disregard section not checked.

☐ Your rating is ELIGIBLE for all occupations and grades covered under the above announcement or for the following: GS-13 5-pt.

1. Numerical ratings have not been assigned. See reverse side.
2. The letters appearing above (if any) show 5-point (TP) or 10-point (XP or CP) veteran preference is included.
3. You may not enter on duty until completion of required education.
4. You must maintain the required grade point average during your senior year.
5.

☐ Your qualifications statement has been carefully reviewed and we regret that we cannot refer your name to departments and agencies for employment consideration under the above announcement or for the following occupation(s) and or grades(s): (Reasons are checked in the appropriate boxes below)

1. You indicated that you would not accept the minimum salary for this grade(s).
2. You did not obtain a passing score on the written test.
3. Your qualifications statement does not show that you meet the basic requirements as to experience or education as specified in the announcement.
4. Your qualifications statement does not indicate you possess the skills and abilities required of the position.
5. Your eligibility is suspended pending proof of correction of physical condition shown on the attached notice.
6. You did not answer official correspondence.
7.

Your qualifications statement is returned for your possible future use.

See Important Message on Reverse

CSC FORM 4008
JUNE 1977

2. Options for which you wish to be considered (if listed in the announcement)

3. Home phone — Area Code: 907 — Number:

4. Work phone — Area Code: 907 — Number: — Extension:

5. Preferred title (mark one): [Y] Mr. [ ] Mrs. [ ] Miss [ ] Ms.

6. Other last names ever used (e.g., Maiden):

7. Name (Last, First, Middle): ANDERSON, JAMES R.

Street address or RFD no. (include apartment no., if any):

City: Anchorage, State: Alaska ZIP Code: 9950

8. Birthplace (City & State, or foreign country): Seattle, Washington

9. Birth date (Month, day, year): June 16, 1934

10. Social Security Number: 535-30-2987

11. If you have ever been employed by the Federal Government as a civilian, give your highest grade, classification series, and job title. U.S. Coast & Geodetic Survey- U.S.S. Pathfinder- 2nd Q/M

Dates of service in that grade (Month, day, and year)

From November 1950 To November 1951

12. If you currently have an application on file with the Civil Service Commission for appointment to a Federal position, (a) list the name of the area office maintaining your application, (b) the position for which you filed, and (if appropriate) (c) the date of your notice of rating, (d) your identification number, and (e) your rating.

N/A

13. Lowest pay or grade you will accept: PAY $ per OR GRADE 13/02

14. When will you be available for work? (Month and year) October 1978

DO NOT WRITE IN THIS BLOCK
FOR USE OF EXAMINING OFFICE ONLY

Material: [ ] Submitted [ ] Returned

Entered register:

Notations:

Form reviewed:

Form approved:

Option	Grade	Earned Rating	Preference	Avg. Rating
			[ ] 5 Points (Tent.)	
			[ ] 10 Points Comp. Dis	
			[ ] Other 10 Points	
			[ ] Disal.	
			[ ] Being Investigated	
Initials and date				

ANNOUNCEMENT NO.

STATEMENT NO.

THIS SPACE FOR USE OF APPOINTING OFFICER ONLY
Preference has been verified through proof that the separation was under honorable conditions, and other proof as required.

[ ] 5-Point [ ] 10-Point Compensable Disab. [ ] 10-Point Other

Signature and title

Agency Date

15. Are you available for temporary employment lasting:
(Acceptance or refusal of temporary employment will not affect your consideration for other appointments.)

	YES	NO
A. Less than 1 month?		
B. 1 to 4 months?		
C. 5 to 12 months?	X	

16. Are you interested in being considered for employment by:

	YES	NO
A. State and local government agencies?	X	
B. Congressional and other public offices?	X	
C. Public international organizations?	X	

17. Where will you accept a job:

	YES	NO
A. In the Washington, D.C. Metropolitan area?		
B. Outside the 50 United States?		
C. Anyplace in the United States?	X	
D. Only in (specify locality):		

18. Indicate your availability for overnight travel:

A. Not available for overnight travel	
B. 1 to 5 nights per month	X
C. 6 to 10 nights per month	
D. 11 or more nights per month	

19. Are you available for part-time positions (fewer than 40 hours per week) offering:

	YES	NO
A. 20 or fewer hours per week?		Y
B. 21 to 31 hours per week?		Y
C. 32 to 39 hours per week?		Y

20. Veteran Preference. Answer all parts. If a part does not apply to you, answer "NO".

	YES	NO
A. Have you ever served on active duty in the United States military service? (Exclude tours of active duty for training in Reserves or National Guard)	X	
B. Have you ever been discharged from the armed services under other than honorable conditions? (You may omit any such discharge changed to honorable or general by a Discharge Review Board or similar authority.) If "YES", give details in item 35.		X
C. Do you claim 5 point preference based on active duty in the armed forces? If "YES", you will be required to furnish records to support your claim at the time you are appointed.	Y	
D. Do you claim 10 point preference? If "YES", check the type of preference claimed and complete and attach Standard Form 15, "Claim for 10 Point Veteran Preference", together with the proof requested in that form.		Y

Type of Preference: [ ] Compensable Disability [ ] Non-compensable Disability [ ] Purple Heart Recipient [ ] Spouse [ ] Widow(er) [ ] Mother

E. List dates, branch, and serial number of all active service (enter "N/A" if not applicable).

From	To	Branch of Service	Serial or Service Number
1953	1956	USNR	418-71-84

May we make inquiry of your present employer regarding your character, qualifications, and record of employment?

X

A. Name and address of employer's organization (include ZIP Code if known)
Federal State Land Use Planning Commission
733 West 4th Ave., Suite 400
Anchorage, Alaska 99501

Dates employed (give month and year): From Oct. 76 to Present
Average number of hours per week: 40 hours
Salary or earnings: 25% C.O.L.A.
Beginning $25,118 year
Ending $26,889 year
Place of employment: City Anchorage, State Alaska

Exact title of your position: Systems Coordinator
Name of immediate supervisor: W.B. Parker
Area Code: 907 Telephone Number: 279-9565
Number and kind of employees you supervised:
Kind of business or organization (manufacturing, accounting, social services, etc.): Land Use Planning & Resource Mgmt.
If Federal service, civilian or military: series, grade or rank and date of last promotion: 13/02 Oct. 18, 1976
Your reason for wanting to leave: Commission is terminating June 1979

Description of work (describe your specific duties, responsibilities and accomplishments in this job): As data systems coordinator, designed and developed data gathering programs, management tools, and methods for a coordinated Federal-State information system in Alaska. Successful programs instituted by the incumbent are:

1) The Alaska Resource Information System (A.R.I.S.)
2) The Joint ARIS "User and Technical Committee"
3) The Joint Remote Sensing Techology and Transfer Task Force
4) The High Altitude Aerial Photography for Alaska

(See Attachment A)

For agency use (skill codes, etc.)

B. Name and address of employer's organization (include ZIP Code if known)
ESCA-TECH Corporation
503 East 6th Avenue
Anchorage, Alaska 99501

Dates employed (give month and year): From Oct. 1975 Oct. 1976
Average number of hours per week: 40
Salary or earnings:
Beginning $26,500 year
Ending $30,000 year
Place of employment: City Anchorage, State Alaska

Exact title of your position: Development Business Mgr.
Name of immediate supervisor: Ron Dagon, Pres.
Area Code: 907 Telephone Number: 277-2527
Number and kind of employees you supervised: 3 marketing
Kind of business or organization (manufacturing, accounting, social services, etc.): Earth Science and Computer Consulting
If Federal service, civilian or military: series, grade or rank and date of last promotion:
Your reason for leaving: To advance my career

Description of work (describe your specific duties, responsibilities and accomplishments in this job): Administered the analysis of a complex array of requirements involved in identifying business opportunities for the corporation, developed the sales strategy required to penetrate the market which required an understanding of the interrelationships between the various vested interests, and coordinated and directed economic an natural resources studies, economic development studies, regional industrial development evaluations, and social service requirements, etc. throughout Alaska. (See Attachment B.)

For agency use (skill codes, etc.)

C. Name and address of employer's organization (include ZIP Code if known)
Noise Control Services
15238 29th Avenue, Southwest
Seattle, Washington

Dates employed (give month and year): From July 1974 to Sept. 1975
Average number of hours per week: 40
Salary or earnings:
Beginning $19,000 year
Ending $19,000 year
Place of employment: City Seattle, State Washington

Exact title of your position: Marketing Manager
Name of immediate supervisor: Dayne Hansen
Area Code: 206 Telephone Number: 244-3940
Number and kind of employees you supervised:
Kind of business or organization (manufacturing, accounting, social services, etc.): Consulting
If Federal service, civilian or military: series, grade or rank, and date of last promotion:
Your reason for leaving: To advance my career

Description of work (describe your specific duties, responsibilities and accomplishments in this job): Administered the sales of a full range of acoustical consulting services. These services involved the establishment of a working relationship between large and small industrial manufacturers and the U.S. Dept. of Labor - Occupational Safety and Health Administration, to develop a complete noise reduction program for manufacturers that would meet the requirements of federal laws.

For agency use (skill codes, etc.)

If you need additional experience blocks, use Standard Form 171-A or blank sheets of paper

SEE INSTRUCTION SHEET

"PERSONAL QUALIFICATIONS STATEMENT"

INSTRUCTIONS—Fill out this form only when necessary for completion of Item 20, EXPERIENCE, on Standard Form 171. Enclose with your Standard Form 171. Typewrite or write clearly in dark ink.

1. Name (Last) (First) (Middle) (Maiden, if any) ☒ Mr. ☐ Miss ☐ Mrs. Anderson, James	2. Birth date (Month, day, year) June 16, 1934
3. Kind of position applied for, or name of examination Information Transfer Specialist	4. Date of this continuation sheet September 18, 1978

D Dates of employment (month, year): From 1971 To 1974

Exact title of position: Sales Office Manager-Bus. Dev. Mgr.

If Federal service, civilian or military grade:

Salary or earnings: Starting $19,000 per year; Final $24,000 per year

Average hours per week: 40

Place of employment: City Anchorage; State Alaska

Number and kind of employees supervised: Varied from 5 to 20 technical

Kind of business or organization (manufacturing, accounting, insurance, etc.): Data Processing and Consulting

Name of immediate supervisor: Richard Burdick

Area Code and phone No. if known:

Name of employer (firm, organization, etc.) and address (including ZIP Code, if known): Boeing Computer Services, Inc. P.O. Box 24346 Seattle Washington 98124

Reason for leaving: Advance career

Description of duties and accomplishments in your work: Administered the sales of a broad range of computer products and services, the development of new sales territories, requiring the knowledge of sales requirements to state and federal government, minority businesses and large corporations. Acquired an in-depth knowledge of Alaska Native socio-economic-political requirements, including direct involvement with Alaska Native leaders from 1969 to present, including Claims Settlement lobbying efforts in Wash., D.C. (See Attachment C.)

For agency use (skill code, etc.):

Dates of employment (month, year): From 1956 To 1971

Exact title of position: Senior Staff Designer and Manager

If Federal service, civilian or military grade:

Salary or earnings: Starting $ 8,000 per year; Final $ 19,000 per year

Average hours per week: 40

Place of employment: City Seattle; State Washington

Number and kind of employees supervised: 15 technical

Kind of business or organization (manufacturing, accounting, insurance, etc.): Manufacturing

Name of immediate supervisor: Ray L. Shahan and Robert Harper

Area Code and phone No. if known:

Name of employer (firm, organization, etc.) and address (including ZIP Code, if known): The Boeing Company P.O. Box 3999 Seattle, Washington 98124

Reason for leaving: To advance career

Description of duties and accomplishments in your work: Resolved complex technical situations, scheduled difficult priority programs, monitored costs/expenditures, and coordinated work efforts. Developed new conceptual ideas and preliminary designs, application illustrations, and effective presentation materials. Attained working knowledge of the latest audio-visual techniques, copy layout, and book art as well as photo and printing reproduction. (See Attachment D.)

For agency use (skill code, etc.):

Dates of employment (month, year): From To

Exact title of position:

If Federal service, civilian or military grade:

Salary or earnings: Starting $ per; Final $ per

Average hours per week:

Place of employment: City; State

Number and kind of employees supervised:

Kind of business or organization (manufacturing, accounting, insurance, etc.):

Name of immediate supervisor:

Area Code and phone No. if known:

Name of employer (firm, organization, etc.) and address (including ZIP Code, if known):

Reason for leaving:

Description of duties and accomplishments in your work:

For agency use (skill code, etc.):

STANDARD FORM 171 - ITEM 21 (A)

1976 to Present - Federal-State Land Use Planning Commission

Mrs. Esther Wunnicke
733 West 4th Avenue
Suite 400
Anchorage, Alaska 99501
(907) 279-9565

Mr. Walter B. Parker
733 West 4th Avenue
Suite 400
Anchorage, Alaska 99501
(907) 279-9565

POSITION: DATA SYSTEMS COORDINATOR

DUTIES: To initiate a program of formal cooperative interrelationships between Federal and State agencies to collect, store and share scientific, social and economic data through a coordinated, jointly funded, data processing system. This data processing system provides a focal point from which various required data gathering and data management programs can be evaluated, restructured and implemented in a cooperative and cost effective manner.

To accomplish these objectives the incumbent was required to have; 1) A practical working knowledge of Earth Science, Computer Science, Remote Sensing Techniques and Environmental Science Disciplines. 2) The ability to relate these disciplines to the needs of federal, state, and local governmental managers, specialists, and scientists. 3) A knowledge of Alaska's social, economic and political environments, and 4) Working experience with and knowledge of the needs of Alaska's large private land owners.

Examples of programs established by the incumbent during the years 1977 and 1978, are:

1. A "User and Technical Committee" composed of various agency representatives committed to the development in an integrated Alaska Resource Information System (ARIS). The ARIS system was conceived to capture data once and make it available for multiple uses. Under this coordinated concept, map, scientific, and administrative data is obtained for storage by placing the information in a computer retrieval system.

This data is used by and distributed to all participating members as needed. The primary function of the committee is to: a) monitor and guide the development of ARIS and recommend changes; b) recommend compatible methods of collection, definition and classification of data; and c) to recommend procedures for coordination and cooperation of data management and data gathering between the various user groups.

2. A "Remote Sensing Technology and Transfer Task Force". This task force is developing a statewide remote sensing conceptual plan and policy recommendations. The conceptual plan and policy recommendation will be presented to the Federal and State Directors and Commissioners, respectively, for their review and consideration in developing a remote sensing technology and transfer policy and plan for the State of Alaska.

3. A "High Altitude Aerial Photography Program for the State of Alaska". The objective of this program is to systematically obtain 1:120,000 scale black and white and 1:60,000 scale color infrared aerial photography of the entire State. The obtaining of this photography required cooperative interest and funding by many State and Federal Land Management Agencies. The principal goal of this program is to obtain the needed photographic coverage in the most cost effective and efficient manner possible.

STANDARD FORM 171 - ITEM 21 (B)

1975 to 1976 - ESCA-TECH Corporation

Mr. Ron Dagon, President
503 East 6th Avenue
Anchorage, Alaska 99501
(907) 272-1517

POSITION: BUSINESS DEVELOPMENT MANAGER

DUTIES: The incumbent prepared and directed business development activities within the earth science consulting and technology fields including the development and use of a natural resource information systems approach to the management of Alaskan resources and land. These duties demanded utilization of a strong background knowledge of the diverse regions of Alaska, the social and economic problems and opportunities associated with those regions, the land and its relationship to resources development balanced to the protection of the environment, the association of various parameters of requirements as they effect the social-economic-political needs of the people and the integration of all the known factors into a comprehensive land management and planning system that was practical and is usable by the majority of potential users.

The accomplishment of these duties required: practical working knowledge of the responsibilities the federal, state, and local governments, remote sensing techniques, land use and resource mapping systems, natural resource values, baseline environmental standards, infrastructure requirements for resource development, and interface and communication at a professional level with individuals in the earth science technical fields.

STANDARD FORM 171 - ITEM 21 (D)

1971 to 1974 - Boeing Computer Services, Inc.

Mr. Richard Burdick
P.O. Box 24346
Mail Stop IE-02
Seattle, Washington 98124
(206) 773-2800

POSITION: ALASKA SALES OFFICE MANAGER

DUTIES: Sold a full range of Boeing products within the State of Alaska. Coordinated and promoted various diversified activities for the Boeing Company within the State and established a business base with governments, private businesses and Native organizations in Alaska.

POSITION: ALASKA BUSINESS DEVELOPMENT MANAGER TO THE OPERATIONAL RESEARCH AND MANAGEMENT SCIENCES DIVISION MANAGER

DUTIES: Developed customer contact networks within the State of Alaska in support of BCS's government, business and industrial opportunities, including executive and administrative departments of State and Federal government, the business community within the State and major corporations doing business in Alaska. Coordinated and directed the gathering of socio-economic-political data for analysis of future Alaska business opportunities. Provided public relations and legislative liaison functions required to promote BCS acceptance within the State. Obtained an in-depth knowledge of the Alaska Native Land Claims Settlement Act of 1971 and the implementation activities thereafter. Acquired understanding of the internal business capabilities of the Native leadership and the internal social-political relationships of the various Native groups.

STANDARD FORM 171 - ITEM 21 (E)

1970 to 1971 - The Boeing Company

Mr. Ray L. Shahan
P.O. Box 3999
Mail Stop 13-66
Seattle, Washington 98124
(206) 655-4896

POSITION: AIR CUSHION VEHICLE (ACV) MARKET DEVELOPMENT REPRESENTATIVE FOR ALASKA

DUTIES: Developed ACV transportation systems network requirements for the State of Alaska based upon predicted 1973-1980 economic and social development requirements. Directed and coordinated the efforts of personnel and supporting organizations in the development of a transportation network model consisting of transport system costs, system utilization, transport system mix, etc. Performed public relations and legislative liaison functions required to promote ACV acceptance within the State of Alaska.

1968 to 1970 - The Boeing Company
Missile and Information Systems Division

POSITION: SR. STAFF ASSISTANT TO ACV SYSTEM PROGRAM MANAGER FOR ALASKA FORWARD BASING

DUTIES: Developed ideas of professional engineers/scientists by expanding design concepts. Directed and prepared the preliminary drawings and presentation material to support the design concepts. Established resource requirements for accomplishment of in-house and contractual tasks. Coordinated and directed the efforts of supporting organizations developed PERT networks in support of program scheduling and control.

1967 to 1968 - The Boeing Company
Commercial Airplane Division

Mr. Robert Harper
16206 Maple Wide, S.W.
Seattle, WN 98166
(206) 242-8431

POSITION: SENIOR DESIGNER

DUTIES: Involved in conceptual and preliminary design of innovative ideas to improve the design features of the 727 passenger and cargo airplanes. This consisted of a detailed investigation and analysis through design review. Designs investigated during this assignment included under-seat luggage restraint systems, overhead storage of hand luggage, passenger service module packaging, and cargo handling.

1962 to 1967 - The Boeing Company
Aerospace Division

POSITION: SENIOR DESIGN DRAFTSMAN

DUTIES: Involved in the responsibility for the overall configuration and interface control of boost vehicles for new design projects. This included the ground equipment necessary to support launch activities. As lead configurator, for subsystem packaging in the Advanced Military Applications Group, was required to make general arrangement and layout drawings of space vehicles and associated subsystems. This involved the interpretation of systems requirements into conceptual hardware configurations which required a working knowledge of equipment installation, structural design, engine and fuel tank sizing, aerodynamic surfaces and controls, radar and sensor arrangements and crew/cockpit layouts.

1956 to 1962 - The Boeing Company
Military Airplane and Pilotless Aircraft

POSITION: DRAFTSMAN

DUTIES: Lead drafting instructor in the Boeing Indoctrination Course for new employees, which included: Structural components, system design and layout of hydraulic, electronic, and electrical subsystems; wiring diagrams, schematics, electronic packaging and displays for airborne and ground support equipment; detail drawing preparation of forgings, castings, and sheet metal development parts; specification preparation and drafting procedural tasks.

[illegible] (do not submit copies unless requested), your public speaking and publications [illegible] professional or scientific societies, etc.)

Alaska National Defense Executive Reserve - Appointed by Secretary of Transportation
International Air Cushion Vehicle Engineering Society

B. Kind of license or certificate (pilot, registered nurse, lawyer, radio operator, CPA, etc.)	C. Latest license or certificate: Year	State or other licensing authority	D. Approximate number of words per minute: Typing	Shorthand

23. A. Did you graduate from high school or will you graduate within the next nine months, or do you have a GED high school equivalency certificate?

Yes	Month and year	No	Highest grade completed

B. Name and location (city and State) of last high school attended.

Union High School
Sedro Woolley, Washington

C. Name and location (city, State, and ZIP Code, if known) of college or university. (If you expect to graduate within nine months, give MONTH and YEAR you expect to receive your degree.)	Dates Attended: From	To	Years Completed: Day	Night	No. of Credits Completed: Semester Hours	Quarter Hours	Type of Degree (B.A., etc.)	Year of Degree
University of Washington	1957	1966		4		180	BS	1966

D. Chief undergraduate college subjects	No. of Credits Completed: Semester Hours	Quarter Hours	E. Chief graduate college subjects	No. of Credits Completed: Semester Hours	Quarter Hours

F. Major line of study at highest level of college work

Mechanical Engineering

G. Other schools or training (for example, trade, vocational, Armed Forces or business). Give for each the name and location (city, State, and ZIP Code, if known) of school, dates attended, subjects studied, number of classroom hours of instruction per week, certificate, and any other pertinent data.

Various Boeing Company management and technical classes from 1967 to 1974 including PERT Networking - Computer Management - Digital Application courses - Machine Room Scheduling - Basic Language - Computer Graphics including - digitizing - plotting - geographic base files.

24. Honors, awards, and fellowships received

25. Languages (other than English): List the languages (other than English) in which you are proficient and indicate your level of proficiency by putting a check mark (✓) in the appropriate column. Candidates for positions requiring conversational ability in a language other than English may be given an interview conducted solely in that language. Describe in Item 35 how you gained your language skills and the amount of experience you have had (e.g., completed 72 hours of classroom training, spoke language at home for 18 years, self-taught, etc.).

Name of Language(s)	Proficiency: Can Prepare and Deliver Lectures: Fluently	With Difficulty	Can Converse: Fluently	Passably	Have Facility to Translate Articles, Technical Materials, etc.: Into English	From English	Can Read Articles, Technical Materials, etc., for Own Use: Easily	With Difficulty

26. References: List three persons who are NOT related to you and who have definite knowledge of your qualifications and fitness for the position for which you are applying. Do not repeat names of supervisors listed under Item 21, Experience.

Full Name	Present Business or Home Address (Number, Street, City, State and ZIP Code)	Business or Occupation
Ralph Westover	328 East 12th Avenue Anchorage, Alaska	U.S. Dept. of Transp. (Ret.)
Dr. George D. Greer	P.O. Box 3707 Seattle, Washington	Boeing Aerospace Company
Harry Carter	P.O. Box 746 Kodiak, Alaska 99615	Koniag, Inc.

NOTE: A conviction or a firing does not necessarily mean you can't be appointed. The nature of the conviction or firing and how long ago it occurred is important. Give all the facts so that a decision can be made.

28	Within the last five years have you been fired from any job for any reason?	X
29	Within the last five years have you quit a job after being notified that you would be fired?	X
	If your answer to 28 or 29 above is "YES", give details in Item 35. Show the name and address *(including ZIP Code)* of employer, approximate date, and reasons in each case. This information should agree with your answers in Item 21, Experience.	
30	A. Have you ever been convicted, forfeited collateral, or are you now under charges for any felony or any firearms or explosives offense against the law? *(A felony is defined as any offense punishable by imprisonment for a term exceeding one year, but does not include any offense classified as a misdemeanor under the laws of a State and punishable by a term of imprisonment of two years or less.)*	X
	B. During the past seven years have you been convicted, imprisoned, on probation or parole or forfeited collateral, or are you now under charges for any offense against the law not included in A. above?	X
	NOTE: When answering A. and B. above, you may omit: (1) traffic fines for which you paid a fine of $50.00 or less; (2) any offense committed before your 18th birthday which was finally adjudicated in a juvenile court or under a youth offender law; (3) any conviction the record of which has been expunged under Federal or State law, and (4) any conviction set aside under the Federal Youth Corrections Act or similar State authority.	
31	While in the military service were you ever convicted by a general court-martial?	X
	If your answer to 30A, 30B, or 31 is "YES", give details in Item 35. Show for each offense: (1) date; (2) charge; (3) place; (4) court; and (5) action taken.	
32	Does the United States Government employ in a civilian capacity or as a member of the Armed Forces any relative of yours *(by blood or marriage)? (See Items 32 and 33 in the attached instruction sheet.)*	X
33	Do you live with, or within the past 12 months have you lived with, any of these relatives who are employed in a civilian capacity?	X
	If your answer to 32 is "YES", give in Item 35 for such relatives: (1) name; (2) present address *(including ZIP Code)*; (3) relationship; (4) department, agency, or branch of the armed forces. If your answer to 33 is "YES", also give the kind of appointment held by the relative(s) you live with or have lived with within the past 12 months.	
34	Do you receive, or do you have pending, application for retirement or retainer pay, pension, or other compensation based upon military, Federal civilian, or District of Columbia Government service?	X
	If your answer to 34 is "YES", give details in Item 35.	

Your Statement cannot be processed until you have answered all questions, including Items 27 through 34 above. Be sure you have placed an "X" to the left of EVERY marker (✓) above, either in the "YES" or "NO" column.

35. Item Number	Space for detailed answers. Indicate item number to which the answers apply.

If more space is required, use full sheets of paper approximately the same size as this page. Write on each sheet your name, birth date, and announcement or position title. Attach all sheets to this Statement at the top of page 3.

ATTENTION — THIS STATEMENT MUST BE SIGNED

Read the following paragraphs carefully before signing this Statement.

A false answer to any question in this Statement may be grounds for not employing you, or for dismissing you after you begin work, and may be punishable by fine or imprisonment (U.S. Code, Title 18, Section 1001). All the information you give will be considered in reviewing your Statement.

AUTHORITY FOR RELEASE OF INFORMATION

I have completed this Statement with the knowledge and understanding that any or all items contained herein may be subject to investigation prescribed by law or Presidential directive and I consent to the release of information concerning my capacity and fitness by employers, educational institutions, law enforcement agencies, and other individuals and agencies, to duly accredited Investigators, Personnel Staffing Specialists, and other authorized employees of the Federal Government for that purpose.

CERTIFICATION	SIGNATURE *(sign in ink)*	DATE
I certify that all of the statements made by me are true, complete, and correct to the best of my knowledge and belief, and are made in good faith.	Yannis Rellandeau	9/18/78

☆ U.S. GOV'T PRINTING OFFICE 1978 257-323

Federal-State
Land Use Planning Commission
For Alaska

September 14, 1978

TO WHOM IT MAY CONCERN

The Federal-State Land Use Planning Commission for Alaska is a joint planning and coordinating body created by the Congress and the Alaska Legislature. By the terms of its enabling legislation, as extended, the Commission will terminate on June 30, 1979. Since July 1972, when the Commission was begun, it has been a primary Commission goal and function to obtain and put into useable form resource information needed by Federal, State, and Alaska Native corporate policy makers for land use and management decisions.

Subsequent to the compilation of a ninety-volume Resource Inventory for Alaska by the Commission's interdisciplinary Resource Planning Team, the staff role most essential to maintaining and improving the resource data base for land use planning was performed by James Anderson, who is currently Data Systems Coordinator on the Commission staff. Mr. Anderson has organized the inter-agency and inter-governmental Alaska Resource Information System. He has chaired an Alaska Remote Sensing Task Force which has made it possible to cooperatively fund a high altitude photography program to make additional information available to planners and land managers. In so doing, he has displayed extraordinary organizational skills and a talent for dealing with a variety of people.

Mr. Anderson is skilled in identifying the resource information needs of land and resource managers and in developing programs to meet those needs. His experience at the Commission has only strengthened his ability to work with people in many disciplines and to make data accumulation and retrieval systems, which, in other hands, might be only theoretical models, useable and understandable.

It is only because of the pending closure of the Federal-State Land Use Planning Commission that we would consider losing Mr. Anderson's services. We do not believe his skills should be lost to government land and resource managers and, therefore, recommend him without reservation for any positions such as Information Transfer Specialist or Data Systems Coordinator.

Sincerely,

Esther C. Wunnicke

Esther C. Wunnicke
Federal Co-Chairman

Sincerely,

Walter B. Parker

Walter B. Parker
State Co-Chairman

733 W. FOURTH AVENUE, SUITE 400

July 12, 1976

Mr. Burt Silcock,
Federal Co-Chairman
and
Mr. Walt Parker,
State Co-Chairman
Federal-State Land Use Planning
Commission for Alaska
733 West Fourth Avenue, Suite 400
Anchorage, Alaska 99501

Dear Burt and Walt:

It is with pleasure that I recommend Mr. James R. Anderson as a Planning Analyist on the Commission staff. During the period 1970 to 1975 working directly under the Office of the Secretary of Transportation I was charged with recruiting approximately 20 executives to form a standby Transportation organization composed of top business leaders who would agree to serve the U.S. Government in times of extreme emergency, to manage all facets of civil transportation.

The basic requirements of these executives were:

1. They must be of executive caliber
2. They must have broad experience and knowledge of Alaska
3. They must be cognizant of Transportation in its widest unlimited sense.
4. They must agree to serve the Government if called up by the President of the U. S. for emergency duty.

In addition, before acceptance, applicants are required to pass a full field investigation for a security check.

Of some 300 executives considered, Mr. Anderson was one of the 16 selected by the Secretary for the Alaska National Defence Executive Reserve and is presently an active member of that group.

As you can see the review of Mr. Anderson's background and experience by myself and others prior to his nomination was very detailed.

Accordingly, I can recommend Mr. Anderson without reservations.

I would be happy to forward further detailed information if you so require.

Yours truly,

Ralph Westover

/jal

CC: Mr. Duncan Read
Director of Communication and Administration

Koniag, Inc.
REGIONAL NATIVE CORPORATION

Cherrier-King & Cherrier Bldg.
Post Office Box 746
KODIAK, ALASKA 99615
Telephones 486-4147/4148/4149
Area Code 907

OFFICERS
JACOB WICK, PRES
HARRY CARTER, V.P.
KARL ARMSTRONG, SEC.
PERRY EATON, TREAS.

LEGAL COUNSEL
EDWARD WEINBERG-WASH.D.C.

DIRECTORS
NANCY ANDERSON
NICK PESTRIKOFF
HERMAN HAAKANSON, SR.
NEIL SARGENT
FRAN WAMSER
IVER MALUTIN
ALLEN PANAMAROFF
SVEN HAAKANSON
WALTER SIMEONOFF

July 19, 1976

Mr. Berton Silcock, Federal Co-Chairman
Mr. Walt Parker, State CO-Chairman
Federal/State land-Use Planning Commission
733 W. 4th Avenue
Anchorage, Alaska 99501

Re: Recommendation for Mr. Jim Anderson,
position as Planning Analyst

Gentlemen:

I understand that you are currently recruiting for a Planning Analyst and that Mr. Jim Anderson is an applicant.

During the past seven years, I have had numerous occasions to work with Mr. Anderson in the area of planning and analysis of programs related to the implemenatation of the Native Claims Settlement Act. Mr. Anderson has a good working knowledge of the State and Federal agencies and is quite familiar with Alaska and the diversified infra-structures. He is competent at data gathering, analysis, identification of alternatives and presentation of information.

I sincerely believe that Mr. Anderson has all the qualifications that would be required for the position and that he would be a definite asset to the Commission.

Thank you for your consideration.

Sincerely yours,

KONIAG, INC.

Harry E. Carter

Harry E. Carter
Vice-President

HEC/mu

cc: Jim Anderson

DEPARTMENT OF TRANSPORTATION
REGIONAL REPRESENTATIVE OF THE SECRETARY
3112 FEDERAL BUILDING
915 SECOND AVENUE
SEATTLE, WASHINGTON 98174

REGION 10
Alaska
Idaho
Oregon
Washington

July 9, 1976

Mr. Burt Silcock
Federal Co-Chairman
and
Mr. Walt Parker
State Co-Chairman
Federal-State Lande Use Planning
Commission for Alaska
733 West Fourth Avenue, Suite 400
Anchorage, Alaska 99501

Dear Burt and Walt:

It has come to my attention that you are looking for someone to fill a position as a planning analyst for regional land use, environmental systems and natural resources.

Mr. James Anderson who formerly lived in the Seattle area and worked for the Boeing Company asked for a letter of support for that position.

I have known Mr. Anderson for about five years and am familiar with some of the projects that he has been involved with. I have been impressed with his thoroughness and common sense approach in each instance. He has been deeply interested in Alaska and the impacts that the State faced from many directions.

Jim is an aggressive dedicated person and very loyal to whoever he was working for on a particular project.

I would like to recommend Jim Anderson to you for your serious consideration for a most important job in the interest of the State of Alaska and this great nation of ours.

Sincerely,

Don

DON SAMUELSON

BOEING VERTOL COMPANY
A DIVISION OF THE BOEING COMPANY
P.O. BOX 16858 : PHILADELPHIA, PENNSYLVANIA 19142

12 July 1976

Duncan L. Read
Director of Communications &
Administration
Joint Federal/State Land Use Planning
Commission for Alaska
733 W. 4th Avenue, Suite 400
Anchorage, Alaska 99501

Dear Mr. Read:

I am writing concerning Mr. James R. Anderson, whom I worked with during the period 1970-1973 in attempting to establish a market for community development, transportation, and environmental planning services and equipment in Alaska. We were both with The Boeing Company at the time, and were associated with efforts to diversify the company into areas where aerospace technology could be applied to the solution of problems related to human needs.

Mr. Anderson, who had worked in Alaska for several years, was clearly the driving force and focal point for all of our efforts. He initially established a requirement for an air cushion vehicle to operate in remote areas, which influenced the design of our proposed vehicle. This was accomplished by Mr. Anderson's capability to interview a wide variety of government, business and private individuals; to gather data on what should be moved at what times to stimulate growth or meet basic needs; and to assimilate this information into a form that was useful for our purposes. These attributes were also used in the development of our computer services and transportation planning markets, of which we received contracts from various business and agencies in Alaska.

Mr. Anderson has an outstanding rapport with people, as evidenced by his relationships with various native organizations, federal and state government personnel, the academic community, and business interests in Alaska. When I or any other Boeing personnel needed to have discussions with or make presentations to these organizations, Mr. Anderson could always get appointments with the appropriate interested parties, even when their interests were obviously in opposition to others within the state. For example, when the Alaskan natives assumed control of the U.S. Air Force Base on Kenai, Mr. Anderson was instrumental in helping the natives, the community and the U.S. government make that a successful transition.

In addition to the above, we also worked on establishing a Natural Resources Information System for land use planning, cold weather waste treatment processes, water quality (river) pollution modeling, and native housing in remote areas. In every case Mr. Anderson was the force behind the development of the requirements, establishing our capability to meet the needs, and integrating these to the benefit of all parties. Unfortunately, the activity ended due to management decisions within Boeing which established a diversification policy that was more related to our current product line, and thus no longer included the community development type of activity.

In summary, I was very impressed with Mr. Anderson's capability to work with Alaskans of all types. He is thoroughly familiar with the problems within the state, and has an outstanding rapport with people at all levels within the various native, government and private organizations. He also has the capability to ferret out important information concerning a problem, and to then integrate various types of resources to plan solutions to their problems. If your position requires this type of activity, I would highly recommend Mr. Anderson.

If you would like any further information I can be reached by mail at the above address, or by telephone at 215/522-7513 during normal working hours.

Sincerely yours,

Samuel C. Colwell

Samuel C. Colwell
Director
Operations Research

SCC:aps

Calista Corporation
516 Denali Street, Anchorage, Alaska 99501 (907) 279 - 5516
P. O. Box 574, Bethel, Alaska 99559 (907) 543 - 2191

July 16, 1976

Mr. Walter Parker
State Co-Chairman
Joint Federal - State Land Use
Planning Commission
733 West Fourth Avenue
Anchorage, Alaska 99501

Dear Mr. Parker:

It has been brought to my attention that James Anderson of ESCA-Tech, a Calista subsidiary, is seeking a position with the Land Use Planning Commission, as a planning analyst.

Jim's background in Alaska with ESCA-Tech, as business development manager; with Boeing Computer Services, as Alaska office manager; and with the Boeing Company as a market development representative, has permitted him to develop a wide range of involvement with planning in all sectors - private, local, state and federal. I would think that he would be a valuable addition to your staff as a planning analyst, particularly if his duties included responsibility for developing guidelines for management, relative to land use systems and resource values and assessing alternatives relative to land use conflicts.

Jim has served ESCA-Tech well through its initial growing pains, and his knowledge of, and working relationship with, state and federal officers has been most valuable. I would urge that you give serious consideration to his filling a position on your staff.

Sincerely yours,

Fred Notti

Fred Notti
Vice President

FN/vb

xc: Ronald Dagon, President
ESCA-Tech Corporation

OVERVIEW:

FEDERAL CROP INSURANCE

Statement of Merritt W. Sprague, Manager
Federal Crop Insurance Corporation
U..S. Department of Agriculture
before the
ALASKA HOUSE & SENATE COMMITTEE ON RESOURCES
Juneau, Alaska
January 11, 1984

The crop insurance program administered by the Federal Crop Insurance Corporation (FCIC), and agency of the U.S. Department of Agriculture, is the first line of defense against the adverse economic impact of severly reduced crop production due to natural disasters. Crop insurance replaces many of the disaster payment programs of the past. It is the kind of user-supported program, making maximum involvement of private sector participation, that is favored by many in today's society.

The crop insurance program is expected by Congress to be conducted as a business which follows sound insurance practices and principles. It is designed to provide farmers with dependable, equitable protection that utilizes taxpayer's support in the most cost-effective manner possible.

In keeping with the mandates of the 1980 Federal Insurance Act, much progress has been made toward expanding participation, increasing number and adequacy of insurance offers, building a professional, well-trained delivery system, and developing an effective agency which meets its reponsibilities in a timely and efficient manner.

Crop insurance premiums are almost entirely used to pay losses or build reserves to cover future catastrophic loss situations. The premiums are cost-shared by the U.S. Department of Agriculture to a maximum extent of 30 percent at the 65 percent coverage level. The administrative costs of the crop insurance program, including all expenses related to sales, loss adjustment, and operations of the FCIC, are paid from appropriated funds and in effect, are a further indirect subsidy to the program.

Even without state subsidy, the cost of crop insurance to the producer is often less that the cost of the seed planted. Crop insurance is a

high-value, reasonably-priced package of protection which each and every producer needs to fully consider.

The Federal Crop Insurance program seems particularly designed for and should be very useful to farmers in Alaska considering the known risks of crop production in the Alaskan areas presently producing field crops.

Mid-summer frosts, early fall rain during harvest, and the acquired taste for barley by Buffalo seems to occur with some regularity in at least the Delta Junction area where the major portion of our insurance experience has been. Federal Crop Insurance has, since the 1982 crop year, been able to help Alaskan farmers respond to these unavoidable risks to crop production in the Delta Junction and Matanuska Valley areas. Our 1983 program provided for protection from all of the natural risks on approximately 70 percent of the planted acres in the primary crop producing areas of the state. This was accomplished through a partnership between the Federal Crop Insurance Corporation and insured farmers -- both sharing in the premium costs.

As I indicated earlier, our current legislation provides for the Federal Government to participate in approximately 30 percent of the total premium payment. The intent of the proposed Alaska legislation is to provide this same premium partnership between the Alaska State Government and Alaskan farmers. This is a long range plan for a risk sharing partnership between Alaskan farmers and the legislative body which also created the legislation which provided for the development of cropland from forest ground. It is my understanding most of the area producing field crops (barley) has been developed from native forest land during recent years and much more cropland development is planned for the future.

It would be our intent that this long range partnership and risk management plan should not become a tax burden to the citizens in the great state of Alaska. Rather, this proposal would allow the Alaska State Government to make an annual investment in a three-way partnership along with Alaskan farmers and the Federal Government to help manage the considerable risks of growing field crops.

Today's crop insurance is greatly improved and can serve as a very important part of producer's risk management plan. Everyone would benefit from greater

participation; farmers most especially. Lenders are in greater numbers requiring crop insurance as a condition for farm operating loans because such insurance helps protect their investment in agriculture.

Crop insurance provides individual farmers significant help in resolving cash flow problems when production problems arise. This will further strengthen the local agricultural economies. For example, farmers will be able to meet financial obligations to the Alaska Revolving Loan Fund by insuring against crop loss due to natural hazards.

We in crop insurance have increased our level of committment to Alaskan farmers as we have expanded the areas and crops insurable in Alaska effective for the 1984 crop year. During 1984, for the first time Federal Crop Insurance may be obtained by any Alaskan farmer producing wheat or oats, wherever they are located in the state, simply by letting us know his need.

The ultimate result of this proposed legislation will be to provide Alaskan State Government support for the tremendous efforts of individual Alaskan farmers to produce field crops on a commercial basis to meet future needs.

The FCIC will work with the State of Alaska to minimize administrative expenses associated with state support for crop insurance. The only required administrative costs to the state should relate to the preparation and transmission of payments by the state to FCIC on the behalf of Alaska producers.

In summary, the bill being discussed today should lead to greater participation by Alaska producers in the crop insurance program. The reduced cost to the producer should make it far more attractive to individual farmers. It will be a higher value package in relation to its cost.

Increased participation will mean that the needs of producers for risk management protection will be better met. This is particularly significant in view of the absence of other disaster payment programs. Also, increased risk protection for more Alaskan farmers will have a beneficial impact on other segments of your economy whose viability depends on a healthy agriculture.

The recent improvements in crop insurance contracts and operational procedures make crop insurance more attractive than ever to producers. The need for financial protection in uncertain economic times is greater than ever. As a result, high levels of participation in crop insurance are vital to the protection and maintenance of the modern agricultural economy. The bill, which would provide additional incentives to participation in crop insurance, should benefit all segments of Alaska society.

We, at FCIC, are committed to working with you in any appropriate fashion in what we consider to be a major initiative to help Alaska producers. We commend you for your foresight and efforts. I thank you for this opportunity to appear before the committee.

Alaska State Legislature

BETTYE FAHRENKAMP, Chairman
ROBERT H. ZIEGLER, SR., Vice Chairman
DICK ELIASON
PAUL FISCHER
VIC FISCHER
BOB MULCAHY
ARLISS STURGULEWSKI

POUCH V
STATE CAPITAL
JUNEAU, ALASKA 99811
(907) 465-3834
(907) 465-3835

Senate

Committee on Resources

MEMORANDUM

DATE: January 9, 1984

TO: Senate Resources Committee Members

FROM: Senate Resources Committee Staff

RE: Federal Crop Insurance Program

On Wednesday, January 11, at 3:00pm in the House Resources Committee Room (Room 118, Capitol), the Senate and House Resources Committees will be briefed on the Federal Crop Insurance Program.

The Federal Crop Insurance Program provides risk protection for crop producers nationwide. In effect since 1939, the program initially provided coverage on wheat, cotton, and flax. In 1980, Federal Crop Insurance was overhauled by the Federal Crop Insurance Act, which expanded the scope of the program, both in terms of crops insurable and areas insured, and authorized state participation in the program.

The current program protects against losses from natural disasters, freeze, wind, disease, drought, excess moisture and animal damage, and covers barley, oats, potatoes, forage, and nearly 30 other major crops. It essentially guarantees the farmer a certain income despite his actual crop yield. A guaranteed yield is determined based on average historical yields. Insurance coverage is provided on this guaranteed yield, which is limited to 50, 60, or 75% of the farm's average yield. In the event of a poor crop year, indemnities are paid on the difference between the producer's actual yield and his guaranteed yield. The settlement price, which is the dollar amount that will be paid on each bushel or pound that is not harvestable, is limited to 90% of the estimated harvest price.

Coverage of Delta area farmers' barley crop began with the 1981 crop year. (Coverage of the Pt. MacKenzie area and of oats and wheat is expected to begin in 1984.) During 1983, approximately 75% of the 12,000 Delta barley acres were insured, at an average insurance cost of $12 per acre. Under the program, the federal government subsidizes 30% of each farmer's premium payment, on coverage of up to 65% of the farm's average yield. The 1980 Act authorized state participation in the program by allowing states to provide an additional subsidy (up to 30%) over and above the federal contribution.

Authorizing the State of Alaska to provide an additional 30% subsidy to Alaskan farmers would reduce the cost of crop insurance to the farmers, and since most farms are initially financed through the Agricultural Revolving Loan Fund, would conceivably help protect the state's collateral against natural disaster. The Division of Agriculture, Department of Natural Resources, estimates the cost to the state for it s participation at $140,000 for FY 85 (for the 1984 and 1985 crop years), $80,000 for FY 86, and $90,000 for FY 87. These figures are based on a total premium of $12 per acre, with the state's share figured at $4 per acre.

To date, Texas is the only other state to have introduced legislation that would authorize state participation in the Federal Crop Insurance Program.

A CROP INSURANCE PRIMER

BACKGROUND

The Federal Crop Insurance Corporation (FCIC), some 45 years old, is the Federal agency charged with administering a nationwide crop insurance program which is the American producer's primary source of risk protection.

The program, initially very limited, was overhauled by the Federal Crop Insurance Act of 1980, which authorized crop insurance coverage of every commercially grown crop in the U.S., plus timber, livestock, and aquiculture. Today, crop insurance coverage is offered on over 30 major crops in 3,000 U.S. counties. Virtually all former "disaster crop" acreage is or soon will be covered.

HOW DOES IT WORK

A crop insurance policy can be designed to accommodate a producer's individual needs; more than 50 different coverage options are available.

YIELD GUARANTEES. The 1980 FCI Act limits crop insurance coverage to 75 percent of a producer's average yield. Crop insurance offers yield guarantees at 50, 65, or 75 percent of average yield.

Although the average yield on most crops is determined on an "area coverage" basis, FCIC's Board of Directors recently approved using a producer's actual production history as the sole basis for yield guarantees. Producers have often complained that area coverages are substantially lower than the production expectations on their farms, making crop insurance less desirable.

Actual production history will be used to determine guarantees on cotton and rice beginning in 1984; other insured crops will join the program by 1987.

PRICE SELECTIONS. A producer may select one of three different prices for his policy. Price selections are made for each crop by estimating the harvest price for the crop, and pegging the top value at 90 percent of that price. Price selections change annually and represent high, medium and low harvest price estimates.

PREMIUMS. Premiums are calculated to cover risk of loss and are adjusted periodically to account for changes in loss history. The FCI Act of 1980 requires that the crop insurance program be actuarially sound. To accomplish this, FCIC maintains a loss ratio (indemnities paid vs. premiums collected) goal of .90, with the remainder intended to cover catastrophic losses.

The Federal Government subsidizes producer premiums at 30 percent up to the 65 percent coverage level. The dollar subsidy at the 75 percent coverage level remains the same, but the percentage is understandably lower.

INDEMNITIES. Indemnities are paid whenever the producer's actual yield falls below his yield guarantee. The difference between the two yields is multiplied by the price election and the number of acres insured. The result is the indemnity due.

HAIL-FIRE OPT OUT. A producer carrying private hail-fire coverage may exclude such coverage from his policy and receive a commensurate premium reduction. Private hail-fire coverage, however, must be in an amount equal to or greater than that which would be provided under an FCIC policy.

CROP INSURANCE-POLICIES. Crop insurance policies are continuing contracts which renew automatically unless specifically cancelled in writing by the insured or insurer. Unpaid premiums may result in the cancellation of a policy if the account is not settled by a predetermined "termination date."

HOW IS IT DELIVERED

The FCI Act of 1980 established a dual delivery system for crop insurance, with each system utilizing the insurance resources of the private sector.

MASTER MARKETERS. General Sales and Service Agencies (known as Master Marketers) with at least 25 agents contract with FCIC to write policies on FCIC paper. Master Marketers provide management, supervision, contract servicing and quality control, and the Federal Government compensates the agencies on a commission basis.

Training for Master Marketing agents is provided by FCIC, and all such agents must be licensed and certified in the crops they intend to sell.

Additionally all loss adjustment functions on master marketer policies are carried out by FCIC.

REINSURED COMPANIES. Under this system, private Multi-Peril Crop Insurance Companies write crop insurance policies under their own brand names, but in identical terms and conditions as Master Marketers. The Federal Government reinsures the private companies against catastrophic loss and compensates them for sales and loss adjustment functions.

Reinsured companies provide marketing, distribution, servicing, training, quality control, premium collection and loss adjustment functions.

ASCS. In a small number of counties with marginal agricultural activity, ASCS will continue to provide crop insurance sales and service. As private delivery systems become available in these counties, it is anticipated that ASCS activity will be phased out.

SHARE OF BUSINESS. As more private companies handle the crop insurance line, the share of business written by reinsured companies will continue to grow. In crop year 1982, when relatively few MPCI companies were writing crop insurance, reinsured companies accounted for only 20 percent of FCIC's total book of business. Although final crop year 1983 figures are not yet in, it is estimated that the reinsured share will increase to approximately 35 percent. For 1984, we expect reinsurance to continue to grow and account for approximately 45 percent of all crop insurance business.

United States Department of Agriculture

Federal Crop Insurance Corporation

Office of the Manager

Washington, D. C. 20250

TO: Interested Parties

FROM: Manager

SUBJECT: State Participation in Federal Crop Insurance

Background:

The Federal Crop Insurance Act, as amended October 1, 1980, provides under Section 508(b) (5) that:

> "The Board (of Directors) may enter in to agreements with any State or agency of a State under which such State or agency may pay to the Corporation additional premium subsidy to further reduce the portion of the premium paid by farmers in each State."

Discussion:

There are presently four methods available to the Corporation to accommodate states desiring to participate in this program:

1. The State could make direct payments to the producers for a specified share of the farmer-paid portion of his premium which is paid to the Federal Crop Insurance Program. This would be in the form of a State "refund" for a pre-determined portion of that premium.

2. The State could provide tax credits for participating farmers on its State Income Tax returns. This would be regulated strictly within each State and would have no direct Federal connection other than added incentive.

3. The Federal government could bill each cooperating State for its share of the additional payment--to be determined initially by each State--at the time the acreage reports are processed and the extent of farmer participation in each State is determined for the crop year.

4. The State could offer the entire insurance plan and FCIC or a Federal agency could act as a reinsurer and share in the cost to a pre-determined extent.

Conclusion:

The Corporation will provide any information needed by states participating in this program in order to facilitate the process and will work directly with State officials to meet their particular needs. Following is an example of the Cooperation's work with officials to establish a program in their State:

> A State wished to explore the possibility of providing assistance to farmers. Officials contacted us and asked that we provide estimated premium volume in their State for the current and two succeeding years. They selected option 3 as their preferred method of compensating insured farmers. At their request, we met with budget personnel and the Comptroller of that State to assist them in arriving at dollar needs over the next two years and determining the mechanism and frequency of billing for amounts due the Corporation. We also offered suggestions concerning courses of action in the event that demand exceeded funds available. At this point in time a bill is now before the State Legislature for consideration.

United States Department of Agriculture

Federal Crop Insurance Corporation

Spokane Field Actuarial Office

N. 112 University Rd.
Suite 200
Spokane, Washington 99206

535-6041

To: Merritt W. Sprague, Manager
FCIC, Washington, D. C.

August 25, 1983

Attention: Dennis Lynn, Comptroller

Subject: Alaska Proposed Legislation
(Conversation Knox -- J. W. Ellis)

With regards to the proposed Congressional Affairs and Legislation Division of FCI meeting with Alaskan agriculture officials to explain the advantages of Alaskan legislation subsidizing premiums paid by farmers, it has come to our attention that specific crop acreage, yields, and historical data is unavailable to your office as Alaska does not have a strong data bank of such information as it is "new" on the agriculture scene.

The attached information was put together using existing Alaska Statistical Reporting Service (SRS) data, present insurance premium rates, participation levels, and the following assumptions:

1. FCI Management will approve additional crops for insurance purposes in Alaska 1982-1990.

2. Alaska cropland eligible for insurance purposes will expand at the rate of 10 percent per year 1982-1990 inclusive.

3. Projected actuarial information, i.e. percent of participation, production guarantees, settlement price election, and crop premium rates are based upon existing programs and projected risk rate levels as viewed by SFAO Director Knox.

With regards to data shown on attachment 5, base year of 1981 was used as it more closely fits the "norm" than 1982 due to extreme climatic conditions during 1982 crop year.

If Mr. Lynn, or one of his staff, has any questions with regards to this situation or wishes further verification, please contact Mr. Knox.

Leroy F. Knox
Director

Attachments (5)

The Federal Crop Insurance Corporation is an agency of the Department of Agriculture

BARLEY - ALASKA 1975-1981
(Total State Acres through 1982)

District	Year	Area Planted Acres	Area Harvested for Grain Acres	Yield Bu.	Production Bu. (000)	Cwt.	Value (000)
Tanana Valley	1975	300	250	21.7	5.4	2,600	23.4
	1976	157	175	34.3	6.0	2,900	26.0
	1977	1,350	1,300	47.6	61.9	29,700	240.0
	1978	2,500	2,450	33.9	83.1	39,900	310.0
	1979	4,400	4,080	45.6	186.0	89,300	536.0
	1980	12,500	10,600	29.2	309.6	148,600	904.0
	1981	15,600	5,800	32.9	191.0	91,700	774.0
Matanuska Valley	1975	1,200	1,200	52.4	62.9	30,200	255.0
	1976	1,175	1,125	54.2	61.0	29,300	235.0
	1977	1,720	1,300	49.3	64.1	30,800	239.0
	1978	1,710	1,550	43.2	66.9	32,100	260.0
	1979	2,050	1,720	58.7	101.0	48,500	325.0
	1980	1,400	900	32.7	29.4	14,100	113.0
	1981	900	700	38.6	27.0	13,000	120.0
Kenai Peninsula	1975	100	50	33.3	1.7	800	8.6
	1976	50	-	-	-	-	-
	1977	30	-	-	-	-	-
	1978	90	-	-	-	-	-
	1979	50	-	-	-	-	-
	1980	100	-	-	-	-	-
	1981	-	-	-	-	-	-
State Total	1975	1,600	1,500	47.0	70.0	33,600	287.0
	1976	1,400	1,300	51.5	67.0	32,200	261.0
	1977	3,100	2,600	48.5	126.0	60,500	479.0
	1978	4,300	4,000	37.5	150.0	72,000	570.0
	1979	6,500	5,800	49.5	287.0	137,800	861.0
	1980	14,000	11,500	29.5	339.0	162,700	1,017.0
	1981	16,500	6,500	33.5	218.0	104,700	894.0
	1982	8,500					

OATS - ALASKA 1975-1981
(Total State Acres through 1982)

District	Year	Area Planted Acres	Area Harvested for Grain Acres	Yield Bu.	Production Bu. (000)	Cwt.	Value (000)
Tanana Valley	1975	3,000	250	37.2	9.3	3,000	24.5
	1976	2,900	250	39.2	9.8	3,100	24.5
	1977	1,500	300	44.8	13.4	4,300	35.5
	1978	2,000	450	48.6	21.9	7,000	57.5
	1979	400	150	54.2	8.1	2,600	19.0
	1980	2,100	450	42.9	19.3	6,200	52.0
	1981	5,100	300	47.7	14.3	4,600	39.0
Matanuska Valley	1975	900	150	50.0	7.5	2,400	19.5
	1976	700	50	43.8	2.2	700	5.5
	1977	800	100	62.0	6.2	2,000	15.5
	1978	600	150	45.8	6.9	2,200	21.5
	1979	500	150	50.0	7.5	2,400	22.0
	1980	600	150	45.3	6.8	2,200	29.0
	1981	600	200	37.0	7.4	2,400	26.0
Kenai Peninsula	1975	400	-	-	-	-	-
	1976	400	-	-	-	-	-
	1977	500	-	-	-	-	-
	1978	500	-	-	-	-	-
	1979	300	-	-	-	-	-
	1980	400	-	-	-	-	-
	1981	300	-	-	-	-	-
State Total	1975	4,300	400	42.0	16.8	5,400	44.0
	1976	4,000	300	40.0	12.0	3,800	30.0
	1977	2,800	400	49.0	19.6	6,300	51.0
	1978	3,100	600	48.0	28.8	9,200	79.0
	1979	1,200	300	52.0	15.6	5,000	41.0
	1980	3,100	600	43.5	26.1	8,400	81.0
	1981	6,000	500	43.5	21.7	7,000	65.0
	1982	3,200					

POTATOES - ALASKA 1975-1981
(Total State Acres through 1982)

District	Year	Area Harvested Acres	Yield Cwt.	Production Cwt.	Production Value (000)
	1975	120	125	15,000	210.0
	1976	95	108	10,300	135.0
	1977	95	103	9,800	123.0
Tanana Valley	1978	125	135	16,900	223.0
	1979	110	159	17,500	254.0
	1980	95	129	12,300	247.0
	1981	80	110	8,800	191.0
	1975	390	230	89,700	1,038.0
	1976	400	196	78,500	927.0
	1977	405	253	102,300	1,163.0
Matanuska Valley	1978	300	205	61,500	688.0
	1979	330	190	63,800	745.0
	1980	340	184	62,700	1,176.0
	1981	395	204	80,500	1,591.0
	1975	20	200	4,000	56.0
	1976	15	147	2,200	30.0
	1977	20	145	2,900	37.0
Kenai Peninsula	1978	25	105	2,600	21.0
	1979	20	185	3,700	47.0
	1980	25	80	2,000	40.0
	1981	25	228	5,700	118.0
	1975	530	205	108,700	1,304.0
	1976	510	178	91,000	1,092.0
	1977	520	222	115,000	1,323.0
State Total	1978	450	180	81,000	932.0
	1979	460	185	85,000	1,046.0
	1980	460	167	77,000	1,463.0
	1981	500	190	95,000	1,900.0
	1982	480			

FORAGE
ALL HAY - ALASKA 1975-1981
(Total State Acres through 1982)

District	Year	Area Harvested Acres	Yield Tons	Production Tons	Production Value (000)
	1975	4,600	1.72	7,900	979.0
	1976	4,350	1.56	6,800	788.0
	1977	3,600	1.39	5,000	635.0
Tanana Valley	1978	3,850	1.53	5,900	711.0
	1979	3,000	1.03	3,100	380.0
	1980	4,900	.86	4,200	580.0
	1981	6,200	1.39	8,600	1,317.0
	1975	7,600	1.45	11,000	1,420.0
	1976	7,350	1.33	9,800	1,268.0
	1977	6,570	1.92	12,600	1,670.0
Matanuska Valley	1978	6,600	1.80	11,900	1,578.0
	1979	6,200	1.73	10,700	1,420.0
	1980	6,250	1.34	8,400	1,160.0
	1981	6,200	1.55	9,600	1,595.0
	1975	2,050	1.17	2,400	370.0
	1976	1,900	1.00	1,900	255.0
	1977	2,030	1.43	2,900	462.0
Kenai Peninsula	1978	1,650	1.52	2,500	349.0
	1979	1,400	1.29	1,800	232.0
	1980	1,450	1.38	2,000	300.0
	1981	1,900	1.00	1,900	304.0
	1975	150	.67	100	13.0
	1976	100	1.00	100	14.0
	1977	100	1.00	100	14.0
Southwest 1/	1978	100	1.00	100	14.0
	1979	200	1.00	200	22.0
	1980	200	2.00	400	60.0
	1981	100	1.00	100	16.0
	1975	14,400	1.49	21,000	2,782.0
	1976	13,700	1.36	18,600	2,325.0
	1977	12,300	1.67	20,600	2,781.0
State Total	1978	12,200	1.67	20,400	2,652.0
	1979	10,800	1.46	15,800	2,054.0
	1980	12,800	1.17	15,000	2,100.0
	1981	14,400	1.40	20,200	3,232.0
	1982	13,100			

1/ Includes Southeast.

Cr/Yr	Acres	80% Insured	Bushel Guarantee	Settlement Price Election	Premium Rate	Projected Premium Subsidy	
Barley			30	$2.60	.20	.30	
1981	16,500	13,200	396,000	$1,029,600	Liability	$ 62,000	$12.50
1985	24,000	19,200	576,000	1,497,600	Liability	90,000	
1990	38,700	30,960	928,800	2,414,880	Liability	145,000	
Oats			50	$1.70	.20	.30	
1981	6,000	4,800	240,000	$ 408,000	Liability	$ 24,500	13.60
1985	8,800	7,000	352,000	598,400	Liability	35,900	
1990	14,200	11,400	568,000	965,600	Liability	58,000	
Potatoes			150 Sacks	$4.00	.25	.30	
1981	500	400	60,000	$ 240,000	Liability	$ 18,000	
1985	800	640	96,000	384,000	Liability	28,800	10.90
1990	1,300	1,040	156,000	624,000	Liability	46,800	
Forage (All Hay)			.8 Tons	$45.00	.25	.30	
1981	14,400	11,520	9,200	$ 414,000	Liability	$ 31,000	
1985	21,000	16,800	13,440	604,800	Liability	45,400	7.20
1990	33,800	27,040	21,600	972,000	Liability	72,900	

Total Acres -- all 4 crops		Total Projected Premium Subsidy - all 4 crops (based on our expandtion assumptions)	
1981	37,400	1981	$135,500
1985	54,600	1985	200,100
1990	88,000	1990	322,700

ROYALTY OIL CONTRACTS

Alaska State Legislature
HOUSE OF REPRESENTATIVES
COMMITTEE ON RESOURCES

JOHN RINGSTAD, CO-CHAIRMAN
RICHARD SHULTZ, CO-CHAIRMAN
POUCH V
JUNEAU, ALASKA 99811
(907) 465-3715

MEMORANDUM

To: All Members, House Resources Committee, Senate Resources Committee and Joint Committee on Oil and Gas

From: House Resources Committee Staff

Date: January 16, 1984

Re: Royalty oil contract changes

Major contract differences between those contracts submitted to the 1983 Legislative session and those which will be presented to the 1984 session are as follows:

Section 2.13 has been deleted. In the old contracts, section 2.13 read:

> 2.13. Future Dispositions of Royalty Oil. Seller recognizes that AS 38.05.183, which governs disposition of royalty oil by the State of Alaska, establishes a statutory preference for dispositions proposing (1) in-state processing of royalty oil and (2) in-state supply of products generated from processing of royalty oil, in that order. Seller represents that, in conjunction with future dispositions of royalty oil, Purchaser will be afforded the consideration contemplated by AS 38.05.183.

The Purchasers' needs originally addressed in Section 2.13 have been met by other contract terms, and this provision will no longer be a standard contract term.

2. A second change to the contracts is that they and future contracts will no longer require legislative approval for any amendments. Including price re-opener

3. Changes to specific contracts are as follows:

   a. Tesoro Alaska Petroleum Company, Prudhoe Bay

      The previous Tesoro/Prudhoe contract outlined a

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provision in the price term that would allow the premium paid by Tesoro to be applied against the Amerada Hess settlement if the State prevails in that dispute. The new contract does not contain this provision. Translated into dollars to the State, this negotiated provision means an additional $24.9 million in revenue.

An additional five cents has been added to the premium of the new contract. Translated over the life of the contract at the estimated number of barrels to be taken, this means an additional $3.6 million in revenue to the State.

The new contract contains a six year price reopener term with reopeners at two year intervals thereafter.

b. Chevron, USA

The Chevron contract now differs from the previous contract in that it now contains provisions for a price reopener every two years.

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date:

REQUEST
Bill/Resolution No.: SB 269
Title: sale of royalty oil to Chevron, U.S.A., Inc.
Sponsor: Rules Committee
Requestor: Governor
Date of Request: 4-19-83

FISCAL DETAIL
Agency Affected: Natural Resources
Program Category Affected: Management of Energy Resources
BRU, Program or Subprogram(s) Affected: Oil and Gas Management

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: Sharon L. Barton
Phone: 465-2400
Division: Commissioner's Office
Date: 1-12-84

Approved by Commissioner: Dennis D Arnold Deputy
Date: 1/12/84
Agency: Department of Natural Resources

Distribution (by Agency preparing fiscal note):
- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

12/1/83

AGO 786315

LETTER OF INTENT
FOR CSHB 320
January 19, 1984

The House Resources Committee has considered CSHB 320, providing for approval of the Agreement between the State of Alaska and Tesoro Alaska Petroleum Company for the sale of a portion of Alaska's royalty oil. This Agreement must be approved by the legislature under the provisions of AS 38.06.055(a) which provides that "the commissioner of natural resources may not enter into a sale, exchange, or other disposition of oil or gas or of the rights or waiver of the rights to receive future production of royalty oil or gas under AS 38.05.183 without the prior approval of the legislature."

Section 19.1 of the Agreement provides that the Agreement may be "supplemented, amended or modified at any time, but only by written instrument duly executed by the parties to this Agreement." In making any such changes to the Agreement pursuant to this section, the Commissioner would be acting on behalf of the State of Alaska as one of the parties to the Agreement.

The Committee recognizes that a supplement, amendment, or modification of the Agreement could be a further "sale, exchange, or other disposition" within the meaning of AS 38.06.055(a). The Committee is also cognizant that pursuant to Section 20.1 of the Agreement, the Commissioner has the right to "grant" (consent to) an assignment of the Agreement.

It is the intent of the Committee that it be understood that approval of CSHB 320 does not constitute prior approval of any supplement, amendment or modification or any assignment that would be a further "sale, disposition, exchange, or other disposition" within the meaning of AS 38.06.055(a) and that it is expected that any such action by the Commissioner must first be preceded by compliance with the procedures for obtaining the prior approval of the legislature.

Representative John Ringstad Co-Chairman, Resource Committee	Representative Dick Shultz Co-Chairman, Resource Committee
Representative Rick Uehling Vice-Chairman, Resource Committee	Representative John Cowdery Member, Resource Committee
Representative Charlie Bussell Member, Resource Committee	Representative John Liska Member, Resource Committee
Representative Anthony Vaska Member, Resource Committee	Representative Peter Goll Member, Resource Committee
Representative Ronald Larson Member, Resource Committee	

AGO 786316

LETTER OF INTENT
FOR CSSB 269
January 19, 1984

The House Resources Committee has considered CSSB 269, providing for approval of the Agreement between the State of Alaska and Chevron U.S.A., Inc., for the sale of a portion of Alaska's royalty oil. This Agreement must be approved by the legislature under the provisions of AS 38.06.055(a) which provides that "the commissioner of natural resources may not enter into a sale, exchange, or other disposition of oil or gas or of the rights or waiver of the rights to receive future production of royalty oil or gas under AS 38.05.183 without the prior approval of the legislature."

Section 19.1 of the Agreement provides that the Agreement may be "supplemented, amended or modified at any time, but only by written instrument duly executed by the parties to this Agreement." In making any such changes to the Agreement pursuant to this section, the Commissioner would be acting on behalf of the State of Alaska as one of the parties to the Agreement.

The Committee recognizes that a supplement, amendment, or modification of the Agreement could be a further "sale, exchange, or other disposition" within the meaning of AS 38.06.055(a). The Committee is also cognizant that pursuant to Section 20.1 of the Agreement, the Commissioner has the right to "grant" (consent to) an assignment of the Agreement.

It is the intent of the Committee that it be understood that approval of CSSB 269 does not constitute prior approval of any supplement, amendment or modification or any assignment that would be a further "sale, disposition, exchange, or other disposition" within the meaning of AS 38.06.055(a) and that it is expected that any such action by the Commissioner must first be preceded by compliance with the procedures for obtaining the prior approval of the legislature.

Representative John Ringstad Co-Chairman, Resource Committee	Representative Dick Shultz Co-Chairman, Resource Committee
Representative Rick Uehling Vice-Chairman, Resource Committee	Representative John Cowdery Member, Resource Committee
Representative Charlie Bussell Member, Resource Committee	Representative John Liska Member, Resource Committee
Representative Anthony Vaska Member, Resource Committee	Representative Peter Goll Member, Resource Committee
Representative Ronald Larson Member, Resource Committee	

AGO 786317

LETTER OF INTENT
FOR CSHB 271
January 19, 1984

The House Resources Committee has considered CSHB 271, providing for approval of the Agreement between the State of Alaska and Tesoro Alaska Petroleum Company for the sale of a portion of Alaska's royalty oil. This Agreement must be approved by the legislature under the provisions of AS 38.06.055(a) which provides that "the commissioner of natural resources may not enter into a sale, exchange, or other disposition of oil or gas or of the rights or waiver of the rights to receive future production of royalty oil or gas under AS 38.05.183 without the prior approval of the legislature."

Section 19.1 of the Agreement provides that the Agreement may be "supplemented, amended or modified at any time, but only by written instrument duly executed by the parties to this Agreement." In making any such changes to the Agreement pursuant to this section, the Commissioner would be acting on behalf of the State of Alaska as one of the parties to the Agreement.

The Committee recognizes that a supplement, amendment, or modification of the Agreement could be a further "sale, exchange, or other disposition" within the meaning of AS 38.06.055(a). The Committee is also cognizant that pursuant to Section 20.1 of the Agreement, the Commissioner has the right to "grant" (consent to) an assignment of the Agreement.

It is the intent of the Committee that it be understood that approval of CSHB 271 does not constitute prior approval of any supplement, amendment or modification or any assignment that would be a further "sale, disposition, exchange, or other disposition" within the meaning of AS 38.06.055(a) and that it is expected that any such action by the Commissioner must first be preceded by compliance with the procedures for obtaining the prior approval of the legislature.

Representative John Ringstad Co-Chairman, Resource Committee	Representative Dick Shultz Co-Chairman, Resource Committee
Representative Rick Uehling Vice-Chairman, Resource Committee	Representative John Cowdery Member, Resource Committee
Representative Charlie Bussell Member, Resource Committee	Representative John Liska Member, Resource Committee
Representative Anthony Vaska Member, Resource Committee	Representative Peter Goll Member, Resource Committee
Representative Ronald Larson Member, Resource Committee	

AGO 786318

STATE OF ALASKA
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF MINERALS & ENERGY MANAGEMENT

Contracts which will be presented to the 1984 legislature:

1. Long-term sale of Cook Inlet crude.

Purchaser: Tesoro Alaska Petroleum Company
Quantity : 100% royalty crude from Cook Inlet
Term : January 1, 1985 to January 1, 1995. (This contract commences upon the termination of the one-year emergency contract (1/1/84-12/31/84)).
Price : Volume-weighted average of the producers in the Cook Inlet area. (What the state would have received has it taken the oil in-value).

2. Long-term sales of Prudhoe Bay Royalty Oil:

A. Purchaser: Chevron U.S.A., Inc.
Quantity : 09.60% of the State's daily royalty share of crude. (Approximately 18,000 bpd).
Term : May 31, 1984 to January 1, 1995. (The expiration date of the emergency one-year contract is May 30, 1984).
Price : Volume-weighted average of all producer prices, 30 cents premium, plus field costs, to be adjusted upon settlement of the Amerada Hess litigation. Price reopener two years after date of first delivery and every two years thereafter.

Option contract: In the event that the above contract for the sale of approximately 18,000 bpd of royalty crude is not approved by the Alaska State Legislature, Shell Oil Company will purchase the 18,000 bpd of nominated crude commencing May 31, 1984. This contract will contain all of the standard State contract terms with a price term equalling volume-weighted average producer's field price, plus $1.00 premium, plus field costs, to be adjusted upon settlement of the Amerada Hess litigation.

B. Purchaser: Tesoro Alaska Petroleum Company
Quantity : 13.867% of the State's daily royalty crude (approximately 26,000 bpd).
Term : January 1, 1985 is the estimated date of first delivery with January 1, 1995 the date of termination.

Price : Volume-weighted average of all producer prices, plus 35 cents premium, plus field costs, to be adjusted upon settlement of Amerada Hess. Price reopener after six years from date of first delivery and at two year intervals thereafter.

AGO 786319

ROYALTY OIL INFORMATION

I. Existing Agreements

A. Cook Inlet - Tesoro takes all royalty oil under 1969 contract; expires in 1983; a ten-year renewal is now before the Legislature (HB 320).

B. Prudhoe Bay

1. Golden Valley Electric Association - may take up to 5,000 barrels a day (b/d) under their 1977 agreement which expires in 1984. Currently working with Department on renewal.

2. North Pole Refining (Mapco) - entitled to 15 percent, or up to 35,000 b/d under their 1978 agreement, which expires in 2003.

3. Tesoro - entitled to 24.5 percent, or up to 46,000 b/d under their 1982 agreement, which expires in 1994.

All of the existing Prudhoe Bay agreements were approved by the Alaska Legislature. Two other long-term proposals, by Alpetco and Doyon, were approved by the Legislature in 1978 and 1982, respectively, but have since been terminated.

BILL SHEFFIELD, GOVERNOR

DEPARTMENT OF NATURAL RESOURCES

MINERALS AND ENERGY MANAGEMENT

Pouch 7-034
Anchorage, Alaska 99510

Prudhoe Bay Oil:

Nominations as of August 1, 1983

Contracts	% of Daily Royalty	BPD	Term
North Pole Refinery (MAPCO)	.186667	35000	12/2003
Golden Valley Electric Assn	.026667	5000	6/30/84
Tesoro Alaska Petroleum Co.	.206178	38658	1/1/95
Chevron U.S.A., Inc.	.096	18000	5/31/84
Royalties taken in-value	.484488	90842	
	100%	187500	

Nominations as of January 23, 1984

MAPCO	.186667	35000	
GVEA	.026667	5000	
Tesoro	.21208	39765	
Chevron	.096	18000	
Royalties taken in-value	.478586	89735	
	100%	187500	

Nominations if the new contracts pass

MAPCO	.186667	35000	
GVEA	.026667	5000	5/94
Tesoro Alaska (old)	.21208	39765	
Tesoro Alaska (new)	.13867	26000	1/1/95
Chevron (new)	.096	18000	1/1/95
Royalties taken in-value	.339916	63735	
	100%	187500	

STATE OF ALASKA
DEPARTMENT OF NATURAL RESOURCES
AVAILABILITY OF ROYALTY OIL FOR SALE

YEAR	ESTIMATED TOTAL PRODUCTION PER DAY			ESTIMATED ROYALTY BARRELS PER DAY			ESTIMATED SALES OF ROYALTY OIL							ROYALTY IN VALUE
	PRUDHOE	KUPARUK	TOTAL	PRUDHOE ROYALTY BBLS PER DAY	KUPARUK ROYALTY BBLS PER DAY	TOTAL ROYALTY BBLS PER DAY	MAPCO PRODUCTION COMPANY (1)	GVEA (OLD) (2)	GVEA (NEW) (3)	TESORO (OLD) (4)	TESORO .13867 (NEW) (5)	CHEVRON (OLD) (6)	CHEVRON .096 (NEW) (7)	RIV (8)
1983	1500000	120000	1620000	187500	15000	202500	35000	5000		38650		18000		105842
1984	1500000	120000	1620000	187500	15000	202500	35000	5000		39765		18000		104735
1985	1500000	120000	1620000	187500	15000	202500	35000		5001	39765	26001		18000	78724
1986	1500000	120000	1620000	187500	15000	202500	35000		5001	39765	26001		18000	78734
1987	1475000	200000	1675000	184375	25000	209375	35000		4917	39102	25567		17700	87008
1988	1325000	200000	1525000	165625	25000	190625	35000		4417	38094	22967		15900	74247
1989	1175000	200000	1375000	146875	25000	171875	35000		3917	33781	20367		14100	64769
1990	1050000	200000	1250000	131250	25000	156250	35000		3500	32200	18200		12600	54750
1991	950000	200000	1150000	118750	25000	143750	35000		3167	29133	16467		11400	48583
1992	850000	200000	1050000	106250	25000	131250	35000		2834	26066	14734		10200	42416
1993	750000	200000	950000	93750	25000	118750	35000		2500	23000	13000		9000	36250
1994	650000	170000	820000	81250	21250	102500	35000		2167	19933	11267		7800	26333
1995	575000	145000	720000	71875	18125	90000	35000			17633	9967		6900	20500
1996	510000	120000	630000	63750	15000	78750	35000							43750
1997	460000	100000	560000	57500	12500	70000	35000							35000
1998	420000	80000	500000	52500	10000	62500	35000							27500
1999	380000	75000	455000	47500	9375	56875	35000							21875
2000	340000	65000	405000	42500	8125	50625	35000							15625
2001	300000	55000	355000	37500	6875	44375	29375							15000
2002	270000	50000	320000	33750	6250	40000	25000							15000
2003	240000	40000	280000	30000	5000	35000	20000							15000
2004	210000	35000	245000	26250	4375	30625								30625
2005	180000	25000	205000	22500	3125	25625								25625
2006	160000	25000	185000	20000	3125	23125								23125
2007	140000	20000	160000	17500	2500	20000								20000
2008	110000	20000	130000	13750	2500	16250								16250
2009	80000	10000	90000	10000	1250	11250								11250
2010	50000	10000	60000	6250	1250	7500								7500

NOTES:

(1) Mapco's daily quantity is not to exceed 15% of Seller's royalty oil minus that minimum quantity of oil which must be taken in-value for pricing purposes. Mapco may purchase up to 35,000 bpd from Prudhoe and other state leases if the oil is available and unobligated. This contract expires December, 2003.

(2) GVEA's current contract expires June 30, 1984.

(3) GVEA's proposed contract would commence July 1, 1984 and expire June 30, 1994. Quantity is 2.667% of daily royalty crude.

(4) Tesoro's current contract calls for a maximum quantity of 24.533% of daily royalty crude less Cook Inlet royalty production. Cook Inlet production is expected to be at a minimal level in 1990. This contract expires December, 1995.

(5) Tesoro's proposed contract calls for a maximum quantity of 13.867% of daily royalty production. The contract is anticipated to commence January, 1985. The expiration date of this proposed contract is January 1, 1995.

(6) Chevron is currently taking royalty oil on a one-year emergency contract which expires May 31, 1984.

(7) Chevron's proposed contract calls for a maximum quantity of 9.6% of daily royalty production. It would commence on June 1, 1984 and expire January 1, 1995.

(8) Some minimum amount of oil must be retained for contract pricing purposes. Currently, that amount is 15,000 bpd.

AGO 786322

Shell Oil Announces Buying Price for Crude From Prudhoe Bay

A WALL STREET JOURNAL *News Roundup*

Shell Oil Co. announced a buying price of $18.75 a barrel for Alaskan North Slope crude oil at Prudhoe Bay, the first time an oil company has posted a price for this crude.

When transportation costs to West Coast markets of about $7.50 a barrel are added, the price would be about $26.25 for the crude, which Houston-based Shell said represents about a dollar-a-barrel premium over the average current value reported by some producers for the oil at the pumping station.

The move, some analysts believe, reflects a long simmering controversy surrounding the North Slope oil. Critics in Congress and elsewhere have charged that Los Angeles-based Atlantic Richfield Co., which produces oil at Prudhoe Bay, has set too low a price on the Alaskan oil its exploration units sell to its own refineries.

Oil industry sources said this arrangement has the effect of reducing windfall profit taxes on Arco's Alaskan crude. This tax saving allows Arco to undercut gasoline competitors on the West Coast, these critics allege.

In October, the Internal Revenue Service rejected Arco's method of computing its windfall tax on Alaskan crude. Arco has denied any wrongdoing.

A source close to Shell said the company is posting a price for Alaskan crude "because we feel they (Arco) have an advantage."

A Shell spokesman said the company posted the price because it has an "urgent need" for Alaskan oil, primarily for its West Coast refineries.

AGO 786323

STATE OF ALASKA
THE LEGISLATURE

POUCH Y STATE CAPITOL
JUNEAU, ALASKA 99811
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM December 19, 1983

SUBJECT: HB 370 & HB 371

TO: Representative Ringstad

FROM: Thomas A. Sofo TAS
Legislative Counsel

You have asked whether HB 370 and HB 371, the pending bills for ratification of the Chevron and Tesoro royalty oil contracts, can be used as vehicles for the ratification of the more recently negotiated contracts with the same firms. Since the subject matter of the latter agreements is nearly identical, the only change necessary would be the removal of the March 16, 1983 reference and the insertion of the date of the new contracts in its place.

TAS:csh
c2/120

AGO 786324

HB 320 HOUSE ACTION

DATE	SEQ	PAGE	LEGISLATIVE ACTION
04/04/83	01	0722	FIRST READING -- COMMITTEE REPORTS
04/04/83	02	0722	GOV TRANSMITTAL LETTER
04/04/83	03	0722	F/NOTE EQUALS ZERO
06/14/83	04	1715	FIN COMM REFERRAL ADDED BY UNAN CONSENT
06/21/83	05	1851	NOT MOVED FROM RES COMM BY DIV 16-23-01
06/25/83	06	2016	NOT MOVED FROM RES COMM BY DIV 18-22-00
			RESOURCES
			FINANCE
			RULES

AGO 786325

HB 371 HOUSE ACTION

DATE	SEQ	PAGE	LEGISLATIVE ACTION
04/19/83	01	0919	FIRST READING -- COMMITTEE REPORTS
04/19/83	02	0919	GOV TRANSMITTAL LETTER
04/19/83	03	0919	F/NOTE EQUALS ZERO
06/14/83	04	1715	FIN COMM REFERRAL ADDED BY UNAN CONSENT
06/21/83	05	1851	NOT MOVED FROM RES COMM BY DIV 16-23-01
06/25/83	06	2016	NOT MOVED FROM RES COMM BY DIV 18-22-00
			RESOURCES
			FINANCE
			RULES

AGO 786326

SB 269 SENATE ACTION

DATE	SEQ	PAGE	LEGISLATIVE ACTION
04/19/83	01	0747	FIRST READING -- COMMITTEE REPORTS
04/19/83	02	0748	GOV TRANSMITTAL LETTER
04/19/83	03	0747	F/NOTE EQUALS ZERO
05/10/83	04	0934	RES -- DP06, NR01
06/01/83	05	1159	FIN -- DP06
06/15/83	06	1317	RLS -- OTHER04
			TAKEN UP IMMEDIATELY
06/15/83	07	1319	SECOND READING
06/15/83	08	1319	ADVANCED TO 3RD READING BY UNAN CONSENT
06/15/83	09	1319	THIRD READING
06/15/83	10	1319	PASSED BY DIV 18-02-00
06/15/83	11	1320	EFFECTIVE DATE VOTE SAME AS PASSAGE

SB 269 HOUSE ACTION

DATE	SEQ	PAGE	LEGISLATIVE ACTION
06/16/83	12	1734	FIRST READING -- COMMITTEE REPORTS
			RESOURCES
			FINANCE
			RULES

STATE OF ALASKA 1983 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date:

REQUEST
Bill/Resolution No.: SB 269
Title: sale of royalty oil to Chevron, U.S.A., Inc.
Sponsor: Rules Committee
Requestor: Governor
Date of Request: 4-19-83

FISCAL DETAIL
Agency Affected: Natural Resources
Program Category Affected: Management of Energy Resources
BRU, Program or Subprogram(s) Affected: Oil and Gas Management

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: Sharon L. Barton Phone: 465-2400
Division: Commissioner's Office Date: 1-12-84

Approved by Commissioner: Arthur D Arnold Deputy Date: 1/12/84
Agency: Department of Natural Resources

Distribution (by Agency preparing fiscal note):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)

RESOURCES
CS

12/1/83

AGO 786328

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date:

REQUEST
Bill/Resolution No : HB 371
Title: sale of Prudhoe Bay royalty oil to Tesoro
Sponsor: Rules Committee
Requestor: Governor
Date of Request: 4-19-83

FISCAL DETAIL
Agency Affected: Natural Resources
Program Category Affected: Management of Energy Resources
BRU, Program or Subprogram(s) Affected: Oil and Gas Management

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: Sharon L. Barton Phone: 465-2400
Division: Commissioner's Office Date: 1-12-84

Approved by Commissioner: [illegible], Deputy Date: 1/12/84
Agency: Department of Natural Resources

Distribution (by Agency preparing fiscal note):
- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

12/1/83

AGO 786329

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date:

REQUEST
Bill/Resolution No.: HB 320
Title: sale of royalty oil to Tesoro Alaska Pet. Co.
Sponsor: Rules Committee
Requestor: Governor
Date of Request: 4-4-83

FISCAL DETAIL
Agency Affected: Natural Resources
Program Category Affected: Management of Energy Resources
BRU, Program or Subprogram(s) Affected: Oil and Gas Management

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: Sharon L. Barton Phone: 465-2400
Division: Commissioner's Office Date: 1-12-89

Approved by Commissioner: [illegible], Deputy Date: 1/12/89
Agency: Department of Natural Resources

Distribution (by Agency preparing fiscal note):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)

12/1/83

AGO 786330

PHIL SMITH

TO

CFEC

Confirmation

RESUME

Philip J. (Phil) Smith

January 1984

PERSONAL INFORMATION

Name: Philip Joseph SMITH

Address: SRA Box 1026F
12521 Beachcomber Dr.
Anchorage, AK 99502

2718 Roger Street
Juneau, AK 99801

Telephone: 345-0709 (W) 586-3456 364-3625

Family: Married to Deborah (Employment Program Manager, State Division of Community Development);

Two Children: Crispian (11 years), and Moira (8 years)

Age: 40 years (DOB 1/25/43)

Health: Excellent

Alaskan: Since December 1943; raised in rural Alaska; resident of Anchorage since 1969

PROFESSIONAL EXPERIENCE

October 83 - Present - Commissioner, Commercial Fisheries Entry Commission (Pouch KB, Juneau 99811)

Serve with two other Commissioners in appointed position to administer Limited Entry Program, adjudicate claims of fishermen seeking entry permits.

July 82 - October 83 - Private Business ("Phil Smith & Associates," ABL #05085), specializing in public policy analysis, business management, program development, and planning.

May 82 - November 82 - Candidate for Alaska State Senate (District "D" including South Anchorage, Kenai Peninsula, and Prince William Sound).

November 81 - July 82 - Director, Research & Education, Alaska Native Foundation, Inc. (411 W. 4th Avenue, Anchorage 99501)

Directed effort to assess impact of Alaska Native Claims Settlement Act (ANCSA) on individuals and Alaska Native Corporations; Initiated effort to analyze potential dislocations resulting from allowable stock alienation in 1991;

Professional Experience (Cont'd)

Produced first statewide broadcast of Alaska Federation of Natives Convention on "Learn/Alaska" Instructional Satellite Television Project (and arranged for "simulcast" on Alaska Public Radio Network);

Served as Interim President from January through March 1982;

Resigned to start Private Business.

February 75 - October 81 - Executive Director, Rural Alaska Community Action Program, Inc. (327 Eagle St., Anchorage 99501)

Chief Executive Officer for statewide corporation; responsible to 27-member Board of Directors (representative of all areas of Alaska and all levels of Government) for planning, design, implementation, and management of $12 million program emphasizing Child Development, Energy, Natural Resources, Health & Alcoholism, and Citizens Participation for low-income rural Alaskan residents;

Position required knowledge of, and participation in, Federal/State/Local administrative and legislative processes, public relations/communications skills, secure knowledge of rural/Native cultures and economies, and strong fiscal/personnel management abilities;

Resigned to initiate ANCSA Assessment effort for Alaska Native Foundation.

March 73 - January 75 - Deputy Director, Rural Alaska Community Action Program, Inc. (327 Eagle St., Anchorage 99501)

Responsible to Executive Director for Program Planning and Development, internal management;

Promoted by Board to position of Executive Director.

January 71 - February 73 - Director of Video Production, Community Enterprise Development Corporation of Alaska, Inc. (1011 East Tudor Road, Anchorage 99507)

Responsible for all video-tape production in project using film and video-tape media as tools for community development/education in Yukon Delta village of Emmonak.

Resigned to pursue opportunity at RurAL CAP.

Professional Experience (Cont'd)

Earlier Experience - Various positions, including Television Production Specialist, for the Anchorage School District, Youth Counselor, for the State of Alaska, Audio-Visual Technician and Commercial Radio Announcer in College, Commercial Fisherman, Cannery Worker, Laborer, etc.

MILITARY

Enlisted - U.S. Army, Fort Richardson (AK); April 1964. Received training as medical corpsman/administrator; qualified for Special Forces, Officer's Candidate School. Took Basic Training at Fort Ord (CA), Medical Training at Fort Sam Houston (TE);

Served - U.S. Army Dispensary, Camp des Loges (Paris), France; worked as administrator, was Non-Commissioned Officer in Charge of Dispensary upon discharge;

Discharged - Fort Dix (NJ); June 1967. Honorable Discharge at rank of Staff Sergeant (E-6).

EDUCATION

College & University

National Judicial College, University of Nevada, Reno; 1983;

Certificate in Administrative Law/Fair Hearing Processes.

Golden Gate College, San Francisco (CA); 1968-1969;

Graduated with BA in Political Science (Magna cum Laude) in January 1969.

University of Washington, Seattle (WA); 1967-1968;

Completed necessary course-work for minor in Communications, Radio/TV Production.

Mount Angel Seminary, Mt. Angel (OR); 1963-1964;

Philosophy/Theology Courses.

University of Notre Dame, Notre Dame (IN); 1960-1963;

General Liberal Arts concentration, with emphasis on classics.

Education (Cont'd)

High School

Cordova High School, Cordova (AK); 1956-1960;

College Preparatory Courses.

OTHER EXPERIENCE (Boards, Commissions, etc.)

Anchorage Community College Council - Appointed by the President of the University of Alaska to serve on Citizens Advisory Council for largest Community College in the State.

Alaska Energy Center - Appointed by Governor to serve as one of seven people to guide development of State-chartered corporation with the stated purpose of "privatizing" Alaska's energy wealth by investing in private sector ventures to research, design, manufacture, and market new energy technologies appropriate to cold climate areas (resigned from Board upon filing for State Senate in May 1982).

Title 29 Review Commission - ExOfficio member of Commission established by Legislature to review Alaska Local Government statutes and to recommend appropriate revisions; changes introduced in 12th Legislature.

Other - Numerous committees, panels, etc., related to ensuring that the concerns of rural Alaska were well-represented in policy deliberations of State and Federal Government and private groups.

Also, experience as effective public speaker, in preparation and delivery of testimony before public bodies addressing a wide variety of topics, and in community organization/advocacy activities.

COMMUNITY ACTIVITIES

- Theatre Guild, Inc. - President, member since 1970;
- KIMO TV Community Council - member since 1980;
- Active in wide variety of neighborhood/school concerns.

PERSONAL INTERESTS

- Family Activities (camping, boating, etc.)
- Community Theatre and the Arts
- Woodworking
- Photography

REFERENCES

Personal and Professional references numerous; available upon request.

HOUSE RESOURCES COMMITTEE FEB 21 REC'D

PHIL SMITH & ASSOCIATES

SRA BOX 1026F/12521 BEACHCOMBER DR./ANCHORAGE, ALASKA 99502/(907) 345-0709

August 13, 1983

Ms. Carol Derfner
Special Assistant to the Governor
Office of the Governor
Pouch "A"
Juneau, AK 99811

Dear Carol,

In reviewing my materials related to fisheries issues. I remembered and located a copy of my responses to the UFA "Fishpac" questionnarie which was distributed to Legislative Candidates last year. I'm enclosing a copy of the questionnaire and my responses to it for your information, and in support of my candidacy for appointment to the Commercial Fisheries Entry Commission.

Following my completion of the questionnaire last summer, I chanced upon a copy of Governor Sheffield's response to the questionnaire devised for gubernatorial candidates. Frankly, I was delighted to see that our views on the importance of the fishery and fisheries issues generally are almost exactly parallel! This, even though the questions were phrased differently for the different offices.

At any rate, I hope the enclosed is useful. Please give me a call if you have any observations, recommendations, or questions.

Peace to you and yours.

Sincerely,

Phil Smith

FISHPAC

THE FISHERMEN'S POLITICAL ACTION COMMITTEE

197 S. Franklin St.
Juneau, Alaska 99801
(907) 586-2820

Dear Candidate,

With peak season employment approaching 50,000 individuals, the commercial fishing industry is Alaska's largest private employer. The industry generates a product with a first wholesale value exceeding $1.5 billion, making it the largest renewable resource industry in Alaska.

FISHPAC is the political action committee of the United Fishermen of Alaska, the largest organization of commercial fishermen in the United States. The UFA represents 5,000 fishermen, including individuals who belong to the UFA's 18 member groups.

Representatives of each of these groups will meet soon after the August primary to consider endorsements and we would very much appreciate your thoughts on the following issues. We do not ask that you limit your responses to an arbitrary number of words, but that you be specific, concise and to the point. Please make sure we receive your responses no later than Friday, July16.

1. Do you feel the State of Alaska should attempt to assume greater responsibility for the management of Alaskan fisheries resources now under federal control and if so, will you, as a legislator, support additional funding for research and enforcement in these areas?

2. What is your assessment of the management of commercial fisheries by the Alaska Dept. of Fish & Game and, as a legislator, what changes, if any, would you seek in the operations of the Dept.?

3. In your opinion, what specific types of renewable and nonrenewable resource development might adversely impact fisheries and how will you, as a legislator, attempt to balance the interests of different resource users and resolve conflicts between them?

4. If the Alaska Supreme Court rules provisions limiting entry to fisheries unconstitutional, will you, as a legislator, support an alternative limited entry program structured to accomodate the court's ruling?

5. Do you feel it is appropriate for the Legislature to involve itself in setting policies concerning management of Alaska's commercial fisheries, including allocations between gear groups?

PAID FOR BY FISHPAC 197 S. FRANKLIN ST., JUNEAU, BOB BLAKE, CHAIRMAN

6. If elected, what specific steps would you take to assist the salmon industry in recovering from the impacts of the botulism incidents, recalls and embargoes?

7. Why should commercial fishermen vote for you?

We wish you luck on the campaign trail and will look forward to receiving your response.

Sincerely,

John Hale

John Hale
FISHPAC Coordinator

Phil Smith/State Senate
SRA Box 1026F Anchorage, Alaska 99502 Telephone (907) 345-0709

District D

August 18, 1982

"FISHPAC"
197 S. Franklin St.
Juneau, AK 99801

Dear Friends,

Attached, please find my responses to your important questionnaire. At the outset, I would like to apologize for the inordinate delay in my response; however, I have been on the road almost constantly for the past six weeks -- beyond that, the untimely and tragic death of John Hale (my friend, and yours) set my thinking on these subjects into a rather difficult mode.

Anyway, I appreciate your concern with what I consider to be the most important renewable resource in Alaska. As the Senate District which I seek to represent is very dependent upon healthy commercial fisheries, and as I have been both directly and indirectly involved in the issues confronting the fisheries for years, I truly welcome this opportunity to address the issues you have identified.

With your indulgence, the attachment summarizes your question and provides my complete response. Please don't hesitate to get in touch should you have any further questions or should you desire clarification of any of my answers.

Thank you.

Sincerely,

Phil Smith

Paid for by the Phil Smith/State Senate Committee, SRA Box 1026F, Anchorage, Alaska 99502, 345-0709

"FISHPAC" QUESTIONNAIRE

1 -- "DO YOU FEEL THE STATE OF ALASKA SHOULD ATTEMPT TO RESUME GREATER RESPONSIBILITY . . . (IF SO) WOULD YOU SUPPORT ADDITIONAL FUNDING FOR RESEARCH AND ENFORCEMENT IN THESE AREAS?"

Yes!! One of the major battles over which Statehood was fought was the issue of control of the commercial fishery in Alaska. Today, in a climate of decreasing Federal funds for management of Natural Resources, increased Federal pressure for (potentially adverse) oil and other marine resource development, and other Federally-imposed restrictions, it is clear that the "Feds" haven't improved -- in fact, they are less concerned than ever before with the health of Alaska's fishery economy.

Yes. Decreasing funding for research, enhancement, and enforcement of fisheries management by the State is unconcienable, especially because the commercial fishery is vital to the present and future economic health of Alaska.

2 -- ". . . ASSESSMENT OF THE MANAGEMENT . . . WHAT CHANGES WOULD YOU SEEK . . .?"

Generally, not too bad. However, management should be provided through cooperation with fishermen, not in opposition to them. Therefore, it should be required in the management process that ADF&G formally involve representatives of fishermen's groups in the development of recomendations to the Board of Fish.

Additionally, in areas in which there is extreme competition (either real or imagined) between user groups such as "sportsmen" and commercial fishermen, (in particular, the Cook Inlet King & Silver Salmon runs), there is a clear need to set up special systems of communication and conciliation. If the Board were to fail to do that, I would seek the necessary legislation to accomplish it.

3 -- ". . . TYPES OF RENEWABLE AND NONRENEWABLE RESOURCE DEVELOPMENT ADVERSELY IMPACT FISHERIES . . . HOW BALANCE INTERESTS . . .?"

Renewable resource development which might adversely impact the fishery include both timber harvest (which affects stream temperatures, has the potential of disrupting spawning streams due to deadfalls, road development, etc. and which could negatively affect the ocean if poor mitigation of milling sites is not curtailed) and hydro-electric development (which has the potential of impacting stream flow, water temperature, etc.). Also, competing methods of fishing (such as trawling) could well adversely impact the health of other species (through incidental catch, disruption of habitat, harvest of non-segregated stocks, etc.).

Nonrenewable resource development which might adversely impact the fishery is virtually anything that occurs on the coast and/or the waters off-shore in our State. This would include oil & gas exploration and development, petro-chemical development, mining (shore-based) deep-water mineral development extraction processes, etc.

Other forms of development which could impact the fishery include transportation systems (such as the Knik and Turnagain Arm crossings (both proposed, but presently still in the "study" stage), oil (crude, refined, and natural gas) pipelines and tourism/recreation development which could lead to greater non-commercial pressures on the resources.

Of course, the list could go on indefinitely. Virtually any form of "development," on or near the fisheries habitat could have an adverse impact on the resource itself.

In the Legislature, I believe there is an important responsibility to establish priorities prior to approving development. For instance, I remain reluctant to endorse the Susitna Dam Project, in large measure due to the inadequate data concerning the potentially adverse impact on the fishery. Also, I agree with the Governor's reluctance to accept DOI's leasing plan for the Outer Continental Shelf, again because of the adverse impact on the fishery (not to mention the socio-economic impact on small coastal towns and villages).

That being said, I would only add that the NUMBER ONE priority consideration in making "development" decisions on or near Alaska's coastline should be the adverse impact on the fishery. Clearly, projects should not proceed which would do harm to our most important renewable resource.

4 -- ". . . LIMITED ENTRY . . ."

In 1976, I led the effort of RurAL CAP to defeat the proposed repeal of Limited Entry, joining with UFA and other organizations. It was my feeling then (as it remains today) that providing a property right to individuals in a common-property resource is constitutionally questionable; HOWEVER, in spite of that reservation. I have always held that a Limited Entry program is the only way to insure the biological health of the resource and the economic health of the industry.

Therefore, the answer to your question is "YES!"

5 -- " . . .LEGISLATURE INVOLV(ING) ITSELF IN SETTING POLICIES . . . ALLOCATIONS BETWEEN GEAR GROUPS?"

As a general rule, NO, especially insofar as the legislature is composed of increasingly 'urban' individuals who have no particular expertise or even interest in the commercial fishery. Besides (at least in theory), the present system of leaving regulatory matters (including user-group allocation decisions) to the Board(s) of Fish (and Game), based on information from the ADF&G and the Public should work quite well.

When it doesn't (see response to question #2), I still would be reluctant to involve the Legislature in the specific decision-making process, preferring instead to establish a system which would accomodate competing interests through the regulatory mechanism as opposed to the Legislative mechanism.

6 -- ". . . ASSIST THE SALMON INDUSTRY IN RECOVERING . . .?"

A - Set an example by eating canned salmon, from the can, on the floor of the Legislature;

B - Enhance quality control efforts, including appropriate staffing levels, to insure and VERIFY quality through the entire cycle of harvest, processing, shipping, and marketing;

C - Authorize (and provide appropriate funding) for the ASFMI to VIGOROUSLY engage in the process of improving markets for the product (starting at home -- it will be a great day when our kids eat Alaska Salmon in the school's lunch program!);

D - Expand the present loan programs to fishermen, as well as processors, in order to assist the industry through what will be some unavoidably lean years;

E - Provide "price supports" to fishermen, not processors. It is clearly inappropriate to reward processors for their own failures; rather, the support should be provided to the harvesters, permitting the processors and marketers to suffer the consequences of their own deficiencies.

F - In consultation with both the fishermen and the processors, attempt to devise a price arbitration system which would go into affect long before the run begins so that both could plan effectively. Also, support a "closed shop" fishery, insuring that scabs don't reap the benefits of stalled negotiations.

G - If all of the above sounds too harsh on processors and non-union fishermen, I would only say that NO ONE has a more important vested interest in the long-range health of the commercial fishery in Alaska than the fisherman him/her-self. Therefore, it is those individuals, collectively, whose interests I feel the greatest obligation to support and protect.

7 -- "WHY SHOULD COMMERCIAL FISHERMEN VOTE FOR YOU?"

Please see all of the above, and the cover letter -- and consider the following:

- I am a life-long Alaskan, raised in the rural areas (Naknek, Annette, Cordova). I was set-netting with my family on the Kvichak in 1953, at the age of 10. I fished commercially out of Cordova during the 1960's. I also worked in canneries.

- As Executive Director of RurAL CAP for 9 years, I was directly involved in the public policy processes which impacted rural economies and life-styles (including the commercial fishery).

- Senate District "D" (see stationery) provides a prospective Senator with a VERY important base from which to address fisheries issues through-out the entire State. I am committed to doing so!

Thanks very much for your consideration.

Collateral references. — 36 C.J.S., Fish, § 13 et seq.

Article 1. Alaska Commercial Fisheries Entry Commission.

Section
10. Purpose and findings of fact
20. Alaska Commercial Fisheries Entry Commission
30. Term of office; vacancy and removal
40. Quorum
50. Qualifications
60. Compensation
70. Legal counsel
80. Employment of personnel
100. General powers
110. Regulations and hearing procedures
120. Application of Administrative Procedure Act

Sec. 16.43.010. Purpose and findings of fact. (a) It is the purpose of this chapter to promote the conservation and the sustained yield management of Alaska's fishery resource and the economic health and stability of commercial fishing in Alaska by regulating and controlling entry into the commercial fisheries in the public interest and without unjust discrimination.

(b) The legislature finds that commercial fishing for fishery resources has reached levels of participation, on both a statewide and an area basis, that have impaired or threaten to impair the economic welfare of the fisheries of the state, the overall efficiency of the harvest, and the sustained yield management of the fishery resource. (§ 1 ch 79 SLA 1973)

NOTES TO DECISIONS

Constitutionality. — The entry restrictions of the Limited Entry Act violate neither § 3, art. VIII, nor § 1, art. I, of the state constitution. State v. Ostrosky, Sup. Ct. Op. No. 2702 (File Nos. 6336, 6373), P.2d (1983).

Purposes. — From the legislature's statement of purpose in this section, the following broad purposes can be discerned: 1) enhancing the economic benefit to fishermen since too many involved in the industry prevented those relying on fishing for a livelihood from securing adequate remuneration; 2) conserving the fishery; and 3) avoiding unjust discrimination in the allocation of a limited number of entry permits. Commercial Fisheries Entry Comm'n v. Apokedak, Sup. Ct. Op. No. 2011 (File No. 4464), 606 P.2d 1255 (1980).

Allocating one permit between two partners solely on the fortuitous circumstances of which one held the gear license in two given years did not realistically weigh the relative hardship which each partner would suffer by denial of a permit, and the commission was required to issue the permit to both partners in order to avoid "unjust discrimination." State, Com. Fisheries Entry Comm'n v. Templeton, Sup. Ct. Op. No. 1893 (File No. 4042), 598 P.2d 77 (1979).

While a gear license may be a good general indicator of ownership and operation of gear for the purpose of weighing relative hardship, to foreclose automatically consideration of special circumstances under a regulation establishing means of measuring economic dependence, in the absence of a gear

license would result, in many cases, in unjust discrimination. State, Com. Fisheries Entry Comm'n v. Templeton, Sup. Ct. Op. No. 1893 (File No. 4042), 598 P.2d 77 (1979).

Applied in Isakson v. Rickey, Sup. Ct. Op. No. 1267 (File No. 2550), 550 P.2d 359 (1976).

Quoted in Younker v. Alaska Com. Fisheries Entry Comm'n, Sup. Ct. Op. No. 1892 (File No. 4145), 598 P.2d 917 (1979); Vik v. Commercial Fisheries Entry Comm'n, Sup. Ct. Op. No. 2431 (File Nos. 4588, 4629), 636 P.2d 597 (1981); Rose v. Commercial Fisheries Entry Comm'n, Sup. Ct. Op. No. 2515 (File No. 5361), P.2d (1982).

Cited in Jones v. Commercial Fisheries Entry Comm'n, Sup. Ct. Op. No. 2547 (File No. 5903), 649 P.2d 247 (1982).

Sec. 16.43.020. Alaska Commercial Fisheries Entry Commission. (a) There is established the Alaska Commercial Fisheries Entry Commission as a regulatory and quasi-judicial agency of the state. The commission consists of three members appointed by the governor and confirmed by the legislature in joint session.

(b) The governor shall designate one member of the commission as chairman of the commission. The member designated shall serve as chairman for a term of two years, and may be designated chairman for successive two-year terms. (§ 1 ch 79 SLA 1973)

NOTES TO DECISIONS

Stated in State, Com. Fisheries Entry Comm'n v. Templeton, Sup. Ct. Op. No. 1893 (File No. 4042), 598 P.2d 77 (1979).

Sec. 16.43.030. Term of office; vacancy and removal. (a) The members of the commission shall be appointed for terms of four years. Initial appointments shall be as follows: one member for two years, one member for three years, and one member for four years.

(b) A vacancy on the commission shall be filled by appointment by the governor and the appointment shall be confirmed by the legislature in joint session. A member selected to fill a vacancy shall hold office for the balance of the full term for which the member's predecessor on the commission was appointed.

(c) A vacancy on the commission does not impair the authority of a quorum of commissioners to exercise all the powers and perform all the duties of the commission.

(d) The governor may remove a commissioner from office for cause, including but not limited to incompetence, neglect of duty, or misconduct in office. A commissioner being removed for cause shall be given a copy of the charges and afforded an opportunity to publicly present a defense in person or by counsel upon not less than 10 days' notice. If a commissioner is removed for cause, the governor shall file with the lieutenant governor a complete statement of all charges made against the commissioner and the governor's findings based on the charges, together with a complete record of the proceedings. (§ 1 ch 79 SLA 1973)

Revisor's notes. — In 1983, the former last three sentences of (a) of this section were redrafted and reorganized into present subsection (d) pursuant to AS 01.05.031.

Sec. 16.43.040. Quorum. Two members of the commission constitute a quorum for the transaction of business, for the performance of a duty or for the exercise of a power of the commission. (§ 1 ch 79 SLA 1973)

Sec. 16.43.050. Qualifications. The commission shall consist of three members with a broad range of professional experience, none of whom has a vested economic interest in an interim-use permit, entry permit, commercial fishing vessel or gear, or in any fishery resource processing or marketing business. (§ 1 ch 79 SLA 1973)

Sec. 16.43.060. Compensation. Members of the commission are in the exempt service and are entitled to a monthly salary equal to Step C, Range 26 of the salary schedule in AS 39.27.011(a) for Juneau, Alaska. (§ 1 ch 79 SLA 1973; am § 5 ch 47 SLA 1974; am § 1 ch 148 SLA 1976; am § 2 ch 263 SLA 1976; am §§ 2, 17 ch 3 SLA 1980)

Effect of amendments. — Section 2, ch. 3, SLA 1980 substituted "are entitled to an annual salary of $49,000, payable monthly in 12 equal installments" for "shall receive an annual salary as established under AS 39.23." Section 17 of ch. 3 substituted "are entitled to a monthly salary equal to Step C, Range 26 of the salary schedule in AS 39.27.011(a) for Juneau, Alaska" for the language substituted by § 2 of ch. 3.

Sec. 16.43.070. Legal counsel. The attorney general is the legal counsel for the commission. The attorney general shall advise the commission in legal matters arising in the discharge of its duties and represent the commission in suits to which it is a party. However, the commission may retain additional legal counsel as appropriate. (§ 1 ch 79 SLA 1973)

Sec. 16.43.080. Employment of personnel. (a) The commission may employ those persons necessary to carry out the purposes of this chapter. Employees of the commission are in the exempt service under AS 39.25.110.

(b) In addition to its staff of regular employees, the commission may contract for and engage the services of consultants, experts and hearing officers as necessary. (§ 1 ch 79 SLA 1973)

Sec. 16.43.100. General powers. (a) To accomplish the purposes set out in AS 16.43.010 the commission shall:

(1) regulate entry into the commercial fisheries for all fishery resources in the state;

(2) establish priorities for the application of the provisions of this chapter to the various commercial fisheries of the state;

(3) establish administrative areas suitable for regulating and controlling entry into the commercial fisheries;

(4) establish, for all types of gear, the maximum number of entry permits for each administrative area;

(5) designate, when necessary to accomplish the purposes of this chapter, particular species for which separate interim-use permits or entry permits will be issued;

(6) establish qualifications for the issuance of entry permits;

(7) issue entry permits to qualified applicants;

(8) issue interim-use permits as provided in AS 16.43.210 and 16.43.220;

(9) establish, for all types of gear, the optimum number of entry permits for each administrative area;

(10) administer the buy-back program provided for in AS 16.43.310 and 16.43.320 to reduce the number of outstanding entry permits to the optimum number of entry permits;

(11) provide for the transfer and reissuance of entry permits to qualified transferees;

(12) provide for the transfer and reissuance of entry permits for alternative types of legal gear, in a manner consistent with the purposes of this chapter;

(13) administer the collection of the annual fees provided for in AS 16.43.160;

(14) administer the issuance of commercial fishing vessel licenses under AS 16.05.490;

(15) issue educational entry permits to applicants who qualify under the provisions of AS 16.43.340 — 16.43.390.

(b) The commission may do all things necessary to the exercise of its powers under this chapter, whether or not specifically designated in this chapter.(§ 1 ch 79 SLA 1973; § 14 ch 105 SLA 1977; am § 3 ch 123 SLA 1978)

Sec. 16.43.110. Regulations and hearing procedures. (a) The commission may adopt regulations, consistent with law, necessary or proper in the exercise of its powers or for the performance of its duties under this chapter.

(b) The commission shall adopt regulations, consistent with due process of law, which govern practice and procedure and the conduct of all investigations, hearings and proceedings which it holds.

(c) The Alaska Rules of Evidence apply to investigations, hearings and proceedings before the commission, except when the commission determines that their application is not required in order to assure fair treatment of all parties and that the evidence is relevant and of the sort on which responsible persons are accustomed to rely in the conduct of serious matters.

(d) The commission, each commissioner or an employee authorized by the commission may administer oaths, certify to all official acts, and

issue subpoenas and other process to compel the attendance of witnesses and the production of testimony, records, papers, accounts and documents in an inquiry, investigation, hearing, or proceeding before the commission in any part of the state. The commission may petition a court to enforce its subpoenas or other process. (§ 1 ch 79 SLA 1973; am § 1 ch 47 SLA 1981)

Effect of amendments. — The 1981 amendment substituted "the Alaska Rules of Evidence" for "common-law rules of evidence" preceding "apply to investigations" in subsection (c).

Sec. 16.43.120. Application of Administrative Procedure Act. (a) The administrative adjudication procedures of the Administrative Procedure Act (AS 44.62) do not apply to adjudicatory proceedings of the commission except that final administrative determinations by the commission are subject to judicial review as provided in AS 44.62.560 — 44.62.570.

(b) AS 44.62.010 — 44.62.320 and 44.62.640 apply to regulations adopted by the commission. (§ 1 ch 79 SLA 1973)

NOTES TO DECISIONS

The right to peremptorily challenge a judge exists in an appeal to the superior court from a final administrative determination of the Alaska Commercial Fisheries Entry Commission. State, Com. Fisheries Entry Comm'n v. Polushkin, Sup. Ct. Op. No. 2300 (File Nos. 4658, 4685, 4723, 4737, 4780), 628 P.2d 6 (1981).

Quoted in Anderson v. State, Com. Fisheries Entry Comm'n, Sup. Ct. Op. No. 2588 (File No. 6107), P.2d (1982).

Article 2. Entry Permit System.

Section

140. Permit required
150. Terms and conditions of entry permit; annual renewal
160. Fees
170. Transfer of entry permits
180. Emergency transfers
182. Entry permit deductible as business expense

Sec. 16.43.140. Permit required. (a) After January 1, 1974, a person may not operate gear in the commercial taking of fishery resources without a valid entry permit or a valid interim-use permit issued by the commission.

(b) A permit is not required of a crewmember or other person assisting in the operation of a unit of gear engaged in the commercial taking of fishery resources as long as the holder of the entry permit or the interim-use permit for that particular unit of gear is at all times present and actively engaged in the operation of the gear.

(c) A person may hold more than one interim-use or entry permit issued or transferred under this chapter only for the following purposes:

Dipnetters Association

|--|
|__| YES I want to join the Chitina Dipnetters Association
Here is my $10.00 *

NAME Michael T. McCloy Address HHC 222nd Ave Phone _____

Governor Sheffield and Legislators:

I support the Chitina Dipnetters Assoc. in their opposition to the Board of Fisheries recent change in dipnetting to a Personal Use Fishery. We request the allocation of salmon be increased so that all dipnetters who get a permit can catch a limit of fish, based on last years numbers of permits issued. We object to a limited number of permits in any given week. Under the weekly quota system many people who drive all the way to Chitina will be denied a permit when they get there. We feel this will cause disrespect for the law, anger, and unlawful dipping.

We further request that the complete Board of Fisheries NOT be confirmed until all the geographical areas of Alaska and users are fairly represented on the Board. No user group or area should make up a majority of Board members. The present makeup of the Board is TOTALLY UNACCEPTABLE.

SIGNATURE Michael T. McCloy

Add your own comments.
* Additional family members $5.00 ea.

Mail to: CHITINA DIPNETTERS ASSOC. SR 10645, FAIRBANKS, AK 99701

Please sign if you support the Chitina Dipnetters Association

NAME	ADDRESS
Gregory Brown	2305 Mack Rd, Fbks, Alc
Faye Douglas	716 25th ave " "
Roy Brittain	SR. Box 330 Kenny Lak - via Copper Center Ak
Ronnie Graham	8805 Mack Rd. Fbks, AK
Martha R. Keener	S.R. Box 70215 Fbks, AK 99701
Judy LaChapelle	P.O. Box 75272 Fbks, Ak. 99707
Tom Loveless	4202-2 600th St. Ft. Wainwright AK.
James Nunley	1170 IVY DR FAIRBANKS AK
Marya Deacon	Gen. Del, Grayling AK 99590
Rosellain Otterman	SR 10364-A FAIRBANKS 99701.
Michael E. Comer	4101 'E' St. # 3 FAIRBANKS, AK 99701
John Kretkowski	2205 Hamson Rd. Fairbanks, AK. 99701
Robert L. Lore	2115 La View Terrace FBks AK 99701
Michael Graves	SR. Box 50092 Fairbanks
Joe [illegible]	261 College Rd. Fbks, AK 99701
Ed E. Baker	SR 40555-B Fbx, AK 99701
Elizabeth Baker	SR 40555-B Fbx, Alaska 99701
Frank Barnett	Gen Del. Tunt. AK 99680
[illegible]	P.O. BOX 56753 N. POLE AK. 99705
Paul Parelka	125 9th Ave
D. Cunningham	P.O. Box 2396, Fairbanks, Ak 99707
Kevin J. Purcell	1908 Cart Ave FBKS AK
[illegible]	5106 G Hoyt Eielson AFB Ak
David Y. Hopkins	SR 80837 Fairbanks, AK
Theresa M. Hopkins	SR80837 Fbk Ak 99701
Sherwin Scott	100 B Fairbanks 99701
Dorothy Scott	100 B Fairbanks 99701
[illegible]	Richardson Vista 50 Anchorage 99501
Charlene M. Griswold	P.O. Box 58151 FBKS AK 99711
Deborah C. Jacques	SR Box 80562-G Fbks AK 99701
John Kreig	Box 10465 FBKS AK 99710
Gilbert J. Andrews	2019 Carr Fbks. AK. 99701
Peter D. Tompkins	PO Box 74480 FBKS AK 99707
Susan M. Trimble	P.O. Box 73371 FBKS., AK 99707

Name	Address
Nicholas Anderson	SR Box 60940-A FBX
Mary Scott	SR Box 70550 FBX
Grant R Jones	764 17th Ave FBKS AK
Ginola Jones	764 17th Ave FBKS. AK
[illegible]	816 - 29th Ave
[illegible] JAMES SWEENEY	S.R. BOX 70550, FAIRBANKS, AK 99701
James B. Olney Jr	JAMES B Olney, JR - 1009 2nd Ave FBKS AK 99701
Leslie Russaint	1009 Second Ave FBKS 99701
Joseph W. Vargas	SR 20208 FBKS. AK. 99701
[illegible]	411 Wedgewood Dr. FBX, AK. 99701
Doris M. Gates	411 Wedgewood Dr. FBKAK 99701
Donna L. Moffet	2660 Turner St #1 Fbks. AK 99701
Ronald C Blair	5.8 mile CHSR FBK AK 99706
Jerry S. Hubman	1024 Kellum FBK, AK 99701
[illegible]	SR BX 40629 FBKS, AK 99701
Duffy Halladay	Box 1995 Fairbanks 99707
Debbie Kokrine	SR BX 80827 10th Fbks AK 99701

MSG 84-00038559 PRTY 1 01/24/84 13:15:32 ORIG: LF00 IN= 0004 OUT= 0078
FROM: TRACIE/FBK TO: JNU INFO
TARGET: LJHK SUBJ: FOM

TO: REPS DAVIS, BETTISWORTH, SOPONEN, RINGSTAD, M.W. MILLER
SENS BENNETT, FAHRENKAMP, MOSS

CC: JOHN LEWIS
JR PORTER
FRED, PETTI
ABA-OSTF

RE: CHITINA DIPNETTING

MSG: CHITINA FIRST STARTED 40 FISH NO TIME LIMIT, THEN CAME TIME LIMIT AND 30 FISH. NOW MORE TIME LIMIT AND LESS SALMON. COMPARE CHITINA DIPNET TO COmmERCIAL FISHING NET. SALMON IS A HEALTHY SOURCE OF STRETCHING THE BUDGET FOR MY FAMILY. PLEASE REMEMBER THE PEOPLE OF THE INTERIOR OF ALASKA.

FOM

84-00038562 PRTY 1 04/24/84 13:53:38 ORIG: LF00 IN= 0008 OUT= 0008
OM: TRACIE/FBX TO: JNU INFO
GET: LJHK SUBJ: FOM

REPS DAVIS, BETTISWORTH, LOFGREN, RINGSTAD, M.W. MILLER
SENS BENNETT, FAHRENKAMP, MOSS

CROSBY LEWIS
1157 SUNSET DRIVE
FBX, 99701
452-4603

CHITINA DIPNETTING

SPORTSFISHERMEN HAVE AS MUCH RIGHTS TO RIVERS AS FISH AND GAME,
COMMERCIAL FISHERMAN. BY CUTTING OUR TIME AND BAG LIMITS YOU CUT
RIGHTS TO OUR NATURAL RESOURCES. I STRONGLY OPPOSE THIS ACTION, AND
LEGISLATION SHOULD WORK FOR ALASKANS AND NOT AGAINST THEM.

-TOM

Answered

MSG 84-00029198 PRTY 1 03/28/84 11:42:28 ORIG: LF00 IN= 0007 OUT= 0066
FROM: PAULA/FKS TO: JNU INFO
TARGET: LJHK SUBJ: POM 25

TO: REPS DAVIS, BETTISWORTH, KOPONEN, RINGSTAD, M.W. MILLER
SENS BENNETT, FAHRENKAMP, MOSS

SEN RESOURCES
SENS FAHRENKAMP, ZIEGLER, MULCAHY, ELIASON, P. FISCHER, STURGULEWSKI, V. FISCHER [redacted], [redacted]

HOUSE RESOURCES
REPS RINGSTAD, SHULTZ, UEHLING, COWDERY, BUSSELL, LISKA, VASKA, GOLL, LARSON

FROM: DR. BRIAN YAMAMOTO
4012 #6 PINE STREET
FT. WAINWRIGHT, AK, 99703
356-3280-H

RE: BOARD OF FISHERIES

MSG: AS AN ALASKAN RESIDENT I WANT TO EXPRESS MY DISPLEASURE WITH GOVERNOR SHEFFIELDS APPOINTMENTS TO THE STATE FISHERIES BOARD. THIS CONNOTES A FLAGRANT NONREPRESENTATION OF INTERIOR ALASKANS. CHITINA DIPNETTING BENEFITS MORE ALASKANS AND LOCAL ECONOMIES. WHEN COMMERCIAL FISHING INTERESTS ARE FORMOST IN OUR FISHERIES POLICY, THE PEOPLE OF ALASKA SUFFER.

----------EOM

Answered

MSG 84-00029945 PRTY 1 03/30/84 09:22:12 ORIG: LF00 IN= 0001 OUT= 0025
FROM: PAULA/FKS TO: JNU INFO
TARGET: LJHK SUBJ: POM

TO: REPS DAVIS, BETTISWORTH, KOPONEN, RINGSTAD, M.W. MILLER
SENS BENNETT, FAHRENKAMP, MOSS

FROM: ANNA GIVENS
SR 71191
FAIRBANKS, AK, 99701
488-9752-H

RE: CHITINA DIPNETTING

MSG: I WHOLEHEARTEDLY DISAGREE WITH THE NEW DIPNETTING REGULATIONS AND URGE YOU TO RETURN TO LAST YEARS (1983) DIPNETTING STATUS. THE INTERIOR DELEGATION/COMMITTEE SHOULD CONSIST OF VARIOUS MEMBERS **NOT ALL LEGISLATORS**.
----------EOM

Alaska State Legislature

House of Representatives

Pouch V
State Capitol
Juneau, Alaska 99811

Official Business

April 13, 1984

DRAFT

¥inside_address¥

Dear ¥name¥:

Thank you for your message of concern regarding the Copper River fisheries allocation.

As you may be aware, this conflict has escalated the controversy surrounding the Governor's appointments to the Board of Fisheries. While I cannot say for sure, it appears at this time that the ~~House of Representatives~~ Legislature will not vote to confirm the present Board in its entirity. There may be votes to retain, perhaps, two at most of the current members.

We are keeping abreast of this controversy, and are filing all correspondence as a matter of record for our committee files. I expect to hold hearings on both the Board of Fisheries and the Board of Game next week, and will make the volume of correspondence known and available to the committee members.

Once again, thank you for your time in this matter. Please feel free to add any additional input in the future.

Sincerely,

John Ringstad, Co-Chairman
House Committee on Resources

JR/ds/jwm

3-26-84

All of the following people agree with the attached questionnaire as filled out (all boxes checked)

Name	Address	City	State	Zip	Ph.#
John H. Burlison	1916 Esquire AVE.	FBK.	AK.	99701	456-858
James G Ballam	P.O. Box 1495	Fairbanks	AK.	99701	488-3928
Jon J. STAHL	P.O BOX 58174	FAIRBANKS.	AK.	99711.	488-6454
David DeHevs	1224 10TH Ave	Fairbanks	AK	99701	456-6880
William Leslie	P.O. Box 55374	North Pole	AK	99705	488-9791
William E Laiti	PO Box 3490	Sandvik Rd	FBKS AK	99701	479 6644
David Marshall	305 Eagle	Fairbanks	AK.	99701	452-5538
Bruce Delbridge	P.O. Box 1698	Fbx	AK	99707	452 3832
Cindy Arias	573 Wilcox Ave.	Fbk	AK	99701	979-244

Alaska State Legislature

Representative Niilo Koponen

FAIRBANKS
Box 252
Fairbanks, Alaska 99707
479-6782

JUNEAU
Pouch V
Juneau, Alaska 99811
465-4992

M E M O R A N D U M

TO: ~~Rep. Mike Davis, Rep. Mike Miller (North Pole), Rep. Dick Schultz, Rep. John Ringstad~~, and Rep. Bob Bettisworth

FROM: Rep. Niilo Koponen

RE: Chitina Dipnetters

DATE: April 12, 1984

Attached is a packet I received from Byron Haley of the Chitina Dipnetters Association. Mr. Haley has asked me to circulate these forms to the Interior delegation.

You may want to remove, as I have, forms from your own constituents before you pass the packet on. Please check your name off the list and send the packet on to the next name. Thanks.

Attachment

Byron W. Haley Pres.
Chitina Dipnetters Assoc.
1002 Pioneer Road
Fairbanks, AK. 99701

April 6, 1984

Rep. Niilo Koponen
Alaska State Legislature
Pouch V (MS3100)
Juneau, Alaska 99811

Dear Rep. Koponen:

Inclosed is an add that the Chitina Dipnetters Assoc. run in the News-Miner and Anchorage Times and some forms in which we asked people to join or support the Chitina Dipnetters Assoc. and are belief on the Chitina Dipnet Fishery.

We would like your support in are effort with a NO VOTE on confirmation of the Fisheries Board. If you feel you can not vote no then please be absent when the vote is called for.

We would like a diffident answer on weather you will vote no or be absent if you feel you can answer us it would be greatly appreciated. We hope we can count on your support on this issue and others that will come up on this Dipnet fishery.

Please show the inclose material to other legislature.

Sincerely

Byron W Haley

Byron W. Haley Pres.
Chitina Dipnetters Assoc.

to catch salmon in the Copper River and use them to feed your family, please complete the following questionnaire, and send it back to us immediately!

YOU DO NOT HAVE TO BE A CURRENT MEMBER OF THE DIPNETTERS ASSOCIATION, NOR ARE YOU OBLIGATED TO JOIN, TO DO SO!

MAIL TO: Chitina Dipnetters Association, 1002 Pioneer Rd., Fbks., AK. 99701

Whereas I, the undersigned, object to the present control of the State Board Of Fisheries (a body which, by constitutional definition exists to serve the interests of all Alaskans, be they sport fishermen, commercial fishermen, or others) by the commercial fishing industry and, whereas, I further object to the legal process by which, with virtually no exceptions, only individuals whose livelihoods are derived directly from the commercial fishing industry are appointed by Alaskan Governors to serve on the State Fisheries Board and, whereas, since I further object to the most recently established regulations which will apply to my activities as a dipnet user of the Chitina fishery during 1984, I request that; (✓ if in agreement)

☑ those individuals (all of whom have directly vested interests in commercial fishing) recently appointed by Governor Sheffield and whose names are presently being considered for seats on the State Fisheries Board not be confirmed.

☑ recently altered catch limits, fishing boundaries, fishing time periods, etc., for Chitina dipnetters be returned to their 1983 status.

☐ the number of fish necessary to satisfy all users of the Chitina/Copper River Fishery, be made available, (by escapement, etc.) based upon 100 percent of the 1983 subsistence catch plus 10 percent of the average annual catch based upon figures derived over the past ten year period.

☑ House Bill #645, Senate Bill #487 be amended to stipulate that no user group or resident of any specific geographic area shall be given preference when appointments to any State Fisheries Board are made.

☑ legislation be passed which will specifically prevent future State Fisheries Boards from being composed of a majority with vested commercial interests in the fisheries resource that is served and regulated by the Board.

☑ the entire upper Copper River fishery be returned to the SUBSISTENCE status or that the priorities of the newly created PERSONAL USE category be reestablished on an equal basis with the traditional subsistence priorities that have existed for dipnet fishing in past years.

☐ my endorsement of Mr. James Greiner be accepted for his immediate appointment as a member of the State Fisheries Board Representing the Interior of Alaska.

Additional Things You Can Do!

1). Send a cost-free telegram to the Legislature.
2). Write to Governor Sheffield, requesting his attention on the above points.
3). Write to the Editor of the newspaper in which this ad appears.
4). Call your Chamber of Commerce.
5). Testify at the Legislative Teleconference which will stem from this message.
6). Write to the Alaska Commissioner of Fish & Game

NAME VINCE MEURLOTT
ADDRESS 22 D FAREWELL
CITY FAIRBANKS
STATE AK ZIP 99701
PHONE 456-2722

☐ **YES, I want to join the CHITINA DIPNETTERS ASSOCIATION, and assure my voice will be heard during future times!**

DUES: $10; Additional Family Members $5.00 ea.

ATTENTION CHITINA DIPNETTERS!

ishing in the Twin Lakes are
(Staff photo by Eric Muehling)

ATTENTION CHITINA DIPNETTERS!

If you value your right, as a tax-paying Alaskan resident, to catch salmon in the Copper River and use them to feed your family, please complete the following questionnaire, and send it back to us immediately!

YOU DO NOT HAVE TO BE A CURRENT MEMBER OF THE DIPNETTERS ASSOCIATION, NOR ARE YOU OBLIGATED TO JOIN, TO DO SO!

MAIL TO: Chitina Dipnetters Association, 1002 Pioneer Rd., Fbks., AK. 99701

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2). Write to Governor Sheffield, requesting his attention on the above points.
3). Write to the Editor of the newspaper in which this ad appears.
4). Call your Chamber of Commerce.
5). Testify at the Legislative Teleconference which will stem from this message.
6). Write to the Alaska Commissioner of Fish & Game

NAME PARDY, G.
ADDRESS 1857 STANDARD
CITY FAIRBANKS
STATE AK ZIP 99701
PHONE 456-6789

☐ **YES, I want to join the CHITINA DIPNETTERS ASSOCIATION, and assure my voice will be heard during future times!**

DUES:$10; Additional Family Members $5.00 ea.

Pd. for by Chitina Dipnetters Assn., 1002 Pioneer Rd., Fairbanks, AK. 99701, Bryon Haley, Vice Pres., Sec.

HB

14

COMMITTEE REPORT

HOUSE

JUDICIARY
FINANCE

FURTHER:

(O)

4/26/83

Date: 5/9/83

Mr. Speaker:

The Committee on RESOURCES has had HB 14

"An Act relating to processing of permits by state agencies, and to administrations of the Alaska coastal management program."

under consideration and reports it back as follows:

[ ] do pass [ ] do not pass

[ ] do pass with attached amendments(s)

[X] replace with CS for HB 14 (Resources) [✓] same title [ ] new title

and recommends

[ ] AND attaches a "Letter of Intent" [ ] New Fiscal Note [ ] Zero Fiscal Note Attached

[ ] reports it back without recommendation

[ ] referred to the Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS:

CO-CHAIRMAN

H 60

STATE OF ALASKA

Bill Sheffield, Governor

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

POUCH B
JUNEAU, ALASKA 99811
PHONE: (907) 465-4700

February 7, 1983

POSITION PAPER

RE: HB 14

SPONSOR: Representative Martin

Program Effects of Bill

The bill deals with permit reform and provides for a "fast tracking" of all permit applications requiring agency decisions within certain timeframes. The measure also provides for a "Lead Agency" concept for the issuance of coastal management consistency determinations.

Comments

The proposed revisions to regulatory procedures are considerable; some of the changes are probably desirable and others have no direct bearing upon this Department or its concerns. Section 44.62.635 "Lead Agency" is of particular interest, as it deals with Alaska Coastal Management Program (ACMP) consistency determinations. One of the foremost selling points of the National Coastal Management Program is the requirement that federal coastal actions must be consistent with approved State programs. In Alaska that concept has been expanded upon to require that proposed State and Federal coastal activities be consistent with ACMP approved local programs. HB 14 and Executive Order 53 are in opposition in that the latter would continue to vest consistency review authority in the Governor's Office, while the former would disperse this responsibility to individual line agencies. Moreover, subsection (b) would weaken the consideration afforded to approved local programs to an extent rendering them little more than advisory. Communities and regions that have Coastal Management Programs in place or in the works have proceeded under the expectation that local programs would have more than advisory powers.

STATE OF ALASKA
PRELIMINARY STATEMENT OF FISCAL IMPACT

Bill No: HB 14 Date on Bill: 1/18/83
Title: Permit Processing/Alaska Coastal Management Program
Sponsor: Representative Martin
Requestor:

1. Estimated fiscal impacts on: Department of Community & Regional Affairs

a. Expenditures:

(Thousands of Dollars)

			FY 83	FY 84	FY 85	FY 86		
Capital				-0-	-0-	-0-		
Operating				-0-	-0-	-0-		
Total				-0-	-0-	-0-		

b. Revenues:

Revenue								

2. Source of funds to offset fiscal impact of bill:

3. Assumptions:

The reshuffling of permit authority would have no impact upon the Department. No fiscal impact.

4. Disclaimer:
This statement has not been reviewed by the OMB in the Office of the Governor. It does not represent the policy of the Sheffield Administration or the final estimate of fiscal impact.

Prepared By: Richard Rainery RR Phone: 465-4703
Division: Commissioner's Office Date: 2/15/83
Approved by Commissioner: [signature] Date: 2/18/83
Department: Community & Regional Affairs

5. Distribution:
Original to Legislative Finance
Copy to OMB
Copy to Sponsor
Copy to Requestor

2/8/83

IN THE SUPERIOR COURT FOR THE STATE OF ALASKA

FIRST JUDICIAL DISTRICT AT JUNEAU

CITY OF ANGOON and SIERRA CLUB, Petitioners, vs. ALASKA DEPARTMENT OF ENVIRONMENTAL CONSERVATION and SHEE ATIKA, INC., Respondents. (C)	FILED IN THE TRIAL COURTS STATE OF ALASKA, FIRST DISTRICT AT JUNEAU FEB 10 1983 Barbara Dillman, Clerk By SAW Deputy No. 1JU-82-1919 Civil

MEMORANDUM OF DECISION AND ORDER

Upon hearing oral arguments of counsel and testimony of three witnesses, and upon consideration of the pleadings and memoranda, the court has arrived at the following conclusions.

1. Petition for Review

The Petition for Review is granted, pursuant to App. R. 610(b)(1). Postponement of review of the November 8, 1982 decision of the Commissioner of the Department of Environmental Conservation (DEC) on petitioners' emergency motion for stay would result in injustice. The injustice consists of petitioners inability to obtain a ruling from the Commissioner of DEC on their request for a stay before clearcutting takes place.

The Petition for Review raises the question of whether the Commissioner of DEC erred in concluding he had no jurisdiction to enjoin the clearcutting at issue. The court finds in favor of the petitioners on this question. The Commissioner himself recognized that he should consider standards for protection of the coastal zone under the Alaska Coastal Management Act when reviewing respondent's plans to construct a log transfer facility However, the Commissioner did not feel that the proposed clear-cutting was a proper subject of his permitting authority. Therefore, he held he had no power to enjoin the clearcut.

The Coastal Management Act should be given a broader reading

The Commissioner's authority is not delineated by the activity on the face of the application for a Certificate of Reasonable Assurance. The Act envisions a comprehensive review by agencies of impacts to coastal land and water. Consequently, activities closely associated with uses specifically mentioned in permit applications must also be considered.

The court finds no compelling reason to treat the clearcut separately from the log transfer facility. The cutting, by respondents' own testimony, will serve a variety of functions, all related to the sorting, storage, and transfer facilities of this project. The fact that some of the cut acreage is intended for a log sort yard does not alter the court's reasoning. No persuasive evidence was presented to require that a sort yard must receive separate consideration. Since the Commissioner has the authority, and is in fact mandated, to determine consistency with the ACMP for the entire project at Cube Cove, he has the jurisdiction to issue a stay if warranted.

The case is remanded to the Commissioner of DEC to determine whether the clearcutting should be enjoined pending the adjudicatory hearing. The interests of judicial and administrative economy dictate that DEC make this decision, not the court, given the extensive record before the department in this case already. In remanding, this court is not making any judgment on the merits of petitioners' emergency motion for stay. The court is only confirming the Commissioner's authority, and directing that he exercise that authority as soon as possible.

2. Preliminary Injunction

Ordinarily, the function of a preliminary injunction is to preserve the status quo -- or establish a new status -- while an underlying action is pending. The showing for an injunction involves three factors: irreparable harm to petitioners, little or no harm to respondents, and the existence of a substantial

question presented on the merits.

In this case, the underlying action before the court is a Petition for Review. The question presented by the Petition has been decided, in favor of the petitioners, so the traditional purpose of an injunction does not exist. However, since a TRO has been in effect for almost three months, and the Commissioner will shortly be deciding the propriety of a stay, this court finds further temporary injunctive relief appropriate. The current injunctive order will be extended only until such time as the Commissioner issues a ruling on petitioner's emergency motion for stay. The court urges that this action take place in the very near future, so that the duration of its injunctive order is extremely short-lived.

For the reasons stated above, the Petition for Review is granted and decided in favor of petitioners. The Motion for Preliminary Injunction is granted only insofar as it extends the court's current injunctive order until the Commissioner of DEC rules on the merits of petitioners' emergency motion for stay. The Commissioner is directed to handle this matter expeditiously.

IT IS SO ORDERED.

DONE at Juneau, Alaska, this 10th day of February, 1983.

Walter L. Carpeneti

Walter L. Carpeneti
Superior Court Judge

CERTIFICATION

This is to certify that on the above date I provided a copy of the above Memorandum of Decision and Order to:

Barbara Malchick, Esq.
Douglas Mertz, Esq.
Jacquelyn R. Luke, Esq.

Sharon L. Walker

Secretary to the Judge

Department of Environmental Conservation

Subcommittee: NRMEC
Members: Bettisworth, Grussendorf, Vaska/Wendte

House Ceiling: 11,300.
Senate ceiling: 11,000.
Governor: 11,809.

Federal Receipts: 1620.4
FY 83 Federal Receipts: 2282.7

Line item or program	Request	Gov.Amd.	House	Difference
Facilities construction and operation	1184.9	1150.	1082.	-5.8%

The area of water and sewer construction was identified by members of the subcommittee as a major interest in terms of capital projects. This area is receiving federal money to train water and sewer operators (65.) This unit administers the Village Safe Water, Municipal Grants (for sewer projects) and the Operator Training and Certification programs. The difference between the House and Governor's proposals amounts to 68. and would delete an environmental conservation supervisor position and travel money.

Environmental Quality Permit Section	0	0	0	0

This section has been cut out, due to the shifting of these functions to regional offices. This is felt to be more efficient, thus cutting down the time to process permits. This localization of function is estimated to cut down the time by up to 2 weeks. In dividing up the section, 12.2 was given to the northern regional office, 12.2 to central and 60.7 to southeast. Other money was shifted to the director's office.

Environmental Quality Southcentral region	2092.9	1798.6	1794.	-0.1%

The size of the rquest was based on a 6% increase for inflation and money to take up those areas which were covered by federal money which would not be present for the coming year.

Env. Quality Management Director's office	241.0	225.1	220.1	-2.1%

There has been an increase from FY 83 levels (146.8) largely because of transfers from other programs within this unit (Water Quality, Management and Technical Assistance, Air and Solid Waste.)

Env. Quality Management Water Quality Management	1081.	915.5	1101.5

SHORT FORM PAGE D NAT
2 4 6 10 12 14 16 18 20 24 26 28 30 32 36 38 42 44 46 50
xx PUB xx

April 8, 1983

The Honorable Bettye Fahrenkamp
Chairman of the Senate Resources
Committee
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Re: Enclosed Coastal Management Legislation

Dear Senator Fahrenkamp:

The purpose of this letter is to transmit and recommend for your consideration legislation which would make certain changes to the Alaska Coastal Management Act (AS 46.40).

The changes are sought because of several problems with the Alaska coastal management program which are shared by Sealaska and Alaskan industry as a whole. These problems are, to a degree, the same which have been raised over the past four years in the course of "permit reform" debate. As you quite are aware, permit reform legislation has become quite controversial, with little likelihood that comprehensive legislation will be enacted in the near future. There are, however, certain problems in existing state regulation over which there is little disagreement. Rather than await the uncertain resolution of the larger "permit reform" controversy, Sealaska believes that real and substantial progress in regulatory reform can be made by addressing a few specific problems at this point in time.

The first problem addressed by the enclosed legislation is perhaps the most notorious--the duplicative and potentially conflicting "consistency determinations" which are authorized by existing law. As you know, any number of state agencies are

required to make a "consistency determination" on the same project. The administration long ago acknowledged that there was absolutely no justification for this state of affairs. Yet while everyone recognizes a need for having but one "consistency determination" for each project, the pitfall has been agreeing on the agency to make that decision. While many industry groups advocate that the decision be made by the Department of Natural Resources, environmental organizations have not surprisingly recommended the Department of Environmental Conservation.

The proposed legislation strikes a middle ground by providing that one consistency determination will be made for each project by the Division of Policy Development and Planning. The division is already the agency primarily responsible for coastal management matters, and, as a result, this bill does not make revolutionary changes from the existing law. It would, however, solve the problem of overlapping consistency determinations immediately, leaving for later, more comprehensive legislation, the issue of where that authority should ultimately reside.

There is an equally important issue addressed by the bill, one of which some legislators may be unaware. When the Coastal Management Act was enacted in 1977, it was the intent of the legislature that the program be implemented through existing agency authorities. The last thing the legislature wanted was to expand the jurisdiction of any state bureaucracy.

However, earlier this year, Judge Walter Carpeneti of the State Superior Court in Juneau ruled that the coastal management program had the effect of expanding agency jurisdiction. The problem is essentially this: if the Department of Environmental Conservation has permit jurisdiction over a particular dock, Judge Carpeneti believes that DEC may deny the permit for that dock if it concludes that the activities which that dock will facilitate will violate the coastal management program--<u>even if those activities themselves do not require a DEC permit.</u> To carry Judge Carpeneti's ruling to its logical extreme, when DEC reviews the first transfer dock for a new major oil development--such as the Beaufort Sea--it may acquire jurisdiction over all field operations by virtue of the coastal management act.

A copy of Judge Carpeneti's decision is enclosed. While we believe that the court was mistaken, clarifying legislation is necessary. Under the enclosed bill, for example, if a coastal management consistency determination is needed for a dock, a determination will be made <u>on that dock,</u> and not on every single activity which will in any manner be aided by the construction of the dock.

Third, there is a developing problem of extraterritorial regulation by Alaska cities under the guise of the coastal management program. Some small cities have prepared coastal management plans which include standards and guidelines for lands outside the city limits. While the Office of Coastal Management is technically calling these extraterritorial zoning laws "advisory," it is apparent that as as a practical matter, state agencies may begin to adopt and apply them. It is Sealaska's view that if a particular city wishes to control land use outside its existing borders, it should seek to expand those borders, rather than using the coastal management act as a means of indirect annexation.

Finally, under the Alaska coastal management program, the Coastal Policy Council may designate "areas which merit special attention" outside existing district limits--zones in which development is severely restricted or perhaps precluded. Some have proposed to designate large tracts of privately-owned land as "AMSA's." Sealaska believes that private land owner consent should be required before an AMSA is designated over privately owned land outside existing district boundaries. Under this proposal, the Council will be required to accomodate the private land owner before the AMSA may be designated.

I realize that it is late in the session, and that your committee has many matters before it. On the other hand, most of the issues addressed by the enclosed legislation have been aired and debated in committee after committee for some four years. At the present time, absolutely nothing has come from the time consuming and acrimonious debate over permit reform. This bill would at least resolve some of the most obvious problems with the existing coastal management program without endless and repetitive debate.

I would appreciate it, if at your earliest convenience, you could discuss this legislation with Jon Tillinghast. I have also requested Sam Kito and Robert Loescher to work with Mr. Tillinghast on this legislation.

Sincerely,

Byron I. Mallott

cc: Representative Terry Martin
Robert Loescher
Sam Kito

Resource Development Council
for Alaska, Inc.
444 West 7th Avenue, Anchorage, Alaska 99501
Box 100516, Anchorage, Alaska 99510 — 907/278-9615

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Robert Huck
Frank Jones
William Ogle
Dale Tubbs

April 8, 1983

APR 14 1983

William Sheffield, Governor
State of Alaska
Pouch A
Juneau, Alaska 99811

RE: REGULATORY REFORM

Dear Governor Sheffield:

The Resource Development Council has had serious concerns about regulatory reform for the past four years and each year has encouraged the administration to do something about permitting problems. We have recently learned your administration intends to do something about it, and for this we commend you.

However, we understand administration "working groups" are nearing a final conceptual decision to have one lead agency, OMB, act for all state permits. We also understand your staff has been informed that industry has no problem with OMB's having this authority. Our industry contacts indicate exactly the opposite to be true. For this reason, we urge you to not finalize any position until there has been representative input from the various industries affected.

Attached is a copy of the new RDC policy statement on regulatory reform which was passed unanimously by the Executive Committee. As you can see, we are advocating changes in permit handling and attitudes. We think the direction your staff is heading will not only result in longer permit times, but will require more regulations, statutory and contractual changes. Also it perpetuates an unnecessary layer of bureaucracy which used to be in DPDP and has been given new life under a different name in OMB.

Comments indicate one of the selling points in having OMB issue the permits is that it is "neutral" and "capable of conflict resolution." Governor, industry doesn't really need someone who is "neutral." It needs to deal with people who are knowledgeable and can understand business problems and the free enterprise system.

Government employees need to understand that each stipulation costs money and many stipulations discourage development. Alaska is rapidly pricing itself out of the market because of the gold-plated stipulations being imposed by multilayers of government. The cost to the state in jobs and money due to "lost opportunity" runs into the hundreds of millions of dollars each year. It's too bad business can't take advantage of these opportunities and create new jobs, as bad as our state needs them.

Most of industry's problems in permitting do not come from the permitting agency charged by law to issue the permits. These agencies generally have enough expertise to understand industry's problems; permits and changes can be negotiated.

By far, most of the problems come from other agencies who have no statutory authority to act on the permit but who have gained authority under MOU's between agencies. These latter agencies insist that industry construct the project their way. They try to design many parts of the project, but having little or no expertise, they cannot conceive of the problems they cause and the costs that result. In most cases they don't care. Their lack of experience can result in permit provisions which are near fatal to a project. Unfortunately, these requirements seem to be in the majority of permits. Most of the problems could be eliminated by the agency setting standards and letting industry determine how to meet those standards.

State agencies that issue permits are required to show that the proposed operation is consistent with the state or locally approved CZM plan before they issue a permit. Who is better qualified than that permitting agency to make such a determination and why must the determination be made twice? In other words, why does the added layer of OMB have to be in the picture at all?

We need a system which significantly speeds up the permitting process. The new proposal sounds much like the earlier proposal for Uniform Procedures Regulations which would have been a disaster if they had been implemented. We urge you and your staff to abandon any thoughts along that line. We don't need new regulations to implement regulatory reform.

No amount of change in law or regulations can accomplish regulatory reform without complete backing by you. On the other hand, we are not sure that any change is required in law or regulations. We believe the main change needed is one of employee attitude and that only you can bring that about.

To accomplish regulatory reform, the main thing needed is for you, the Governor, to issue a command to all of your troops that you want the permit time and stipulations reduced by 50% within a year, and that after one year you will personally challenge any supervisor who has not accomplished this objective. With strict enforcement, this approach would be very effective.

The prior administration never gave state employees the feeling that it was serious and intended to accomplish reform; we are confident you can.

Sincerely,

RESOURCE DEVELOPMENT COUNCIL
for Alaska, Inc.

Mano Frey

Mano Frey
President

encl.

Resource Development Council
for Alaska, Inc.
444 West 7th Avenue, Anchorage, Alaska 99501
Box 516, Anchorage, Alaska 99510 - 907/278-9615

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POLICY STATEMENT NO. 11

REGULATORY REFORM

The Resource Development Council recognizes the need for certain regulations to implement statutes to protect the public health, safety and welfare. However, the proliferation of applications, stipulations, regulations and permits is overwhelming to Alaskans and has resulted in, and continues to have an increasingly negative effect on the economy. Everyone including labor and business suffers and the helpless consumer ends up paying the bill. Many promises of reform have been made with few tangible results.

Regulations should facilitate and maintain orderly administration of policy where the broad public interest is at issue. However, when the power of the government to regulate becomes such a burden to the private sector that it creates economic hardship, suffering or negation of individual liberties and rights of property, then the Council concludes that regulatory powers have been over-extended. When regulations multiply and overlap, the power may be abused and it becomes counter-productive and in need of reform.

The Resource Development Council recommends the following:

I

That governments draw up a test of standards by which any regulation will be measured, such as:

1) Is it duplicative?

2) is it truly calculated to protect only the broad public interest?

3) does it violate individual personal or property rights?

4) does it create undue financial burden which will translate to negative shift in the overall economy?

5) when individual and personal rights are subjected to threat, then full burden of proof of need, as well as financial responsibility, will be borne by the agency or agencies responsible for promulgation of the regulation,

6) that a clear distinction be made between established laws of the land and government regulation as created at will within government agencies and bureaus.

continued...

II

That local, state and federal governments make a positive commitment to an effective regulatory reform program that eliminates duplication of permits, multiple handling of permits, duplication of statutory authorities, "networking," and prohibits employees from writing law through "stipulations." These various governments should require their employees to adhere to this commitment of regulatory reform and should stringently enforce that commitment.

III

That government allow its employees to add stipulations only when there is a proven need and then only if required by statute.

IV

That, as public policy, the resource agency responsible for issuing a permit should be the lead agency and be responsible for all provisions of the permit. The lead agency should be able to override the recommendations of any agency furnishing advice and should not include stipulations of other agencies not provided for under the law authorizing the permit and should establish and enforce reasonable time limits for input by other agencies.

V

That the state and local governments eliminate the subtle "networking" process which functions without statutory authority and results in delays, re-work and non-issuance of permits.

VI

That the burden of proof be placed on the government to show why a permit does not comply with law.

VII

That the federal, state and local governments require agencies to review their regulations and work toward elimination of those that are archaic and not asolutely required by law; and that legislature and Congress annually review administrative progress in achieving regulatory reform.

VIII

That legislation be enacted to require disclosure of the costs, both public and private, related to permit processing and administration of regulations and that testimony at public hearings on cost/benefits be required prior to agency adoption of any regulation.

continued...

IX

That legislation be enacted to require fiscal notes on the external economic effect as well as environmental impact of each proposed statute and a cost/benefit review be included in the fiscal note.

X

That to minimize frivolous lawsuits, many of which are based on ill-founded regulations and stipulations, legislation should be enacted to require the loser in each lawsuit to pay the court costs, all attorney fees, the cost of delays, plus interest on all of these funds.

XI

That prior to adoption of regulations, public hearings be held as required by the Alaska Administrative Procedure Act (AS 44.62.190-210.)

Adopted ----------

OVERKILL

OR

HAVE WE ARRIVED AT THE POINT WHERE IT IS NO LONGER POSSIBLE TO GET THERE FROM HERE?

Part of the life blood of any logging operation in Southeast Alaska is the ability to establish logging camps and the facilities to put logs into the water and boom and raft them preparatory to towing them to a mill site or shipping point. Because these facilities involve uplands, tidelands and navigable waters, an applicant must clear the activity necessary for construction with an upland owner (if other than his own private property), the Alaska Department of Natural Resources (DNR) because they are custodians of the State's tidelands and the Corps of Engineers, Department of the Army (Corps) as the agency responsible for issuing permits for facilities in navigable waters.

To illustrate the total "overkill" of procedures and duplication one must struggle through in obtaining the necessary permits and approvals, it is necessary to track the procedure. Neets Bay 10 and 12 are a good example of such facilities and their record.

Neets Bay is within the Ketchikan Pulp Company (KPC) (KPC is a wholly-owned subsidiary of Louisiana-Pacific Corporation)long term timber sale and the original need for camp, log transfer and boom and rafting facilities was recognized and reviewed by the Forest Service (FS) multi-discipline team when designating areas for the 1974-79 five-year operating area for which an environmental impact statement (EIS) was written. Therefore, as the upland owners, the Forest Service reviewed and approved the site for these facilities and included them in the EIS prior to commencing logging operations on the five-year period beginning July 1, 1974.

On April 26, 1977 (Exhibit A) a letter was sent to the Corps together with application for a permit described as "proposed standing log boom retained in position by 5 ton anchors, log transfer facility using approximately 1,000 cubic yards of upland shot rock and employing an A-frame lift-off device, an offloading ramp consisting of a lashed log crib filled with shot rock from an upland source, a small boat dock and ramp to aid in construction of roads and facilities".

On June 15, 1977 we were sent a letter by the Corps notifying us of their receipt of our application, the assignation of Reference No. 071-OYD-2-770123 and the notification of assessment of a $100.00 processing fee should approval be granted. (Exhibit B)

On July 19, 1977 we received from the Corps (Exhibit C) a copy of a letter from the U. S. Environmental Protection Agency (EPA) requesting the permit, if issued, contain the following special conditions:

1. The permittee shall implement, once per year for a period of three years, a bottom sampling program to determine whether lost solids have accumulated in the project waters associated with the log transfer site. Each such sampling shall be completed not later than September 1 of each sampling year.

2. The permittee shall submit a brief report of the findings of each sampling effort and a sketch showing location of sampling sites, to the Corps of Engineers, the Alaska Department of Environmental Conservation and the U.S. Environmental Protection Agency not later than October 15, of each sampling year.

3. The permittee shall remove all significant accumulations of lost wood solids, if any, and dispose of them in an upland fill approved by the U.S. Forest Service and/or the Alaska Department of Environmental Conservation and concurred in by the Environmental Protection Agency. The permittee shall modify log transfer procedures, including possibly the relocation of the transfer site if significant accumulations of lost wood solids are found as a consequence of any sampling program conducted by the permittee or the Environmental Protection Agency.

Although EPA saw fit to copy the Alaska Department of Environmental Conservation (DEC), the U.S. National Marine Fisheries Service (NMFS), the U.S. Fish & Wildlife Service (USF&WS) and the Forest Service with their letter, they did not see fit to send it to the applicant thus requiring a copy of the letter to come from the Corps with their notice to us and our return agreement July 29, 1977 to the Corps (Exhibit D) with copy to EPA.

On August 2[illegible] 1977 and after advertisement of request for public comment, the Corps sent a letter (Exhibit E) informing us to submit our processing fee and we would receive our permit. On September 15, 1977 having submitted the required fee we received a cover letter and our permit from the Corps (Exhibit F). This permit contained standard Corps conditions a-x (24 in number) plus the three additional conditions of EPA. Included in the 24 Corps conditions are the conditions for applicant

to "at all times be consistent with applicable water quality standards, effluent limitations and standards of performance, prohibitions, and pretreatment standards established pursuant to Sections 301,302,306 and 307 of the Federal Water Pollution Control Act of 1972 (P.L. 92-500; 86 Stat. 816), or pursuant to applicable State and local law".

Another subsequent section also adds, "...if applicable water quality standards are revised or modified during the term of this permit the permit will be modified if necessary to conform with such revised standards within 6 months of the revision..."

On September 30, 1977 we applied to the Department of Natural Resources for a tideland permit for this same area. However, due to market changes affecting our need for logs, scheduling our logging operations, together with the need to recover blown down timber in other areas, it became apparent we would not be moving into this area as planned.

It is difficult to be precise in these schedules when we must get our Corps permits started a minimum of six months prior to construction and construction must precede logging by at least one year. This means we are estimating our logging needs one and one-half to as much as three years in advance in relation to needing permits, and we are working with the Forest Service preparatory to writing environmental impact statements as far as eight years in advance of construction for some of these facilities.

In any event, we did not start the work applied for in either the DNR tidelands permit or the Corps permit as expected. On April 16, 1979 we received notice from DNR (Exhibit G) to notify them of our intentions on the tidelands permit or they would close the file. We advised DNR by letter of April 20, 1979 (Exhibit H) of our new estimated dates of construction schedule starting on March 1, 1980 and completion on August 1, 1980.

It was now apparent our logging activities in this area would not be completed during the 1974-79 five-year period but would now fall within the 1979-84 period. This necessitated the FS multi-discipline team review and the inclusion of this area and its facilities in yet another EIS.

We also wrote the Corps on August 8, 1979 (Exhibit I) requesting extension of our permit to cover our new schedule. On October 4, 1979 (after a period of almost two months) we received word from the Corps (Exhibit J) stating they could not extend our permit because we had not commenced work by April 26, 1978 or a year after our original application and must reapply.

On October 16, 1979 we sent a cover letter and application to the Corps (Exhibit K). The letter, application and drawing were basically the identical ones used for our original application of April 26, 1977. On or about October 23, 1979 we received from the Corps a letter (undated) (Exhibit L) designating our application NPACO-RF-P Neets Bay 12 with the reference number 071-OYD-2-790398. We were further informed by the Corps that further action on our permit was suspended because the permit area was within the Alaska coastal zone and we must provide a certification that our activity would comply with the Alaska Coastal Management Program. Also, they advised us that a permit cannot be issued until we have obtained a Certificate of Reasonable Assurance or Waiver of Certification as required by Section 401(a)(1) of the Clean Water Act. This certification or waiver is to be issued by the DEC.

We next received a letter dated November 30, 1979 from DNR (Exhibit M) informing us that our tideland permit ADL 100073 for Neets Bay was to be advertised as shown on the attached notice. We then received a copy of the Corps public notice dated December 7, 1979 (Exhibit N) and attached was a copy of the public notice from the Office of the Governor, Division of Policy Development & Planning (DPDP) for Application for Certification of Consistency with the Alaska Coastal Management Program and also attached was the DEC public notice of Application for Water Quality Certification. This latter certification is assurance that any discharge to waters of the United States resulting from the project described in the Corps permit will comply with the Clean Water Act and applicable state laws, even though the applicant must agree to abide by these laws as a condition of obtaining the permit from the Corps and the permit itself so stipulates (see Corps permit General Conditions part b).

A letter dated December 12, 1979 was sent to the Corps from DPDP (Exhibit O) advising them they had received the application, were reviewing it for Alaska Coastal Management Program Consistency Determination and had distributed the material to the appropriate governmental agencies for a review which they were scheduled to close on January 10, 1980, soon after which they would send the review decision to the Corps. Also, the State Clearinghouse has now assigned State ID No. FD280-79121111FP.

On December 28, 1979 we had a telephone call from the NMFS questioning whether there was enough water under the transfer site to float the log bundles at all tides. We directed him to the plat submitted with our application indicating 50 to 60 feet and pointed out that the site would be of no use for our purposes if the bundles did not float. We agreed to make ourselves available to travel to the site with them. However, we later found they had visited the site without contact with us.

On January 4, 1980 we were copied on a letter sent from the Alaska Department of Fish & Game (ADF&G) (Exhibit P) requesting a one month extension to permit a more thorough evaluation and assessment of the impacts of this development. ADF&G sent copies of this letter to USF&WS, NMFS, EPA, two recipients (Juneau and Anchorage) at DNR, two recipients (both Juneau) at DEC, one other recipient at ADF&G and the State Clearinghouse.

Also, on January 4, 1980 the DPDP wrote the Corps (Exhibit Q) notifying them the Alaska State Clearinghouse was extending the closing date for review from their original January 10, 1980 by fifteen days which they calculated would be a closing date of February 2, 1980. (Actually, 15 days from January 10, 1980 is January 25, 1980).

On January 17, 1980 we received a copy of a letter from EPA to the Corps (Exhibit R) advising them the proposal may have adverse impacts on water quality and/or the aquatic resources and accordingly, coordination with appropriate State and Federal resource agencies was needed and they would expect to provide additional comments within 30 days. The EPA copied USF&WS, ADF&G, DEC and NMFS.

On January 18, 1980 we received a copy of a letter from the Corps to NMFS (Exhibit S) agreeing to extend the review period to February 7, 1980.

On January 29 we received notice and billing from DNR (Exhibit T) for the advertisement for our State Tideland Permit.

On February 8, 1980 we received a copy of a letter from EPA to the Corps (Exhibit U) informing them of no objection to issuance of this permit "provided the applicant complies with all State & Federal resource agency conditions that may be needed to protect the aquatic resources". A copy of this letter went to USF&WS, NMFS, ADF&G, and DEC. Had EPA read the requirements written into a Standard Corps Permit they would have noted the applicant must not only agree to comply with all State and Federal conditions but must also agree to currently comply if rules or regulations are added or modified and we would not now at this late date have to agree with what we <u>must</u> agree with to obtain the valid permit.

On February 15, 1980 we received a letter from the Corps (Exhibit V) enclosing a copy of a letter they received from the ADF&G saying they had reviewed the application and "find this project consistent with those Coastal Zone Management standards we have responsibility for reviewing and have no objections to issuance of a permit, provided the following special stipulations are included:

1. A non violent log transfer facility is employed.

2. The permit is limited to a five year period".

Copies of this letter dated February 1, 1980 were sent to NMFS, USF&WS, EPA, 2 recipients at DNR, 2 recipients at DEC, ADF&G, Clearinghouse and to the Applicant.

It is interesting to note that at this late date there is a requirement for a non violent dump when both the original and subsequent applications for permit detailed in the drawings of the facilities as well as in the verbal description of lift-off, non violent type of equipment to be used. Also, the insistence of a five year limitation with no explanation whatsoever of why they think this is necessary or investigation as to whether this limitation is consistent with the applicant's requirements.

We next heard directly from DPDP on February 19, 1980 (Exhibit W). They informed us that, "As currently planned, we have found the proposal to be inconsistent with ACMP. It will be consistent with the ACMP provided the attached stipulations are met.

INCONSISTENT DETERMINATION ATTACHMENT

Conditions related to South Neets Bay Timber Project
(State I.D. # FD 280-79121111 FP):

1. The Department of Environmental Conservation must first issue a Certificate of Reasonable Assurance stating that the proposed activity will comply with the requirements of Section 401 of the Federal Water Pollution Control Act Amendments of 1972 as modified by the Clean Water Act of 1977.

2. A non-violent log transfer facility must be employed.

Copies of this letter were sent to Office of Coastal Management (OCM), Department of Law, COE(Corps) and DEC. Again, we have the requirement for a non violent log transfer in the permit application.

At this point we seem to be in the position of not being able to get approval from DPDP until DEC goes to public notice and issues a Certificate of Reasonable Assurance that the project will be in compliance with Section 401 of the Federal Water Pollution Control Act even though this is stipulated by the Corps as a general condition of the permit.

We next received a letter from the Corps dated February 21, 1980 (Exhibit X) and relaying to us a letter they received from NMFS and indicating they had made two on-site inspections of the area to be covered by this application. They state, "As a result of these investigations, we believe that the proposed action will not significantly harm marine, estuarine, or anadromous fisheries resources if the following stipulations are incorporated into the permit:

1. Log transfer methods should be non violent. This will reduce the amount of bark debris knocked off in the transfer process.
2. This permit shall expire in five years.
3. A sufficient amount of clean shot rock shall be placed over all fill material so that erosion and leaching of fill material will not occur".

We were not copied on this letter, necessitating the Corps send us a copy and request our comments to NMFS who must then contact the Corps of our agreement. Also, had this agency read either the original or second application for this facility they, too, would have noted it was specifically for a lift-off (non violent) type and was to be filled entirely by shot rock. They also deemed a five year limitation on the permit without any explanation of the necessity or inquiry of the applicant.

Also on February 21, 1980 we wrote DPDP (Exhibit Y) agreeing to a non violent dump, even though this was the intention from the original application for this permit on April 26, 1977.

On March 3, 1980 we received from the DEC by Certified Mail, Return Receipt Requested (Exhibit Z) a cover letter transmitting to us a State of Alaska Department of Environmental Conservation Certificate of Reasonable Assurance. This document states the log transfer facility consisting of 1,000 cubic yards of shot rock fill and an A-frame lift-off device will be constructed along with other facilities. It then stipulates the following provisions:

1. A spill prevention control and counter measures plan in accordance with 40 CFR 112.4(c)*has been prepared by the applicant and submitted to ADEC.

2. A non-violent log transfer facility is employed.

3. A clean shot rock cap is placed over all fill material to prevent surface erosion.

4. ADEC 401 certification expires in five (5) years.

Copies of this letter were sent to Corps, EPA, ADL(DNR), ADF&G, NMFS, USF&WS, SERO(?), OCM and State Clearinghouse.

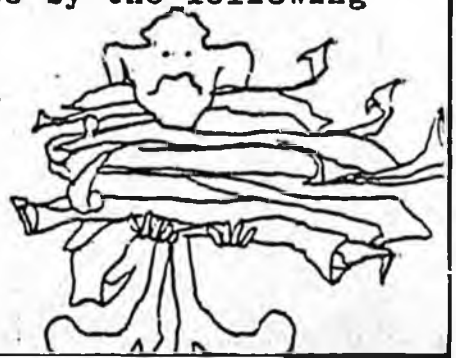
Although we do not understand why a spill prevention control and countermeasure plan is needed for approval of this permit we will submit one to DEC because to argue it would be time consuming and it will be required by the Coast Guard, FS and EPA prior to fuel being stored in the area. We will agree to a non violent log transfer as stipulated on both plans and description of our permits since April 26, 1977 and we will agree to a clean shot rock cap because all of the fill material will be clean shot rock as stated in application. We are still curious as to why so many agencies (or is it really one agency with a lot of shadows?) insist on a five-year limit without inquiring of us how long we will need the facility. In this case, we will most likely agree to the five year stipulation, only so we can commence the project and hope for an extension if we need the facility longer.

On March 3, 1980 we also received a copy of a letter from DPDP to the Corps (Exhibit AA) informing them they had received a Certificate of Reasonable Assurance from DEC stating that the subject project will comply with the requirements of Section 401 of the Federal Water Pollution Control Act. They further state they have now completed their ACMP review of the subject proposal and find it consistent with ACMP. Copies of this letter were sent to OCM, two recipients at ADF&G, DEC and Commissioner McAnerney of Regional Affairs (CRA).

As of this writing, on March 10, 1980, we do not have our permit and we do not have a DNR tideland permit. Our construction season has started and our construction people are on the ground constructing the road and developing quarry sites and are badly in need of this permit to properly schedule their work.

Neets Bay 12, NPACO-RF-P, No. 071-OYD-2-790398, State I. D. No. FD280-79121111FP and ADL No. 100073 has been reviewed by two FS multi-discipline team reviews including participants from other State and Federal agencies, been included within two Environmental Impact Reports in which all agencies could (and most did) make comments, as well as any private citizen and has now been reviewed by, or copied with, some correspondence by the following agencies in relation to this application:

FS U.S. Forest Service



Corps	Corps of Engineers, Dept. of Army
EPA	U.S. Environmental Protection Agency
DNR	Alaska Department of Natural Resources
DPDP	Office of the Governor, Division of Policy Development and Planning
ADF&G	Alaska Department of Fish & Game
DEC	Alaska Department of Environmental Conservation
ADL	Alaska Department of Law
CRA	Commissioner of Regional Affairs
	State Clearinghouse
OCM	Alaska Department of Coastal Management
SERO	Unable to identify
NMFS	National Marine Fisheries Service
USF&WS	U.S. Fish & Wildlife Service

The question needing an answer is, why so much duplication, delay and totally unnecessary paperwork is required for a routine non-controversial permit such as this? Is it really necessary for nine State Departments or Agencies and probably twice that number of State employees along with five Federal Agencies and their employees to review, make comments and shuffle the paper? This chronology illustrates how rapdily the bureaucracy has come upon us when one reviews the rather direct route to the permit received in 1977 as compared to the frightening growth and duplication that has sprung up by 1979, even when applied to an area for which there had been a previous permit issued.

We do not fault the Corps, as their practice is to be helpful in notifying the applicants of agency input, but their regulations force them to respond to each and every comment, no matter how duplicative, until all participants are satisfied. We also think that if all agencies would read and analyze the General Conditions an applicant must consent to in order to get a permit they would realize many of their concerns are already well protected and much of their review and comments unnecessary. Attached is a current copy of the Corps General Conditions for a permit, for your information.

We sincerely feel this process is non productive, wasteful, inflationary and in need of review, particularly in respect to the State's duplicative reviews. It is only for this purpose this review has been written and circulated. If it accomplishes some reduction in what we consider a decided OVERKILL the effort will have been worthwhile.

3/80

I. General Conditions:

a. That all activities identified and authorized herein shall be consistent with the terms and conditions of this permit; and that any activities not specifically identified and authorized herein shall constitute a violation of the terms and conditions of this permit which may result in the modification, suspension or revocation of this permit, in whole or in part, as set forth more specifically in General Conditions j or k hereto, and in the institution of such legal proceedings as the United States Government may consider appropriate, whether or not this permit has been previously modified, suspended or revoked in whole or in part.

b. That all activities authorized herein shall, if they involve, during their construction or operation, any discharge of pollutants into waters of the United States or ocean waters, be at all times consistent with applicable water quality standards, effluent limitations and standards of performance, prohibitions, pretreatment standards and management practices established pursuant to the Federal Water Pollution Control Act of 1972 (P.L. 92-500, 86 Stat. 816), the Marine Protection, Research and Sanctuaries Act of 1972 (P.L. 92-532, 86 Stat. 1052), or pursuant to applicable State and local law.

c. That when the activity authorized herein involves a discharge during its construction or operation, of any pollutant (including dredged or fill material), into waters of the United States, the authorized activity shall, if applicable water quality standards are revised or modified during the term of this permit, be modified, if necessary, to conform with such revised or modified water quality standards within 6 months of the effective date of any revision or modification of water quality standards, or as directed by an implementation plan contained in such revised or modified standards, or within such longer period of time as the District Engineer, in consultation with the Regional Administrator of the Environmental Protection Agency, may determine to be reasonable under the circumstances.

d. That the discharge will not destroy a threatened or endangered species as identified under the Endangered Species Act, or endanger the critical habitat of such species.

e. That the permittee agrees to make every reasonable effort to prosecute the construction or operation of the work authorized herein in a manner so as to minimize any adverse impact on fish, wildlife, and natural environmental values.

f. That the permittee agrees that he will prosecute the construction or work authorized herein in a manner so as to minimize any degradation of water quality.

g. That the permittee shall permit the District Engineer or his authorized representative(s) or designee(s) to make periodic inspections at any time deemed necessary in order to assure that the activity being performed under authority of this permit is in accordance with the terms and conditions prescribed herein.

h. That the permittee shall maintain the structure or work authorized herein in good condition and in accordance with the plans and drawings attached hereto.

i. That this permit does not convey any property rights, either in real estate or material, or any exclusive privileges; and that it does not authorize any injury to property or invasion of rights or any infringement of Federal, State, or local laws or regulations nor does it obviate the requirement to obtain State or local assent required by law for the activity authorized herein.

j. That this permit may be summarily suspended, in whole or in part, upon a finding by the District Engineer that immediate suspension of the activity authorized herein would be in the general public interest. Such suspension shall be effective upon receipt by the permittee of a written notice thereof which shall indicate (1) the extent of the suspension, (2) the reasons for this action, and (3) any corrective or preventative measures to be taken by the permittee which are deemed necessary by the District Engineer to abate imminent hazards to the general public interest. The permittee shall take immediate action to comply with the provisions of this notice. Within ten days following receipt of this notice of suspension, the permittee may request a hearing in order to present information relevant to a decision as to whether his permit should be reinstated, modified or revoked. If a hearing is requested, it shall be conducted pursuant to procedures prescribed by the Chief of Engineers. After completion of the hearing, or within a reasonable time after issuance of the suspension notice to the permittee if no hearing is requested, the permit will either be reinstated, modified or revoked.

k. That this permit may be either modified, suspended or revoked in whole or in part if the Secretary of the Army or his authorized representative determines that there has been a violation of any of the terms or conditions of this permit or that such action would otherwise be in the public interest. Such modification, suspension, or revocation shall become effective 30 days after receipt by the permittee of written notice of such action which shall specify the facts or conduct warranting same unless (1) within the 30-day period the permittee is able to satisfactorily demonstrate that (a) the alleged violation of the terms and the conditions of this permit did not, in fact, occur or (b) the alleged violation was accidental, and the permittee has been operating in compliance with the terms and conditions of the permit and is able to provide satisfactory assurances that future operations shall be in full compliance with the terms and conditions of this permit; or (2) within the aforesaid 30-day period, the permittee requests that a public hearing be held to present oral and written evidence concerning the proposed modification, suspension or revocation. The conduct of this hearing and the procedures for making a final decision either to modify, suspend or revoke this permit in whole or in part shall be pursuant to procedures prescribed by the Chief of Engineers.

l. That in issuing this permit, the Government has relied on the information and data which the permittee has provided in connection with his permit application. If, subsequent to the issuance of this permit, such information and data prove to be false, incomplete or inaccurate, this permit may be modified, suspended or revoked, in whole or in part, and/or the Government may, in addition, institute appropriate legal proceedings.

m. That any modification, suspension, or revocation of this permit shall not be the basis for any claim for damages against the United States.

n. That the permittee shall notify the District Engineer at what time the activity authorized herein will be commenced, as far in advance of the time of commencement as the District Engineer may specify, and of any suspension of work, if for a period of more than one week, resumption of work and its completion.

day of _____, 19 _____, (three years from the date of issuance of this permit unless otherwise specified) this permit, if not previously revoked or specifically extended, shall automatically expire.

p. That this permit does not authorize or approve the construction of particular structures, the authorization or approval of which may require authorization by the Congress or other agencies of the Federal Government.

q. That if and when the permittee desires to abandon the activity authorized herein, unless such abandonment is part of a transfer procedure by which the permittee is transferring his interests herein to a third party pursuant to General Condition t hereof, he must restore the area to a condition satisfactory to the District Engineer.

r. That if the recording of this permit is possible under applicable State or local law, the permittee shall take such action as may be necessary to record this permit with the Register of Deeds or other appropriate official charged with the responsibility for maintaining records of title to and interests in real property.

s. That there shall be no unreasonable interference with navigation by the existence or use of the activity authorized herein.

t. That this permit may not be transferred to a third party without prior written notice to the District Engineer, either by the transferee's written agreement to comply with all terms and conditions of this permit or by the transferee subscribing to this permit in the space provided below and thereby agreeing to comply with all terms and conditions of this permit. In addition, if the permittee transfers the interests authorized herein by conveyance of realty, the deed shall reference this permit and the terms and conditions specified herein and this permit shall be recorded along with the deed with the Register of Deeds or other appropriate official.

II. Special Conditions: (Here list conditions relating specifically to the proposed structure or work authorized by this permit):

The following Special Conditions will be applicable when appropriate:

STRUCTURES IN OR AFFECTING NAVIGABLE WATERS OF THE UNITED STATES:

a. That this permit does not authorize the interference with any existing or proposed Federal project and that the permittee shall not be entitled to compensation for damage or injury to the structures or work authorized herein which may be caused by or result from existing or future operations undertaken by the United States in the public interest.

b. That no attempt shall be made by the permittee to prevent the full and free use by the public of all navigable waters at or adjacent to the activity authorized by this permit.

c. That if the display of lights and signals on any structure or work authorized herein is not otherwise provided for by law, such lights and signals as may be prescribed by the United States Coast Guard shall be installed and maintained by and at the expense of the permittee.

d. That the permittee, upon receipt of a notice of revocation of this permit or upon its expiration before completion of the authorized structure or work, shall, without expense to the United States and in such time and manner as the Secretary of the Army or his authorized representative may direct, restore the waterway to its former conditions. If the permittee fails to comply with the direction of the Secretary of the Army or his authorized representative, the Secretary or his designee may restore the waterway to its former condition, by contract or otherwise, and recover the cost thereof from the permittee.

e. Structures for Small Boats: That permittee hereby recognizes the possibility that the structure permitted herein may be subject to damage by wave wash from passing vessels. The issuance of this permit does not relieve the permittee from taking all proper steps to insure the integrity of the structure permitted herein and the safety of boats moored thereto from damage by wave wash and the permittee shall not hold the United States liable for any such damage.

MAINTENANCE DREDGING:

a. That when the work authorized herein includes periodic maintenance dredging, it may be performed under this permit for _____years from the date of issuance of this permit (ten years unless otherwise indicated);

b. That the permittee will advise the District Engineer in writing at least two weeks before he intends to undertake any maintenance dredging.

DISCHARGES OF DREDGED OR FILL MATERIAL INTO WATERS OF THE UNITED STATES:

a. That the discharge will be carried out in conformity with the goals and objectives of the EPA Guidelines established pursuant to Section 404(b) of the FWPCA and published in 40 CFR 230;

b. That the discharge will consist of suitable material free from toxic pollutants in other than trace quantities;

c. That the fill created by the discharge will be properly maintained to prevent erosion and other non-point sources of pollution; and

d. That the discharge will not occur in a component of the National Wild and Scenic River System or in a component of a State wild and scenic river system.

DUMPING OF DREDGED MATERIAL INTO OCEAN WATERS:

a. That the dumping will be carried out in conformity with the goals, objectives, and requirements of the EPA criteria established pursuant to Section 102 of the Marine Protection, Research and Sanctuaries Act of 1972, published in 40 CFR 220-228;

b. That the permittee shall place a copy of this permit in a conspicuous place in the vessel to be used for the transportation and/or dumping of the dredged material as authorized herein.

This permit shall become effective on the date of the District Engineer's signature.

Permittee hereby accepts and agrees to comply with the terms and conditions of this permit.

EXHIBITS INCLUDED*

Exhibit A	Application to Corps	4/26/77
Exhibit B	Corps letter	6/15/77
Exhibit C	Corps letter w/EPA letter	7/19/77
Exhibit D	KPC to Corps & EPA	7/29/77
Exhibit E	Corps to KPC	8/29/77
Exhibit F	Corps permit	9/15/77
Exhibit G	DNR letter	4/16/79
Exhibit H	LP to DNR	4/20/79
Exhibit I	LP to Corps	8/8/79
Exhibit J	Corps denying extension	10/4/79
Exhibit K	Letter & application to Corps	10/16/79
Exhibit L	Letter from Corps recognizing application	Undated
Exhibit M	Notice of DNR tideland ad.	11/30/79
Exhibit N	Corps Public Notice + DPDP and DEC	12/7/79
Exhibit O	DPDP to Corps	12/12/79
Exhibit P	ADF&G to Corps	1/2/80
Exhibit Q	DPDP to Corps	1/4/80
Exhibit R	EPA to Corps	1/14/80
Exhibit S	Corps to NMFS	1/18/80
Exhibit T	DNR to LP	1/25/80
Exhibit U	EPA to Corps	2/5/80
Exhibit V	Corps to KPC(ADF&G)	2/15/80
Exhibit W	DPDP to KPC	2/19/80
Exhibit X	Corps to KPC(on NMFS)	2/21/80
Exhibit Y	KPC to DPDP	2/21/80
Exhibit Z	DEC to KPC	3/3/80
Exhibit AA	DPDP to Corps	3/3/80

3/80

*Available upon request

TO
"OVERKILL" - 3/80

Louisiana-Pacific Corporation
Ketchikan Division

Post Office Box 6900
Ketchikan, Alaska 99901 U.S.A.
Telephone 907-225-2151
Telex 090-55-251
Answer back: KAYPULPCO KET

April 1, 1980

Mr. James E. Caruth, Chief
Regulatory Functions Branch
Department of the Army
Alaska District, Corps of Engineers
P.O. Box 7002
Anchorage, Alaska 99510

Re: NPACO-RF-P, Ward Cove 23
071-OYD-2-790391

Dear Mr. Caruth:

Enclosed is a self-explanatory letter we have sent to the Division of Parks of the Alaska Department of Natural Resources. We hope we are able to convince the ADP there is a better way and trust our letter will permit continued processing of our application.

Sincerely,

D. L. Finney, Manager
Forestry & Government Affairs

hr
Enclosure

Louisiana-Pacific Corporation

Ketchikan Division

Post Office Box 6600
Ketchikan, Alaska 99901, U.S.A.
Telephone (907) 225-2151
Telex 029-55-251
Answerback KAYPULPCO KET

April 1, 1980

Mr. Chip Dennerlein, Director
Division of Parks, State of Alaska
Department of Natural Resources
619 Warehouse Drive, Suite 210
Anchorage, Alaska 99501

Re: Ward Cove 23

Dear Chip:

Our first reaction to your comment on our Corps permit is that you have read the "Overkill" paper and felt left out by not having your agency mentioned. If this is the case, please accept our apologies as we had no intention of slighting you or your department. Just in case you haven't seen the "Overkill" paper, one is enclosed, so you can see how we have come to develop a prejudice toward any agency feeling it necessary to comment on Corps permits.

There are several things about your request for assurance on which we would like to comment. First, by writing the Corps without copying us, you necessitate the Corps writing to us (copy enclosed), us writing you and giving you assurance, then you writing the Corps and telling them it's all right, then the Corps writing us and telling us it's all right, before the processing of our permit can continue. If you really feel you must continue to be involved, please have the courtesy of sending us a copy of your request. Or, if you really intend to join the ranks of the "overkillers", you could let us know you intend to so respond to all permits and we can head off a lot of nonsense by notifying the Corps we will abide by your every wish at the time we apply. This would save you, us and the Corps a lot of letter writing, postage and, most importantly to us, valuable time.

Another observation we have is that the cultural resources you wish to protect are already covered by the American Antiquities Act of 1906 (16 USC 431-433), National Historic Preservation Act of 1966 (16 USC 470) and Executive Order 11593(1971). Provisions of a Corps permit require an applicant to be in compliance with all Federal, State and Municipal laws. Also, our long term timber sale with the Forest Service has been recently modified to include an obligation for us to report any historic cultural resources immediately. Your added request for assurance does seem to be an "overkill".

One last observation is, if you have read the permit application we submitted, you will have noted it is for placing fill material and setting piling. It strikes us that there is not even the remotest possibility of discovering cultural resources with these activities.

Chip, as you can probably tell, you rattled our chain. We have decided to take head-on all unnecessary State Agency involvement in Corps permits because it really is coming to the point where we can no longer get there from here. Your agency just happens to be the first new customer since we wrote our exposé. Hopefully, our efforts will be rewarded by getting some logic in to the system and if such is the case, it will be well worth the time spent.

Now, so our application for NPACO-RF-P Ward Cove 23 Reference No. 071-OYD-2-790391 to Construct Berm and Place Piling in Ward Cove, Ketchikan, Alaska may proceed, we hereby notify you we agree, if any cultural resources are uncovered during the period of construction, our project engineer will halt all work that may disturb such resources and contact the Division of Parks (and probably the Guinness Book of Records) at once.

We shall, by copy of this letter, notify the Corps of our agreement but respectively request that you also contact the Corps at the soonest possible time, informing them you have our assurance and have no objection to the futher processing of our permit.

Louisiana-Pacific Corporation

We would be most interested in any comments you might have concerning your continued involvement in Corps permits.

Sincerely,

D. L. Finney, Manager
Forestry & Government Affairs

hr
Enclosure

cc: J. Hammond - w/cc of Corps & Parks letters
T. Miller "
J. Reinwand "
R. LeResche "
W. McConkey "
& a host of others

DEPARTMENT OF THE ARMY
ALASKA DISTRICT, CORPS OF ENGINEERS
P.O. BOX 7002
ANCHORAGE, ALASKA 99510

REPLY TO
ATTENTION OF:
NPACO-RF-P
Ward Cove 23

MAR 24 1980

Ketchikan Pulp Company
P.O. Box 6600
Ketchikan, Alaska 99901

Reference: 071-OYD-2-790391
Construct Berm & Piling
Ward Cove
Ketchikan, Alaska

Gentlemen:

Inclosed is a copy of a letter dated 12 March 1980 concerning your application for a Department of the Army permit for the referenced work.

It is the policy of the Department of the Army to provide an applicant the opportunity for a resolution or rebuttal to all objections and/or recommendations received on a proposed project. In this regard, the Alaska Division of Parks (ADP) has reviewed your proposal and requested that if any cultural resources are uncovered during the period of construction, your project engineer halt all work that may disturb such resources and contact them at once.

I would appreciate receiving any comments that you may have on the request by ADP. If you intend to comment, please give your immediate attention to this matter so processing of your permit application can be expedited.

Sincerely,

Larry L. Reeder
for JAMES E. CARUTH
Chief, Regulatory Functions Branch

1 Incl
As stated

STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF NATURAL RESOURCES

DIVISION OF PARKS

619 Warehouse Dr., Suite 210
Anchorage, Alaska 99501

March 12, 1980

File No.: 1130-2-1

Subject: Ward Cove 23

Mr. D. L. Robbins, Chief
Construction/Operations Division
Corps of Engineers
Box 7002
Anchorage, AK 99510

Dear Mr. Robbins:

We have reviewed the subject proposal and would like to offer the following comments:

STATE HISTORIC PRESERVATION OFFICER

No probable impacts. Should cultural resources be found during the construction, we request that the project engineer halt all work which may disturb such resources and contact us immediately.

William S. Hanable
State Historic Preservation Officer

STATE PARK PLANNING

Consistent with ACMP.

LWCF

No comment.

Sincerely,

for Chip Dennerlein
Director

CD/cw

10-1110

STATE OF ALASKA
FISCAL NOTE

Revision Date , 1983

Page 1 of 2

I. REQUEST

Bill/Resolution No.: HB 14 701

Title: "...processing of permits..."

Sponsor: Repr. Martin

Requestor: House Labor & Commerce

II. FISCAL DETAIL

Agency Affected: Department of Law

Program Category Affected: General Govt.

BRU, Program of Subprogram(s) Affected: Legal Services

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS:

FULL-TIME	-0-	-0-	-0-	-0-	-0-	-0-
PART-TIME						
TEMPORARY						

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

N/A

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: Richard L. Pegues / Richard L. Pegues Director — Phone: 465-3672

Division: Administrative Services Division — Date: April 13, 1983

Approved by Commissioner: Norman C. Gorsuch, Attorney General / Richard L. Pegues / for — Date: April 13, 1983

Department: Department of Law

Distribution:

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Copy to Sponsor
Copy to Requestor (if different from Sponsor)

HB 14 vol 1 - page 222
Fiscal Note
Analysis

This bill greatly shortens the permitting process time of state agencies. Although this will cause us to assist with some new regulations necessary for a shortened permit process for the permitting agencies, this additional work will not be time consuming or burdening. Therefore, the bill will have a fiscal impact on the Department of Law's operations. Considerable fiscal impact will occur on the part of agencies responsible for permits, such as Fish & Game, DEC and Natural Resources, as they gear up to review and issue permits in shortened times provided by the bill.

STATE OF ALASKA
FISCAL NOTE

Revision Date , 1983

I. REQUEST
Bill/Resolution No.: HB 14 ~~102~~
Title: Re: Permitting
Sponsor: Martin
Requestor: House Labor and Commerce

II. FISCAL DETAIL
Agency Affected: Natural Resources
Program Category Affected:
BRU, Program or Subprogram(s) Affected: several

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL OPERATING	see analysis					
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						
	see analysis					

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

IV. ANALYSIS:

Actual final impacts of this legislation will depend upon the specifics of resulting regulations, inter-agency memoranda of understanding detailing responsibilities and procedures, and RSA funding arrangements and personnel transfers. In any event, DNR will require additional personnel in order to act as lead agency.

~~XXXX

STATE OF ALASKA

Bill Sheffield, Governor

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

POUCH B
JUNEAU, ALASKA 99811
PHONE: (907) 465-4700

February 7, 1983

POSITION PAPER

RE: HB 14

SPONSOR: Representative Martin

Program Effects of Bill

The bill deals with permit reform and provides for a "fast tracking" of all permit applications requiring agency decisions within certain timeframes. The measure also provides for a "Lead Agency" concept for the issuance of coastal management consistency determinations.

Comments

The proposed revisions to regulatory procedures are considerable; some of the changes are probably desirable and others have no direct bearing upon this Department or its concerns. Section 44.62.535 "Lead Agency" is of particular interest, as it deals with Alaska Coastal Management Program (ACMP) consistency determinations. One of the foremost selling points of the National Coastal Management Program is the requirement that federal coastal actions must be consistent with approved State programs. In Alaska that concept has been expanded upon to require that proposed State and Federal coastal activities be consistent with ACMP approved local programs. HB 14 and Executive Order 53 are in opposition in that the latter would continue to vest consistency review authority in the Governor's Office, while the former would disperse this responsibility to individual line agencies. Moreover, subsection (b) would weaken the consideration afforded to approved local programs to an extent rendering them little more than advisory. Communities and regions that have Coastal Management Programs in place or in the works have proceeded under the expectation that local programs would have more than advisory powers.

STATE OF ALASKA
PRELIMINARY STATEMENT OF FISCAL IMPACT

Bill No: HB 14 Date on Bill: 1/18/83
Title: Permit Processing/Alaska Coastal Management Program
Sponsor: Representative Martin
Requestor:

1. Estimated fiscal impacts on: Department of Community & Regional Affairs

a. Expenditures:

(Thousands of Dollars)

			FY 83	FY 84	FY 85	FY 86		
Capital				-0-	-0-	-0-		
Operating				-0-	-0-	-0-		
Total				-0-	-0-	-0-		

b. Revenues:

Revenue								

2. Source of funds to offset fiscal impact of bill:

3. Assumptions:

The reshuffling of permit authority would have no impact upon the Department. No fiscal impact.

4. Disclaimer:
This statement has not been reviewed by the OMB in the Office of the Governor. It does not represent the policy of the Sheffield Administration or the final estimate of fiscal impact.

Prepared By: Richard Rainery RR Phone: 465-4703
Division: Commissioner's Office Date: 2/15/83

Approved by Commissioner: [signature] Date: 2/18/83
Department: Community & Regional Affairs

5. Distribution:
Original to Legislative Finance
Copy to OMB
Copy to Sponsor
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2/8/83

League of Women Voters of Alaska

COMMENT ON HB 14 REGARDING PROCESSING OF PERMITS

The League of Women Voters of Alaska has followed the issue of processing of permits for several legislative sessions. We do not have a particular interest in the outcome of most permits, but we do have a great interest in the process of granting permits. Our primary concern is that the public interest be served and that ample opportunity be given for public comment and review of appropriate permits. We also believe that decisions should be made in an environmentally sound manner.

The League of Women Voters of Alaska does not believe that the case has been made for this legislation. There has been no outpouring of public demand for an expedited and rigid permitting process. We prefer an administrative remedy to the perceived problem. Administrative guidelines for processing permits can have necessary flexibility to accommodate a variety of permits while providing for efficient processing of them. The League of Women Voters of Alaska recommends that you table this bill to allow the governor sufficient time to develop and implement specific guidelines for processing permits. We understand that his office is considering this.

In the event that you act on this bill, we have some comments we ask you to consider. The time limits for processing permits delineated in the bill do address some of our earlier concerns with provision for public input on appropriate permits. We still believe that the time limits are unnecessarily rigid for three reasons. First, there is no public demand for a specific time limit. Second, we can envision cases where a field season would be desirable to adequately process a permit and it might not be possible within the time limits if the application were made in the fall. A field season might be helpful in balancing conflicting information from agencies, the applicant and the public; or in refining conditions of a permit in cases where inadequate information is available. This may work to the advantage of an applicant. Thirdly, we are concerned that staffing levels at some future time may not be adequate to give full consideration to all permits applied for. Then many permits may face the provision proposed under Sec. 44.62.633(c). We do not believe that approval upon failure to meet the time requirements is in the public interest. We can see a number of potential problems with this provision. For example, many permits may receive pro forma approval or denail without proper scrutiny in order to meet the time requirement. In either case we suspect the result will be costly lawsuits which could add years of delay to any project. Elimination of this provision is recommended.

Sec. 44.62.635 provides for designation of a lead agency. In principle this is reasonable. A "one-stop" application could be of great benefit to an applicant. In practice, an agency with an interest in a particular outcome may have difficulty fairly balancing conflicting information submitted by other agencies. The lead agency should be a neutral party in the process.

In closing, we repeat that we are not aware of a compelling need for this legislation. We again recommend that you set this bill aside so that you avoid establishing rigid schedules in Alaska statutes.

Submitted by Mary Beth Juday
Natural Resources Chair
4837 Palo Verde Dr.
Fairbanks, AK 99701
479-3765

STATE OF ALASKA
FISCAL NOTE

Revision Date , 1983

Page 1 of 2

I. REQUEST

Bill/Resolution No.: HB 14 x01
Title: "...processing of permits..."
Sponsor: Repr. Martin
Requestor: House Labor & Commerce

II. FISCAL DETAIL

Agency Affected: Department of Law
Program Category Affected: General Govt.
BRU Program of Subprogram(s) Affected: Legal Services

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS:

FULL-TIME	-0-	-0-	-0-	-0-	-0-	-0-
PART-TIME						
TEMPORARY						

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

N/A

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared by: Richard T. Pegues, Director — Phone: 465-3672
Division: Administrative Services Division — Date: April 13, 1983
Approved by Commissioner: Norman C. Gorsuch, Attorney General — Date: April 13, 1983
Department: Department of Law

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HB 14 no 1. page 2 of 2
Fiscal Note
Analysis

This bill greatly shortens the permitting process time of state agencies. Although this will cause us to assist with some new regulations necessary for a shortened permit process for the permitting agencies, this additional work will not be time consuming or burdening. Therefore, the bill will have a fiscal impact on the Department of Law's operations. Considerable fiscal impact will occur on the part of agencies responsible for permits, such as Fish & Game, DEC and Natural Resources, as they gear up to review and issue permits in shortened times provided by the bill.

STATE OF ALASKA
FISCAL NOTE

Revision Date , 1983

REQUEST
Bill/Resolution No.: HB 14 Mo 2
Title: Re: Permitting
Sponsor: Martin
Requestor: House Labor and Commerce

II. FISCAL DETAIL
Agency Affected: Natural Resources
Program Category Affected:
BRU, Program or Subprogram(s) Affected: several

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL OPERATING	see analysis					
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						
	see analysis					

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

IV. ANALYSIS:

Actual final impacts of this legislation will depend upon the specifics of resulting regulations, inter-agency memoranda of understanding detailing responsibilities and procedures, and RSA funding arrangements and personnel transfers. In any event, DNR will require additional personnel in order to act as lead agency.

Prepared By: Mark Wittow Mark Wittow Phone: 465-2400
Division: Commissioner's Office Date: 4/15/83
Approved ~~by~~ for Commissioner: Mary Hallebran Date: 4/18/83
Department: Natural Resources

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HB

28

COMMITTEE REPORT

HOUSE

(7)

FURTHER: JUDICIARY
FINANCE

1/17/83

Date: APRIL 15 1983

Mr. Speaker:

The Committee on RESOURCES has had HB 28

"Relating to the transfer of the ownership and management of University of Alaska trust land from the Department of Natural Resources to the Board of Regents of the University of Alaska; and providing for an effective date."

under consideration and reports it back as follows:

[ ] do pass [ ] do not pass

[ ] do pass with attached amendments(s)

[✓] replace with CS for HB 28 (RESOURCES) [✓] same title [ ] new title

and recommends DO PASS

[ ] AND attaches a "Letter of Intent" [✓] New Fiscal Note [ ] Zero Fiscal Note Attached

[ ] reports it back without recommendation

[ ] referred to the _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS:

CHAIRMAN

H 60

INITIAL ANALYSIS

CSHB 28 (Resources) "An Act relating to the transfer of the ownership and management of University of Alaska trust land from the Department of Natural Resources to the Board of Regents of the University of Alaska; and providing for an effective date."

Sec. 1 States the purpose as providing for settlement of claims and litigation and to transfer ownership and management of certain U of A trust lands from DNR to the Board of Regents.

Sec. 2 Ratifies the agreement

Sec. 3 Directs the commissioner of DNR to convey to the Board of Regents the right, title and interest of the State to certain lands:

1) land identified in Appendix N of the settlement agreement
2) land listed in Appendix O, in priority order, which equals in appraised value the compensation due U of A under Appendix M, less the compensation appropriated in HB 45 (or SB 40).

Sec. 4 Amends AS 14.40.170, describing the duties of the Board of Regents, to have the care, control and management of the lands conveyed by the Act.

Sec. 5 Also amends AS 14.40.170 by adding three new duties to those of the Board of Regents:

7) requires reasonable rules to ensure prudent trust management and long term financial benefit to the University
8) requires public notice of sales, leases, exchanges and transfers of the land
9) requires a report to the Legislature within first ten days of each regular session on expenditures from revenue derived from sales, leases, exchanges, or transfers of the land (this sub-section added in Senate Judiciary)

Sec. 6 Adds another section to Title 14, Chapter 40, to clarify that U of A grant lands are not and may not be treated as State public domain land, and precludes acquisition by adverse possession, prescription or any other manner except conveyance by University. But allows condemnation for public purposes.

Sec. 7 Disallows anything in this Act to preclude or prejudice negotiations between U of A and municipality of Anchorage to settle case number 3AN-79-2801 Civil, 3rd Judicial District.

Sec. 8 Disallows anything in this Act to preclude or prejudice negotiations between Verne T. Weiss and State of Alaska, case number 4FA82-2208.

Sec. 9 Requires a report by 10th day of 14th Legislature (1985) from Board of Regents on the goals, objectives and plans for the management of the trust lands.

Sec. 10 Provides an effective date.

This bill is identical to CSSB 41(Res) am, which is currently in Senate Rules Committee.

FISCAL NOTE | REVISION DATE , 1983

REQUEST
Bill/Resolution No.: HB 28 / HB 46
Title: Re University Lands
Sponsor: Martin/Ringstad
Requestor: House Resources

II. FISCAL DETAIL
Agency Affected: Natural Resources
Program Category Affected: Management
BRU, Program of Subprogram(s) Affected: Land Management

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL OPERATING		79.36				
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

The $79,360 needed to implement this legislation is included in the appropriation made by Section 2 of HB 45.

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: Mark Wittow — Mark Wittow — Phone: 465-2400
Division: Commissioner's Office — Date: 4/15/83
Approved by Commissioner: Marty Hall Dorn — Date: 4/18/83
Department: Natural Resources

Distribution:
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SENATE JUDICIARY COMMITTEE

LETTER OF INTENT

CSSB 41 (Resources) am

It is our intent that the University of Alaska Board of Regents utilize at least 40% of its Land Grant Trust Fund income for the University Land-grant mission of capital projects and teaching support for agricultural, forestry, fishing and mineral development and education.

Furthermore, as indicated by our amendment to the Resources Committee substitute for Senate Bill 41, it is our intent to require annual reports from the Board of Regents, to be submitted within 10 days of the start of each legislative session, setting forth details as to the Board's past, present and future compliance with the above-stated legislative intent.

Senator Bill Ray - Chairman

Senator Joe Josephson - Vice Chairman

Senator Richard Eliason

Senator Fritz Pettyjohn

Senator Robert H. Ziegler

THE UNIVERSITY OF ALASKA

Jay Barton, President

Briefing Paper

UNIVERSITY LANDS SETTLEMENT AGREEMENT

November, 1982

For further information contact: Merry Tuten
Director of Land Management
(Statewide)
474-7421

EXECUTIVE SUMMARY

The Settlement Agreement provides a method for calculating compensation due the University as a result of improper management of University grant land. Compensation is provided for:

- easements and rights of way granted by the State without University approval or compensation
- residential, utility, commercial, agricultural, and private recreation leases let and administered at less than fair market value
- material (gravel/sand) removed for use by state agencies without payment to the University
- uncollected revenues from state sales of resources such as coal, oil and gas, and timber
- free use permits, land management transfers, reserved use requests, and special land use permits issued without University approval or compensation
- legislative withdrawals of University lands for parks and preserves without University approval or compensation
- land exchanges which have only been partially completed without the University receiving its share of the land to be exchanged

To compensate the University for these actions, the Settlement Agreement provides for the transfer of title, management, and control of University grant lands from the State to the University. The State and University agree that the University would more properly manage these lands to produce income and support the University. The Settlement Agreement also provides for the appropriation of funds and/or the conveyance of state "replacement" lands to equal the dollar value of the compensation owed the University. The Settlement Agreement provides a detailed method for calculating the compensation for items above and results in a total dollar amount.

BACKGROUND

The University of Alaska originally received its lands from the Federal Government by two Acts of Congress, in 1915 and 1929. These Acts were extensions into the Territory of Alaska of the Land Grant College concept pioneered by the Morrill Act of 1862 which established Land Grant Universities throughout the Continental United States. Under these two congressional Acts the University was granted 110,000 acres of land which were to be held in trust and were reserved for the exclusive use and benefit of the University of Alaska for the support of higher education in Alaska.

Upon statehood the new State of Alaska accepted the trustee responsibility for these "grant" lands. Since the purpose of the federal grant was to produce income to support the University the State should have actively managed and developed these lands. Instead, the State treated the University Grant Lands as though they were State lands and made them available at less than fair market value. In addition, the legislature passed laws that transferred University lands into nonprofit making uses such as state parks and wildlife withdrawals without compensating the University. As a result of these legislative and administrative actions the University lost considerable acreage and income. During the twenty years of State management only $2.7 million in income was produced from the entire 110,000 acre federal land grant. These proceeds were deposited into the University of Alaska Permanent Fund and the interest earnings were used to support University programs.

In 1978 the University intervened in litigation between a private company and the State questioning the State's right to withdraw University grant land into state parks without compensating the University. While this lawsuit proceeded through the court system the University filed a second suit against the State in order to clarify the ownership and trustee responsibilities surrounding all University grant lands.

In 1981 the Alaska Supreme Court rendered a decision on the first lawsuit in which the University had intervened. The court reaffirmed that University grant lands are for "the exclusive use and benefit of the University, that such lands cannot be taken without compensation," and

that the State is required by the federal legislation conveying the land grant "to manage said University lands to effect the purpose of the trust, which is the production of income for the benefit of the University."

The second lawsuit is still pending in Superior Court. However, following the Supreme Court's ruling in favor of the University on the first lawsuit, the University entered into negotiations to settle all litigation with the State Departments of Natural Resources, Administration, and Revenue and, after 13 months of negotiation, reached an out-of-court settlement (enclosed).

During the 1981 - 1982 legislative session the State and University sought the legislature's ratification of this out-of-court settlement. Although both the House and Senate passed the initial bill unanimously, other issues unrelated to the land settlement question were added to the final bill and it was consequently defeated in committee. The legislature did, however, appropriate $500,000 to the University and the State in order to implement the terms of the Agreement. The State and University will be seeking ratification of the Settlement Agreement during the 13th Alaska Legislature.

ISSUES

1. Why should the University own land and be in the land management business?

The federal government granted trust land for the exclusive use and benefit of the University of Alaska. The Alaska Supreme Court has held that the university's grant lands must be managed "to effect the purposes of the trust, which is the production of income for the benefit of the university." However, the state manages and disposes of its lands for purposes other than to maximize earnings. Accordingly, the purposes for managing university trust lands and state-owned lands are completely different. Furthermore, the state has disposed of university trust land and products therefrom at less than current market value. For these reasons, the university's board of regents has felt compelled to assume direct responsibility for the control and management of university trust lands.

2. What will the University do with the money it receives from its trust lands?

Income produced by the university's lands is deposited into the university's permanent fund which is held and managed by the state Department of Revenue. The state informs the university how much investment income it will receive from its permanent fund and the university informs the state how that income will be used. No change in this procedure or in legislation governing the university permanent fund is required at this time. For further information on the university's permanent fund and its use, the reader's attention is invited to the university briefing paper entitled "University of Alaska Permanent Fund."

3. Does the Settlement Agreement benefit the state?

Yes. The agreement resolves a long standing legal issue at minimal cost to the public, clarifies Department of Natural Resources responsibilities, and provides the university with its original federal endowment. The settlement will also benefit the state by enabling its university to become a better, higher quality university, at lower cost to the state, than would be possible without the federal endowment.

4. Why does the State "owe" the university any compensation since the legislature funds the university every year?

The Alaska Supreme Court held that the university is entitled to compensation for takings by the state of university trust land at less than fair market value. This compensation is a single "one-time" payment stemming from a judicial decision. This payment is necessary to re-establish the land grant trust endowment provided by the Congress to provide financing in perpetuity to help support the university. Congress intended that this endowment funding be provided in addition to, not simply to replace, annual general fund support of the university by the state.

5. If the legislature appropriates funds and land as compensation for past actions, will the university be able to support itself from land revenues?

No, investment earnings will not be large enough in the foreseeable future to have any significant influence on the amount of general funds needed to support the university.

RECOMMENDATIONS

Calculations of compensation due the university under the terms of the settlement agreement are shown on the next page. Accordingly, the university now recommends that: the terms of the out-of-court settlement between the university and the state Department of Natural Resources be ratified by the legislature.* Specifically, the university recommends that:

1. It be granted title, management, and control of its federally granted trust lands.

2. It receive cash and land compensation from the state in accordance with the closing statement shown below.

3. Alaska statutes be corrected to reflect the transfer of university trust lands from public ownership to management by the university's board of regents.

* Under the terms of the settlement agreement, the state Department of Natural Resources must review the university's calculation of compensation to determine whether or not it agrees with the grand total so derived. This review has not, as of this writing, been completed.

12/20/82

CLOSING STATEMENT

Compensation due the University of Alaska computed in accordance with the settlement agreement--

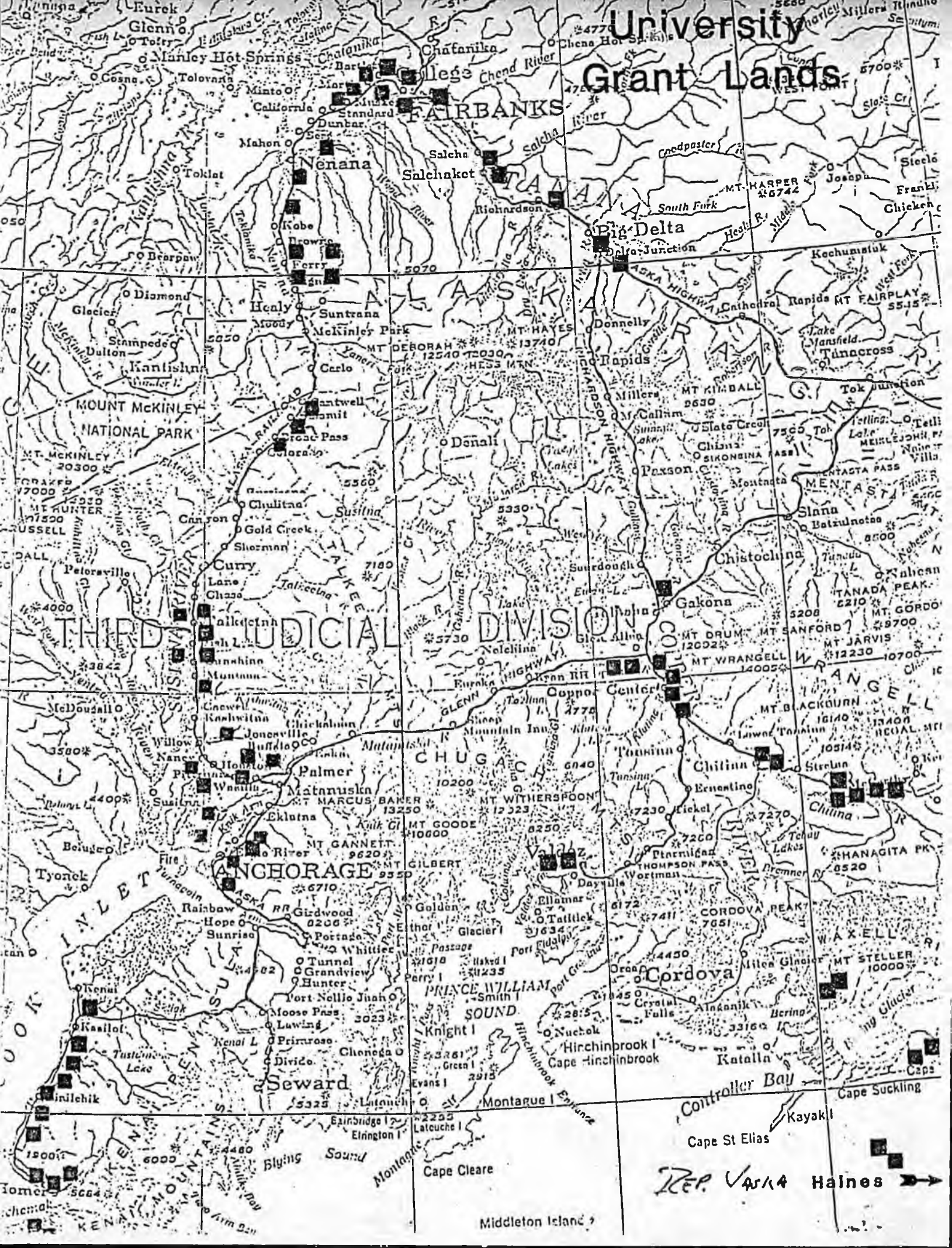
SOURCES OF COMPENSATION	IN LAND*	IN CASH	
Leased Lands	$ 15,364,693		
Uncollected Revenues		$ 154,454	
Material Sales		42,418	
Rights of Way		2,177,763	
Liquidated Damages	0		
Back Pay for Leases		2,344,676	
Legislative Withdrawals	6,085,536		
Conveyances & Incomplete Land Exchanges	112,859		
TOTALS:	$ 21,563,088	$ 4,719,311	$ 26,282,399 **

*For land compensation, the university will exchange its previously withdrawn and encumbered lands, for which compensation is due, for unencumbered state lands of equal value placed into replacement pools for this purpose by the Department of Natural Resources.

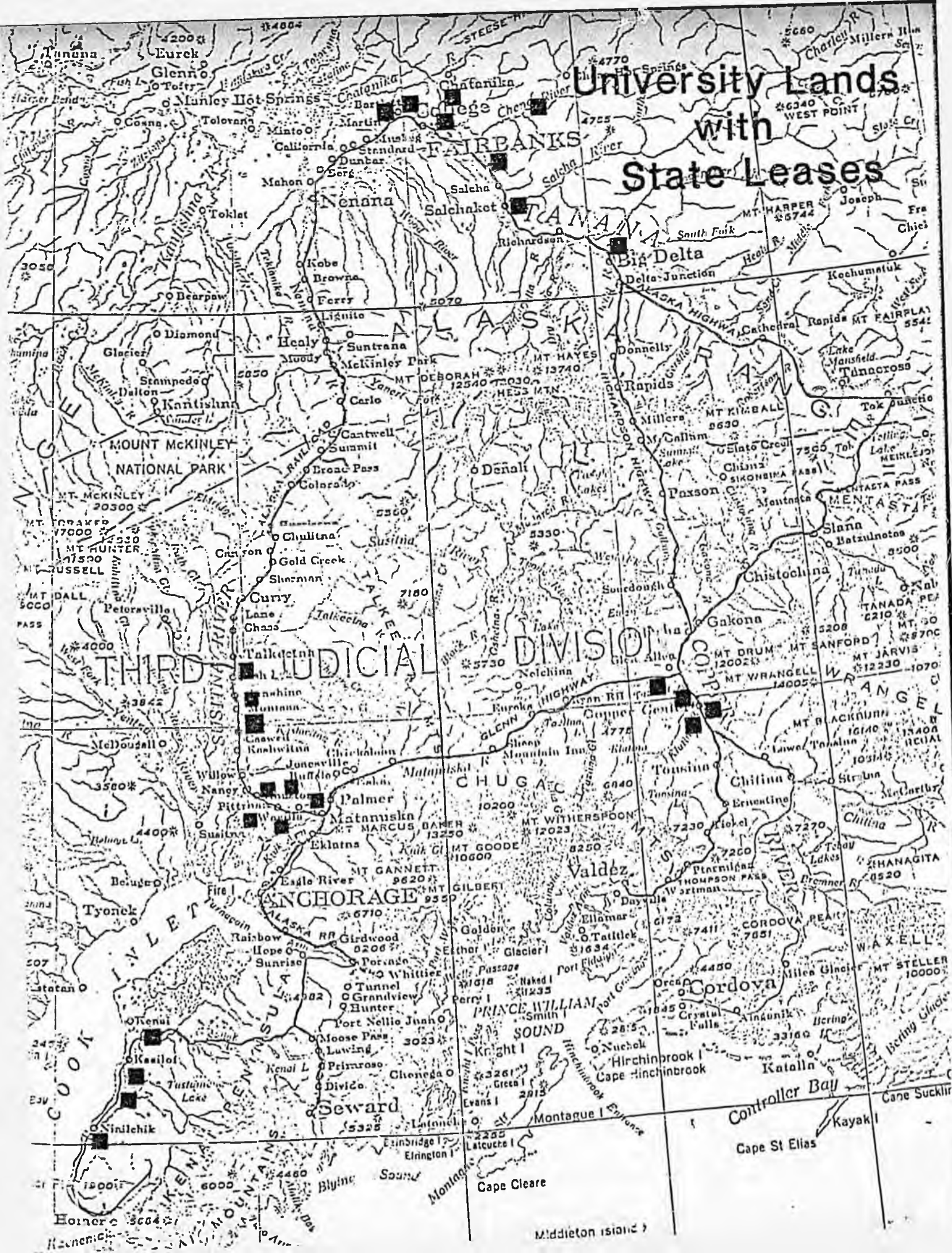
The university relinquishes:	The university gains:
Category	Replacement Pool Parcels
Leased Lands	Replacement Pool #1 - All parcels
Conveyances and Incomplete Land Exchanges	Replacement Pool #2 - (previously approved by BOR on 9/30/82) Parcel as needed to equal the fair market value of lands relinquished to the state
Legislative Withdrawals	
Municipal Selections (only if) agreement is reached with the Municipality)	

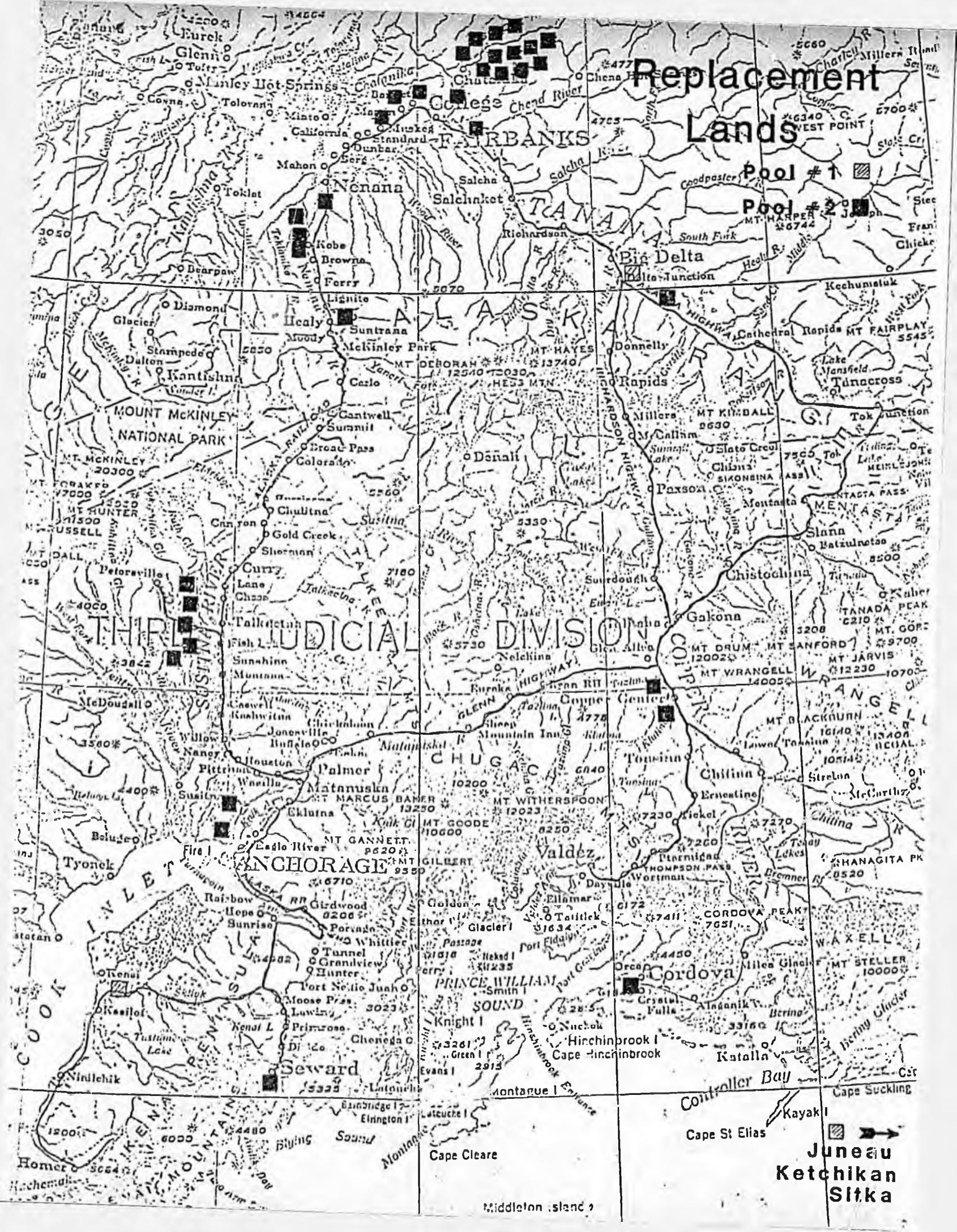
** This number may change slightly during the process of concluding negotiations. However, regardless of the total amount of compensation, the categories to be taken in cash and in land will be as specified above.

University Grant Lands



University Lands with State Leases


Tanana
Eurek
Glenn
Toftry
Manley Hot Springs
Cosna
Toloron
Minto
California
Dunbar
Mahon
Nenana
Toklat
Kobe
Browne
Bearpaw
Ferry
Lignite
Healy
Suntrana
Moody
McKinley Park
Diamond
Glacier
Stampede
Dalton
Kantishna
Carlo
Cantwell
Summit
MOUNT McKINLEY
NATIONAL PARK
Broad Pass
Colorado
MT. McKINLEY
20300
Chulitna
Gold Creek
Sherman
Curry
Petersville
Lane
Chase
Talkeetna
THIRD JUDICIAL DIVISION
Willow
Nancy
Palmer
Pittsburg
Wasilla
Matanuska
Susitna
Eklutna
Eagle River
ANCHORAGE
Fire I
Tyonek
Beluga
Rainbow
Girdwood
Hope
Sunrise
Portage
Whittier
Tunnel
Grandview
Hunter
Kenai
Kasilof
Tustumena Lake
Ninilchik
Homer
Port Nellie Juan
Moose Pass
Lawing
Primrose
Divide
Chenega
Seward
Latouche
Knight I
Evans I
Montague I
Elrington I
Bligh Sound
Cape Cleare
Middleton Island
Controller Bay
Cape St Elias
Kayak I
Katalla
Cordova
Valdez
Cape Hinchinbrook
Hinchinbrook I
Nuchek
Port Gravina
Port Fidalgo
Port Wells
Port Chalmers
Port Ashton
Port Bainbridge
Port Dick
Port Fairmaine
Port Gore
Port Ilsa
Port Jackson
Port Jeanne
Port Jenny
Port Jessie
Port Jewell
Port Jones
Port Kerr
Port Kerry
Port Kerry
Port Kerry


Replacement Lands
Pool #1
Pool #2
FAIRBANKS
College
Nenana
Salchaket
TANANA
Big Delta
Delta Junction
Healy
Suntrana
McKinley Park
Kantishna
MOUNT McKINLEY NATIONAL PARK
Cantwell
Summit
Broad Pass
Colorado
Denali
Paxson
Gulkana
Glennallen
Chistochina
Slana
Tanacross
Tok Junction
Chulitna
Gold Creek
Sherman
Curry
Talkeetna
Sunshine
Willow
Palmer
Matanuska
Eklutna
ANCHORAGE
Girdwood
Whittier
Seward
Valdez
Cordova
Chitina
Kennicott
Hoonah
Juneau
Ketchikan
Sitka
Cape Suckling
Kayak I
Cape St Elias
Controller Bay
Katalla
Cape Hinchinbrook
Hinchinbrook I
Montague I
Cape Cleare
Homer
Middleton Island

The Board of Regents

UNIVERSITY OF ALASKA

FAIRBANKS, ALASKA 99701

BOARD OF REGENTS
RESOLUTION

WHEREAS, The United States Congress reserved land in certain sections 33 located within the Tanana Valley for the University of Alaska by the Act of 1915 (38 Stat. 1214, as amended), and permitted the Territory of Alaska to select 100,000 acres of vacant, non-mineral, unreserved land from the federal public domain for the exclusive use and benefit of the University of Alaska by the Act of 1929 (45 Stat. 1091, as amended) (hereinafter collectively referred to as "University-grant lands"); and

WHEREAS, Congress tranferred the University-grant lands to the State of Alaska by Section 6(k) of the Alaska Statehood Act and the State statutorily accepted the benefits and provisions of the federal land grant Acts of 1915 and 1929 by enacting, respectively, AS 14.40.380 and 14.40.390; and

WHEREAS, the University commenced litigation against the State of Alaska on April 23, 1979 (Case No. 3AN-79-2801 Civ., Third Judicial District), seeking compensation for disposals and transactions alleged to be in breach of trust obligations imposed by federal law; and

WHEREAS, representatives of the Alaska Department of Natural Resources and the University of Alaska, after lengthy negotiations, have developed a proposed settlement agreement which would resolve or compromise certain claims and defenses in the pending litigation, to the extent provided by the Agreement; and

WHEREAS, the Board of Regents of the University of Alaska held a special meeting on February 13, 1982, in Fairbanks, Alaska, for the purpose of voting on a motion to approve the proposed settlement agreement; and

WHEREAS, the February 13, 1982, special meeting of the Board of Regents was attended by a quorum consisting of Regents Edward B. Rasmuson (President), Jeffry J. Cook (Vice President), Donald B. Abel, Jr. (Secretary), Herbert C. Lang (Treasurer), Hugh B. Fate, Jr., Margaret J. Hall, Sara Hannan, and John T. Shively; and

WHEREAS, Regent Cook moved, seconded by Regent Lang, that the Board of Regents adopt the following motion:

"The Board of Regents approves the attached settlement agreement dated February 13, 1982. Any subsequent language changes will be reviewed by the Board at the scheduled March 12, 1982, meeting. The Board directs the President to cooperate with the efforts of the Commissioner for Natural Resources to gain legislative endorsement of the Agreement. Inasmuch as the Governor has not yet had an opportunity to review the agreement, no public release of the document will be made until he has had such opportunity. This motion is effective February 13, 1982."

WHEREAS, upon due deliberation and with the advice of counsel, the Board of Regents unanimously passed the aforestated motion: and

WHEREAS, paragraph twenty-two (22) of the Agreement requires the Board of Regents to pass a resolution signed by all members of the Board approving and adopting the proposed settlement agreement and specifically and irrevocably assuming responsibility as trustees to the University regarding the management and disposition of all lands which are contemplated to be transferred in fee to the University pursuant to the Agreement;

NOW, THEREFORE, BE IT RESOLVED that the Board of Regents approves and adopts the Agreement dated February 13, 1982 and entitled "Settlement Agreement between the Department of Natural Resources, the Department of Revenue, and the Department of Administration, and the University of Alaska, and the Board of Regents as trustees for the University of Alaska," as amended, and

BE IT FURTHER RESOLVED, that the Board of Regents collectively, and each member of the Board of Regents in his or her official capacity individually, specifically and irrevocably assumes responsibility as trustee to the University of Alaska for the management and disposition of all lands which are transferred in fee to the University pursuant to the Agreement, and for the proceeds derived from such lands; and

BE IT FURTHER RESOLVED that, this assumption of trusteeship responsibility shall be binding individually upon the successors in the office of regent of the undersigned regents, and collectively upon the Board of Regents, as it may be composed in the future.

DATED this 12th day of March, 1982.

Edward B. Rasmuson
President

Donald B. Abel, Jr.
Secretary

Jeffry J. Cook
Vice President

Herbert C. Lang
Treasurer

Mildred Banfield

Hugh B. Fate, Jr.

Margaret J. Hall

Sara Hannan

Sam Kito, Jr.

Thomas J. Miklautsch

John T. Shively

SETTLEMENT AGREEMENT BETWEEN THE
DEPARTMENT OF NATURAL RESOURCES, THE
DEPARTMENT OF REVENUE, AND THE
DEPARTMENT OF ADMINISTRATION AND
THE UNIVERSITY OF ALASKA AND THE BOARD
OF REGENTS, AS TRUSTEES FOR THE
UNIVERSITY OF ALASKA

This Agreement entered into this ____ day of _____, 1982, between the Department of Natural Resources (hereinafter referred to as "Department"), the Department of Revenue, and the Department of Administration, and the University of Alaska (hereinafter referred to as "University"), acting on its own behalf and through its Board of Regents, sets forth the understanding of the parties as follows:

WHEREAS, the University commenced litigation against the Department, the Department of Revenue, and the Department of Administration on April 23, 1979, Case No. 3AN-79-2801 Civ., Third Judicial District, seeking compensation for disposals and transactions alleged to be in breach of trust obligations imposed by federal law; and

WHEREAS, the Act of 1915 (38 Stat. 1214, as amended) reserved land in certain Sections 33 located within the Tanana Valley for the University and the Act of 1929 (45 Stat. 1091, as amended) permitted the Territory of Alaska to select 100,000 acres of vacant non-mineral unreserved land from the federal public domain for the exclusive use and benefit of the University (hereinafter collectively referred to as "University-grant lands"); and

WHEREAS, Congress transferred the University-grant lands to the State by Section 6(k) of the Alaska Statehood Act and the State statutorily accepted the benefits and provisions of the Act of 1915 and the Act of 1929 by enacting respectively AS 14.40.380 and 14.40.390; and

WHEREAS, the decisions of the Alaska Supreme Court have interpreted the Acts of 1915 and 1929 and the acceptance by the State as having created a trust for the benefit of the University, and any income produced from the lands is reserved for the exclusive use and

sole benefit of the University (State of Alaska v. University of Alaska, 624 P.2d 807 (Alaska 1981); Wessells v. State of Alaska, 362 P.2d 1042 (Alaska 1977)); and

WHEREAS, the Department of Revenue and the Department of Administration have the duty to account and reserve for the exclusive use and benefit of the University the proceeds produced from University-grant lands; and

WHEREAS, the parties to this agreement believe that it is in the best interest of the State to convey certain University-grant lands and certain state lands which are not University-grant lands in fee to the University; and

WHEREAS, the parties believe that it is desirable to compromise the pending litigation to the extent provided by this Agreement and to complete all actions required or contemplated under it, upon execution of the Agreement and where necessary by enactment of legislation; and

WHEREAS, the parties to this Agreement believe that it is in the best interests of the parties that the University receive title to and management of certain University-grant lands, to be administered, controlled and managed through the Board of Regents, as trustee for the University; and

WHEREAS, the parties acknowledge that it is their intent by this Agreement and such legislation to accomplish the following:

1. Differentiate between state public domain lands and University-grant lands by providing separate and distinct land management to insure the future management of University-grant lands in accordance with recognized trust principles;

2. Resolve conflicts resulting from past management of all lands granted to the State for the benefit of the University by the United States pursuant to the Acts of 1915 and 1929;

3. Fulfill the purpose for which the University-grant lands were originally granted;

4. Convey title in fee to certain University-grant lands and certain other state lands to the University upon authorization by the legislature and transfer money to the University of Alaska Permanent Fund (hereinafter referred to as "fund") upon appropriation by the Legislature;

5. Establish methods of calculation of the dollar amount due, with interest, not collected and allocated to the fund, by the Department, the Department of Revenue or the Department of Administration with regard to the management and disposal of University-grant land, and the dollar amount due, with interest, to the fund for University-grant lands and resources therefrom which have been disposed of at less than then-current fair market value by the State; and

WHEREAS, upon enactment of legislation the Commissioners of the Departments of Natural Resources, Revenue, and Administration, will have the authority to implement this Agreement, and the Board of Regents is empowered to act on behalf of the University pursuant to Article VII, Section 3 of the Alaska Constitution and AS 14.40.170, 14.40.250, 14.40.280, 14.40.350, 14.40.360, and 14.40.400;

NOW THEREFORE, for and in consideration of the terms; covenants and conditions contained herein, the parties agree as follows:

1. Applicable Time Periods. Because of the difficulty in providing an accurate accounting and analysis of long past disposals and transactions, and considering the possible application of the doctrine of laches and statutes of limitation, the parties acknowledge that the calculation of compensation due the University shall be limited to the period from January 1, 1960 forward for certain disposals and transactions as specified in paragraphs 2 and 3 and from January 1, 1968 forward for certain other disposals and transactions as specified in paragraphs 2 and 3.

2. Determination of Dollar Amount for Prior Disposals and Transactions at Less Than Fair Market Value. The dollar amount due for prior disposals and transactions shall be calculated as follows:

a) To determine the dollar amount due for rights-of-way, permits, easements, materials, and fees conveyed other than at appraised value, and legislative and administrative withdrawals and reservations made or executed on or after January 1, 1968, the parties shall mutually select and instruct an independent fee appraiser to determine the fair market value of the land and resources involved in each transaction identified in Appendices A, B and D on the date the disposal or transaction was made or executed. The value determined by the appraiser shall be

binding upon the parties, and shall be brought forward with interest from the date of transaction to the date the grand total in Appendix M is determined at nine percent (9%) per year, compounded annually. The total amount due for each transaction shall be entered in Appendix M. No compensation is due for such disposals and transactions made or executed before January 1, 1968.

b) To determine the dollar amount owed to the University for unduly encumbered lands which the University shall convey to the State by quitclaim deed under this Agreement, the parties shall mutually select and instruct an independent fee appraiser to determine the current fair market value of the lands identified in Appendix E. These lands may be removed by the University from Appendix E within 120 days after the date of this Agreement. Additional University-grant lands not listed in any Appendix and which are found to be subject to past disposals may be added to the applicable Appendix by agreement of the University and the Department, not later than February 1, 1983.

c) To determine the dollar amount owed for incomplete land exchanges and leases, excluding mineral leases and oil and gas leases, made or executed after January 1, 1960, on University-grant lands, the parties shall mutually select and instruct an independent fee appraiser to determine the current fair market value of the land which is identified in Appendices C and F. The value determined by the appraiser shall be binding upon the parties. The current fair market value of the leased lands shall be used in conjunction with the provisions set forth in Appendix G to determine the value of each lease. The value of each lease shall be set forth in Appendix H. The total value of all leases shall be entered in Appendix M. No compensation is due for mining locations, mineral leases or oil and gas leases except as provided in paragraphs 3 and 4.

Land exchanges presently incompleted which are completed within one year of the signing of this Agreement shall not be included in the total dollar amount due as identified in Appendix M.

3. <u>Determination of Compensation for All Uncollected or Unallocated Revenues</u>. The Department, the Department of Revenue, and

Department of Administration shall provide the University access to all data, files, accounting and all other information, in whatever form, concerning disposals and transactions on University-grant lands made or executed after January 1, 1960, or January 1, 1968, as appropriate under paragraph 1. All revenues, including revenue from oil and gas leases executed after January 1, 1960, if any, which could have been collected according to the terms of the instrument making the disposal or governing the transaction and which should have been collected for or allocated to the fund but were not, shall be entered into Appendix I and added to the total dollar amount and entered in Appendix M. The amount of uncollected or unallocated revenues shall bear interest at nine per cent (9%) per year, compounded annually from the date of the initial billing period in which each amount was not collected or allocated.

4. Liquidated Damages. In recognition of the difficulty of precisely determining the dollar amount owed the University with regard to the State's management, reservation and disposal of University-grant lands and interests therein at less than their then-current fair market value, including without limitation mineral locations, claims and prospecting, leasing activity including mineral and oil and gas, and preference rights not otherwise addressed in this Agreement, the parties agree that the University should receive, upon proper appropriation by the Legislature, liquidated damages. Liquidated damages shall also include all claims for trespass, non-aggressive and non-productive management, all demands for indemnity against claims made by third parties, and any claim against the state or agent thereof for punitive damages. The parties agree that the University shall have the right without interference from the Department to seek liquidated damages through a legislative appropriation in an amount not more than five million dollars ($5,000,000.00). The parties acknowledge that the liquidated damages should not constitute a penalty but reflect a reasoned compromise of damages sustained.

5. Supplement to Appendices. Except as otherwise specifically provided herein, the parties shall have one hundred fifty (150) days from the signing of this Agreement to supplement, correct and modify the Appendices to insure their accuracy.

6. Conveyance by Quitclaim Deed. The Department shall transfer to the Board of Regents, as trustee for the University, all University-grant lands identified in Appendix N and all state lands identified for transfer to the University pursuant to paragraph 12 by quitclaim deed. The University shall convey to the State all lands identified in Appendix E by quitclaim deed.

7. Termination of Interests Which the State Granted To Itself. The Department shall terminate within ninety (90) days after the effective date of this Agreement those interests in University-grant lands identified in Appendix K which it has granted to itself or other state agencies, departments, or entities and which are, by the terms of the transfer document, terminable at will by the Department. The interests to be terminated under this paragraph may include, but are not limited to, special land use permits (SLUPs), miscellaneous land use permits (MLUPs), free use permits (FUPs), personal use permits (PUPs), temporary use permits (TUPs), land use permits (LUPs), Interagency Land Management Assignments (ILMAs), and Interagency Land Management Transfers (ILMTs).

8. Acknowledgement and Disposition of Third Party Lease Interests. All lease interests granted to third parties listed in Appendix L are acknowledged by the University as binding contracts with the State of Alaska through the Department. The Department shall administer these leases according to the applicable state statutes until the University requests that administrative responsibilities for the leases be transferred to the Board of Regents or the lease term expires, whichever occurs first. In the event of the lessee's default the State shall succeed to the lessee's term of years and may transfer the lease hold interest in the lands to the University or use the lands or re-lease them until the expiration of the original lease term.

The State shall purchase any leased lands identified in Appendix F which the University elects not to retain by February 1, 1983, at their current fair market value as determined by appraisal. The University shall receive the proper amount of rental value from the date of the execution of the lease until February 1, 1983, according to the lease valuation provisions set forth in Appendix G.

9. Other Third Party Interests. The University acknowledges all valid existing third party interests of which it has knowledge or which are a matter of public record in addition to those referred to in paragraph 8 but excluding selections made by municipalities pursuant to AS 29.18.201-213 or any predecessor statute thereto. The University shall not contest the validity of any mining claim on University grant lands or state lands conveyed to the University pursuant to this Agreement except for failure to record a location certificate or perform annual labor as required by law.

The University shall not impose any royalty or other charge in excess of that currently charged, or to be charged in the future, by the state on state lands, on the right to extract locatable minerals from any mining claims for which a location certificate had been recorded and any required annual labor had been performed at the date this Agreement is signed.

10. Method of Compensation to the University.

a) Cash Settlement. The University may elect to receive a full or partial cash settlement for the total dollar amount owed in the form of a deposit into the fund, dependent only upon appropriations made for such purpose by the Legislature. The University shall have free access to any amount appropriated as monetary compensation for a period of two years from the date of deposit, during which time such money may be used only to purchase real property if statutory authority to purchase real property is enacted. After two years, the balance of the fund not used to purchase real property shall be available for all lawful purposes for which the fund may be used. The parties shall seek, during the 1983 legislative session, an appropriation for the dollar amount the University elects to receive as a cash settlement.

b) Land Settlement. The University may elect no later than October 30, 1983, to receive full or partial settlement of the total dollar amount due through the conveyance of state lands of equal fair market value identified in the pools established pursuant to paragraph 12. Nothing in this agreement requires the value of lands in the pools established pursuant to paragraph 12 to equal or exceed the total dollar amount due. The University shall obtain the surface and subsurface estate of such lands encumbered by the restrictions imposed by Section 6(i) of the Alaska Statehood Act.

11. Interest. The total dollar amount due the University under this Agreement shall bear interest at the rate of 10.5% from the time the grand total in Appendix M is determined until the University has received full compensation as provided in paragraph 10 of this Agreement.

12. Pool of Lands. If the University elects to receive all or part of the total dollar amount due in land pursuant to paragraph 10 it shall be entitled to receive lands from three (3) pools established by the Commissioner of the Department as follows:

a) The first pool shall contain all land owned by the State upon which the University has located improvements and which are identified in Appendix O. The parties shall have thirty (30) days after the signing of this Agreement to correct Appendix O to insure its accuracy. The parties shall mutually select and instruct, by August 1, 1982, an independent fee appraiser to determine the current fair market value of the lands identified in the first pool. The appraiser shall determine the value by February 1, 1983, and such value shall be binding upon the parties. The University shall be required to accept the lands identified in the first pool and shall offset their appraised value against the total dollar amount due.

b) The second pool shall contain the lands identified in Appendix O which the University may select. The parties shall have thirty (30) days after the signing of this Agreement to supplement, correct and modify Appendix O. The parties shall mutually select and instruct, by August 1, 1982, an independent fee appraiser to determine the current fair market value of the lands which the University selects from the second pool. The appraiser shall determine the value by February 1, 1983, and such value shall be binding upon the parties. The University shall identify, by May 30, 1983, any lands which it selects from the second pool. The University reserves the right to independently determine if any of the lands contained in the second pool are a financially prudent or commercially reasonable acquisition for the trust established by the Act of 1915 and the Act of 1929. The Department does not represent that any of the lands in the second pool are suitable for acquisition for the trust. The University shall offset the appraised value of the lands it selects from the second pool against the total dollar amount due.

c) The University shall accept the lands identified in the first pool and shall make its selections from the second pool by May 30, 1983. Lands not selected by the University by May 30, 1983, shall cease to be reserved for selection by the University.

d) By June 30, 1983, the Department will review all lands for which the State receives tentative approval between March 1, 1982, and March 31, 1983. The Department may include any such lands which it, in its sole discretion, chooses in a third pool. The Department may also include in the third pool any of the lands previously within the second pool and not selected by the University. The Department may choose not to include any land in the third pool. The parties shall mutually select and instruct, by July 15, 1983, an independent fee appraiser to determine the current fair market value of the lands, if any, in the third pool. The value shall be determined by September 30, 1983, and shall be binding upon the parties. The University shall identify, by October 30, 1983, those lands which it selects from the third pool. The University reserves the right to independently determine if any of the lands contained in the third pool are a financially prudent or commercially reasonable acquisition for the trust established by the Act of 1915 and the Act of 1929. The Department does not represent that any of the lands in the third pool are suitable for acquisition for the trust. The University shall offset the appraised value of any lands it may select from the third pool against the total dollar amount due. Lands not selected by the University by October 30, 1983, shall cease to be reserved for selection by the University.

e) The Department shall not make any conveyances of land to the University under this Agreement unless statutory authority to make such conveyances is first enacted. The Department shall not be obligated to pay for the appraisals required pursuant to this Agreement.

13. Mutual Assistance. The parties agree to cooperate in the following ways in order to effectuate the purposes of this Agreement, and to accomplish the goals set forth in the statement of intent:

a) The parties agree to use their best efforts in a spirit of cooperation to seek introduction in the 1982 session of the Alaska Legislature suitable legislation seeking approval of this

Agreement and authorizing the conveyance of University grant lands as contemplated by this Agreement and appropriating those amounts required for the costs of obtaining appraisals and the expenses necessary to implement this Agreement. The parties agree to work diligently for final passage and enactment of such legislation. A proposed draft of legislation which the parties presently believe will fulfill these objectives is attached to this Agreement as Appendix P.

b) The University plans to seek introduction of suitable legislation in the 1983 Legislative session to authorize conveyance of lands selected by the University from the pools created pursuant to paragraph 12 and/or an appropriation to fund any dollar amount due. After examining the Grand Total as finally determined and set forth in Appendix M, the other parties to this Agreement will decide whether they can support such legislation. If the State determines it can not support the Grand Total as finally determined and set forth in Appendix M, then the University shall also not be bound by the Grand Total, except that the parties agree to use the procedures decribed in this Agreement. The parties to this Agreement will also seek introduction of suitable legislation in the 1983 legislative session to make statutory references to University-grant lands consistent with this Agreement. The University shall seek appropriate legislation clarifying the duties and responsibilities of the Board of Regents as trustee of University-grant lands and state lands transferred to the University pursuant to this Agreement. If pursuant to Paragraph 10 a cash settlement is elected, the parties shall seek to introduce legislation during the 1983 session appropriating the money required. The University shall seek legislation during the 1983 session permitting the University to invest any money appropriated in real property.

c) In the event that the University successfully petitions the United States Congress for additional federal lands to compensate the University with in-lieu lands for lands reserved under the Acts of 1915 and 1929 but which were not conveyed to the State pursuant to Section 6(k) of the Alaska Statehood Act, the Department shall submit, on behalf of the University, all necessary selection applications, forms and related documentation required by applicable law to perfect the selection and patent for said in-lieu lands to the State and convey those lands to the Board of Regents pursuant to this Agreement.

to this Agreement will also seek introduction of suitable legislation in the 1983 legislative session to make statutory references to University-grant lands consistent with this Agreement. The University shall seek appropriate legislation clarifying the duties and responsibilities of the Board of Regents as trustee of University-grant lands and state lands transferred to the University pursuant to this Agreement. If pursuant to Paragraph 10 a cash settlement is elected, the parties shall seek to introduce legislation during the 1983 session appropriating the money required. The University shall seek legislation during the 1983 session permitting the University to invest any money appropriated in real property.

c) In the event that the University successfully petitions the United States Congress for additional federal lands to compensate the University with in-lieu lands for lands reserved under the Acts of 1915 and 1929 but which were not conveyed to the State pursuant to Section 6(k) of the Alaska Statehood Act, the Department shall submit, on behalf of the University, all necessary selection applications, forms and related documentation required by applicable law to perfect the selection and patent for said in-lieu lands to the State and convey those lands to the Board of Regents pursuant to this Agreement.

d) The Department shall assist the University for two years after the University receives title to University-grant lands and other state lands as a result of this Agreement by providing available resource and planning information.

14. Future Management of University-Grant Lands. The Board of Regents, as trustee for the University of Alaska, shall have the responsibility and duty to control, administer, and manage all lands which are transferred to the University pursuant to this Agreement, for the exclusive use and benefit of the University and for its financial enhancement and security. The Board of Regents shall manage such lands for educational purposes and to produce the maximum amount of income for the University. The Board of Regents shall not have responsibility for, or control over, the fish and game on, or the appropriation of water from, University-grant lands, both of which shall be subject to applicable state laws and regulations. The University shall provide

legal access to all navigable and public waters on or adjacent to the lands which are the subject of this Agreement. The University recognizes that lands underlying navigable waters are owned in fee by the State, and are not subject to the provisions of this Agreement. The management of such lands shall be coordinated by the State with the Board of Regents' management of adjacent lands which have been conveyed by this Agreement. Nothing in this Agreement shall prevent the University from applying for a permit to appropriate water pursuant to the Alaska Water Use Act, A.S. 46.15.

15. Interim Management. After signing of this Agreement creation of any third party interests in the University grant land or lands reserved for selection by the University pursuant to paragraph 12 shall require approval by the University with the exception of lease conversions pursuant to Section 12, ch 138, SLA 1977 as amended. University-grant lands which are the subject of municipal selections will not be conveyed to the applicant until the University has approved replacement lands as contemplated by AS 29.18 206(d).

16. Resumption of Litigation. In the event that the University does not receive the total dollar amount owed in cash or land as provided in this Agreement by October 30, 1983, the parties shall be deemed not to have waived any right they may have otherwise had to maintain or resume the pending litigation in Case No. 3AN-79-2801 Civ., Third Judicial District, State of Alaska. In the event the Court requires that this action be dismissed in the interim, such dismissal shall be stipulated by the parties to be without prejudice, and the parties shall further stipulate that it may be re-filed by any of them at a future date.

17. No Waiver of Claims or Defenses. The parties agree that by their voluntary participation in the negotiation, execution and implementation of this Agreement, they shall not have thereby waived any claim, defense, counterclaim, set-off or legal or equitable remedy which each may pursue against the other in the event that full compensation due the University, in money or land, is not transferred to it pursuant to the obligations contained in this Agreement and

litigation is thereafter resumed pursuant to paragraph 16. Nothing in this Agreement or any Appendix hereto shall be admissable in pending or future litigation or presented to a court for any purpose except enforcing this Agreement. This prohibition does not extend to proof of actions taken by the Legislature on legislation required by or related to the subject of this Agreement.

18. Extinguishment of All Claims. The parties agree that upon discharge of the obligations of the State under this Agreement, all claims which are the subject of Case No. 3AN-79-2801 Civ., Third Judicial District, State of Alaska, and all other claims which the University has or had against the State or any agent which are based upon a breach of trust obligations under the Acts of 1915 or 1929, shall be merged in the settlement and finally extinguished, excluding only those claims against the State and the Municipality of Anchorage or any other entity claiming University-grant lands under AS 29.18.201-213, or any predecessor statute thereto.

19. No Waiver of Breach or Defense. No failure by either party to insist upon the strict performance by the other of any term or condition of this Agreement, or to exercise any right or remedy upon a breach thereof, shall constitute a waiver of any such breach or of such term or condition. No waiver of any breach shall affect or alter this Agreement, but each and every term and condition of this Agreement shall continue in full force and effect with respect to any other then-existing or subsequent breach.

20. Litigation with the Municipality of Anchorage. This Agreement does not affect the pending litigation by the University against the Municipality of Anchorage in Case No. 3AN-79-2801 Civ., Third Judicial District, State of Alaska. The University retains all causes of action, claims, demands and right to damages, expenses and compensation which it now has or may hereafter have against the State or the Municipality of Anchorage as a result of the Municipality's selection of University-grant lands pursuant to AS 29.18.201-213, or any predecessor statute thereto.

21. Notice. If it becomes necessary as a result of the execution and performance of this Agreement to provide public notice

pursuant to Article VIII, Sec. 10 of the Alaska Consititution or to AS 38.50.110, the Department and the University shall cooperate in complying with such notice requirements.

22. Resolution by Board of Regents. The Board of Regents shall, if it approves this Agreement, pass a resolution signed by all members of the Board, approving and adopting this Agreement, and specifically and irrevocably assuming responsibility as trustee to the University regarding the management and disposition of all lands which are contemplated to be transferred in fee to the University pursuant to this Agreement. The State shall have the right to review the form and adequacy of the assumption of the obligations of trustee by the Board, prior to making any land conveyances under this Agreement.

23. Advice of Counsel. Each of the parties acknowledges that it was represented by counsel during the negotiation, drafting and execution of this Agreement.

24. Good Faith. The parties agree that the performance of all obligations set forth in the terms and conditions herein shall be conducted in good faith.

25. Successors in Interest. Each and all of the terms, covenants and conditions in this Agreement shall inure to the benefit of, and shall be binding upon, the successors in interest of each of the parties to this Agreement.

26. Enforcement. Enforcement of the public trust responsibilities required to be assumed by the Board of Regents as a result of its approval of this Agreement shall be vested in the Office of the Attorney General, State of Alaska.

DATED: 3/12/82

By _____

Edward Rasmuson, President of

of

the Board of Regents

DATED: 3-11-82

By _____

John W. Katz, Commissioner

the Department of Natural

Resources

DATED: 3/12/82

By _____

Jay Barton, President of the

University of Alaska

DATED: 3-11-82

By _____

Thomas Williams, Commissioner

of the Department of Revenue

Approved as to Form:

By _____

Counsel for the University

DATED: 3-11-82

By _____

William Hudson, Commissioner

of the Department of

Administration

By _____

Assistant Attorney General

STATE OF ALASKA)

) ss.

THIRD JUDICIAL DISTRICT)

THIS IS TO CERTIFY that on this 12th day of March, 1982, before me, the undersigned, a Notary Public in and for the State of Alaska, duly commissioned and sworn as such, personally appeared EDWARD RASMUSON, known to me and to me known to be the individual described in and who executed the foregoing instrument, and he acknowledged to me that he signed the same freely and voluntarily for the uses and purposes therein described.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year first hereinabove written.

Anne M. Shoemaker
Notary Public in and for Alaska
My Commission Expires: 3/14/84

STATE OF ALASKA)
) ss.
THIRD JUDICIAL DISTRICT)

THIS IT TO CERTIFY that on this 12th day of March, 1982, before me, the undersigned, a Notary Public in and for the State of Alaska, duly commissioned and sworn as such, personally appeared JAY BARTON known to me and to me known to be the individual described in and who executed the foregoing instrument, and he acknowledged to me that he signed the same freely and voluntarily for the uses and purposes therein described.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year first hereinabove written.

Anne M. Shoemaker
Notary Public in and for Alaska
My Commission Expires: 3/14/84

STATE OF ALASKA)

) ss.

THIRD JUDICIAL DISTRICT)

THIS IS TO CERTIFY that on this 11th day of March, 1982, before me, the undersigned, a Notary Public in and for the State of Alaska, duly commissioned and sworn as such, personally appeared JOHN W. KATZ known to me and to me known to be the individual described in and who executed the foregoing instrument, and he acknowledged to me that he signed the same freely and voluntarily for the uses and purposes therein described.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year first hereinabove written.

Lennie Boston

Notary Public in and for Alaska

My Commission Expires: Nov. 2, 1983

STATE OF ALASKA)

) ss.

THIRD JUDICIAL DISTRICT)

THIS IT TO CERTIFY that on this 11th day of March, 1982, before me, the undersigned, a Notary Public in and for the State of Alaska, duly commissioned and sworn as such, personally appeared WILLIAM HUDSON, known to me and to me known to be the individual described in and who executed the foregoing instrument, and he acknowledged to me that he signed the same freely and voluntarily for the uses and purposes therein described.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year first hereinabove written.

Lennie Baston

Notary Public in and for Alaska

My Commission Expires: Nov. 2, 1983

STATE OF ALASKA)

) ss.

THIRD JUDICIAL DISTRICT)

THIS IT TO CERTIFY that on this 11th day of March, 1982, before me, the undersigned, a Notary Public in and for the State of Alaska, duly commissioned and sworn as such, personally appeared THOMAS WILLIAMS, known to me and to me known to be the individual described in and who executed the foregoing instrument, and he acknowledged to me that he signed the same freely and voluntarily for the uses and purposes therein described.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year first hereinabove written.

Lennie Baston

Notary Public in and for Alaska

My Commission Expires: Nov. 2, 1983

THE UNIVERSITY OF ALASKA

Jay Barton, President

Briefing Paper

"UNIVERSITY OF ALASKA LAND GRANT TRUST FUND"

December, 1982

For further information, contact: Sherman Carter
Executive Vice President
474-7448

EXECUTIVE SUMMARY

Congressional acts in 1915 and 1929 granted the University of Alaska about 113,000 of land for its exclusive use and benefit. In 1967 the Alaska legislature directed the state Department of Revenue to establish a separate fund in which all money derived from these university trust lands would be deposited. As of June 30, 1982, the fund totaled $5,462,670.

Investment earnings from this University of Alaska land grant trust fund, also referred to as the university's "permanent fund", are made available to the university for use as specified by the university's Board of Regents. During the current year, such earnings are being used for land management, rental charges for office space, legal expenses and rental charges for computer hardware. No problems have arisen with respect to the use of such income. However, questions have been asked regarding what will be done with this income if it increases as a result of the pending land settlement.

The land settlement is expected to result in equal value land being transferred to the university by the state to replace university trust land previously withdrawn by the state for other uses. Any cash paid by the state to the university as a result of the settlement would pass to the state Department of Revenue for deposit into the University of Alaska land grant trust fund invested and managed by that department.

The principal in this fund will increase over time. However, the investment earnings will not be large enough in the foreseeable future to have any significant influence on the amount of general funds requested to support the university. Falling interest rates will require a larger principal balance for investment than now exists in the fund just to sustain the current flow of investment earnings.

Currently, the state informs the university how much investment income it will receive from its permanent fund and the university informs the state how that income will be used. No change in this procedure or in legislation governing the University of Alaska land grant trust fund is indicated at this time.

BACKGROUND

The financial history of the University of Alaska land grant trust fund is shown below:

Fiscal Year Ending	Fund Balance	Income Additions to the Fund (1)	Investment Income (2)
June 30, 1960	16,256.03		
June 30, 1961	620,726.03	604,470.00	7,120.14
June 30, 1962	819,685.89	198,959.86	17,468.21
June 30, 1963	976,684.86	156,968.47	27,214.92
June 30, 1964	1,149,978.39	173,324.03	36,844.50
June 30, 1965	1,177,158.03	27,179.64	39,614.61
June 30, 1966	1,201,666.03	24,508.00	48,967.84
June 30, 1967	1,216,652.43	14,986.40	48,849.89
June 30, 1968	1,282,732.91	66,080.48	48,834.88
June 30, 1969	1,375,217.02	92,484.11	52,169.75
June 30, 1970	1,430,702.00	55,485.00	67,801.90
June 30, 1971	1,489,083.00	58,381.00	63,158.00
June 30, 1972	1,646,536.76	157,453.76	85,595.23
June 30, 1973	1,821,277.76	174,741.00	83,407.00
June 30, 1974	2,077,520.77	256,243.01	134,087.58
June 30, 1975	2,220,163.04	142,642.27	164,022.28
June 30, 1976	2,362,805.04	142,642.00	184,105.00
June 30, 1977	2,543,394.00	180,588.96	178,873.00
June 30, 1978	2,690,576.00	147,182.00	223,117.00
June 30, 1979	2,930,925.96	240,349.00	210,112.00
June 30, 1980	4,903,352.73	1,972,426.77(3)	316,919.72
June 30, 1981	5,240,946.91	337,594.18	525,365.13
June 30, 1982	5,462,670.29	221,723.38	611,779.04(4)

Footnotes

1. University grant lands generate income as a result of leases, easements and materials sales (e.g., timber, gravel, oil). Income cannot be used directly by the university but instead goes into the University of Alaska "permanent fund" managed by the State Department of Revenue.

2. Investment income from the fund is made available to the university quarterly, for use as specified by the university's Board of Regents.

3. In September 1979, the fund was increased by $1,761,500 as a result of the sale of a right-of-way across university land in the Anchorage area.

4. Additionally, in FY82, $70,575.00 in interest was earned on unexpended land grant trust fund income.

The effect of state legislation pertaining to the University of Alaska land grant trust fund is summarized below:

> A.S. 14.40.400 provides that, "The Department of Revenue shall establish a separate fund in which all monies derived from the sale or lease of lands granted under Act of Congress approved January 21, 1929[1] shall be held in trust. The trust fund shall be invested in interest bearing securities as approved by the Governor. The income from the trust fund shall be used exclusively for the agricultural college and school of mines...[2] The Department of Administration shall disburse the income from the trust fund upon vouchers approved by the president and treasurer of the university specifying the purpose for which the money is to be used and showing it is to be used in conformity with this section."
>
> The principal of this fund is a non-expendable trust. Receipts to the fund include land lease rentals, mineral lease rentals, sale of lands, sale of resources, bonus mineral leases, and royalties on minerals. Disbursements from the fund by the Department of Revenue are made for the purchase of investments and to distribute investment earnings to the University of Alaska.

Pertinent federal legislation is summarized below:

The University of Alaska did not receive grant lands under initial land grant legislation in 1862; however, language in that legislation indicates the intent of congress with respect to trust lands it provided to help support land grant colleges and universities. That legislation includes the following:

> "All monies derived from the sale of lands. . .shall be invested. . .The monies so invested shall constitute a perpetual fund, the capital of which shall remain forever undiminished. . .and the interest of which shall be inviolably appropriated. . .to the endowment support and maintenance of at least one college where the leading object

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[1] The University of Alaska also received about 13,000 acres of land grant trust land in the Tanana Valley from the federal government in 1915, income from which has been handled the same way as from federal land grant trust land received in 1929.

[2] In 1935 the Territorial Legislature passed a law which indicated that, "All obligations, rights, privileges, and all real and personal property whatsoever belonging or appurtaining to the Board of Trustees of the Alaska Agricultural College and School of Mines are hereby transferred to the Board of Regents of the University of Alaska and the University of Alaska." Thus, the present reference to the Agricultural College and School of Mines in A.S. 14.40.400 (c) seems to be an historical anomaly.

shall be, without excluding other scientific and classical studies, and including military tactics, to teach such branches of learning as are related to agriculture and the mechanical arts, in such manner as the legislatures of the states may respectively prescribe, in order to promote the liberal and practical education of the industrial classes in the several pursuits and professions of life."

Federal legislation enacted in 1929, through which the University of Alaska received the bulk of its trust land, includes the following:

> "The college and school provided for in this section shall forever remain under the exclusive control of the said Territory, and no part of the proceeds arising from the sale or disposal of any lands granted herein shall be used for the support of any sectarian or denominational college or school.
>
> "A fund shall be established in the Territorial treasury to carry out the purposes of this section, and whenever any money shall be in any manner derived from any of the land granted same shall be deposited in the Territorial treasury in the fund. The Territorial treasurer shall keep all such money invested in safe interest-bearing securities. . . The income from said fund may and shall be used exclusively for the purposes of such Agricultural College and School of Mines. Provided, That no portion of said income shall be applied, directly or indirectly, under any pretense whatever, to the purchase, erection, preservation, or repair of any building or buildings."

The paragraph cited immediately above, which specifies that "no portion of said income shall be applied directly or indirectly, under any pretense whatsoever, to the purchase, erection, preservation or repair of any building or buildings" was repealed in 1966. Currently, there is no such restriction. The first quoted paragraph above, however, including the point that "no part of the proceeds arising from the sale or disposal of any lands granted herein shall be used for the support of any sectarian or denominational college or school" remains in effect.

ISSUES

1. To what extent shall income from the University of Alaska's permanent fund reduce general fund appropriations to the university?

The endowment lands were not expected to replace state funding but were provided to permit a margin of support over and above what would otherwise be possible through underlying funding provided by the state. Consequently, while the University of Alaska expects to provide full disclosure to the state with respect to how endowment earnings from the university's trust land are being used, such earnings should not simply result in comparable reductions in general fund appropriations to support the university. That approach already is followed with respect to such university receipts as tuition and indirect cost recovery. The legislative and executive branches of the state retain fiscal control over the university by deciding how much general fund support to make available for the university, considering, among other things, university needs and all of the university's sources of funds, to include endowment earnings.

2. Shall some of the investment earnings on the University of Alaska permanent fund be reserved to "inflation-proof" the fund?

Such a reservation of funds is not necessary. The University of Alaska permanent fund constitutes an "endowment on an endowment." That is, the university is permitted to use essentially, only "the earnings on the earnings" on the trust land. Since those earnings do not lapse but are kept invested until they are expended, the regents may elect only to spend part of such earnings and thus keep the rest invested to cover future needs. Accordingly, even following extremely conservative financial management practices, there is no need to prescribe in advance that only some part of the earnings received may be expended, with the rest being reinvested to augment the endowment principal. That will increase automatically over the years, as it has in the past, with increasing revenue derived from the university's trust lands.

3. On what might endowment earnings from the University of Alaska permanent fund be spent?

The Board of Regents may authorize use of the endowment income however the board determines that such income can best help the university. Legislators have suggested that the

university use income from its permanent fund to cover the cost of land management activities rather than to request general fund support to pay for managing the university's trust land, and that has been done. As mentioned previously, endowment earnings are being used this year also to pay rental charges for computer hardware as well as other rental costs and to pay certain legal expenses. As endowment earnings increase, money may be available to enhance the university's fisheries, agriculture, forestry and other academic programs, and to pay for such things as special instructional equipment, sabbaticals and other faculty development.

4. How are land grant endowments for colleges and universities controlled and expended in other states?

The University of Alaska conducted a survey in the fall of 1982 to answer the above question. Questionnaires were sent to the 72 land grant colleges and universities in the United States and its territories, and 66 of the 72, or 90% of the institutions, responded. Questions asked and the responses are shown in the appendix contained in this briefing packet. In summary, 44% of the institutions manage directly their land grant properties; only 11% of the respondents must deposit land grant income to their respective state general fund; state general support is not offset by land grant income for 56% of the responding institutions; and, for 67% of the responding institutions, their respective governing boards have final approval authority for expenditures of land grant endowment revenue.

RECOMMENDATION--that no change be made in existing procedures or legislation governing the University of Alaska permanent fund at the present time.

APPENDIX

A survey was made in the fall of 1982 to determine how land grant endowment income for other colleges and universities is controlled and expended.

Below are listed the institutions that responded to the survey. Following that listing are the specific questions asked in the survey and the responses thereto.

Land grant institutions that responded to the survey:

Alabama A & M University
University of Arizona
University of California
Colorado State University
Delaware State College
University of Florida
University of Georgia
University of Idaho
Purdue University
Kansas State University
University of Kentucky
University of Maine
University of Maryland
University of Massachusetts
University of Minnesota
Mississippi State University
Montana State University
University of Nebraska
New Mexico State University
Ohio State University
Langston University, Okalahoma
Oklahoma State University
Pennsylvania State University
Oregon State University
University of Puerto Rico
South Carolina State College
South Dakota State University
University of Tennessee
Texas A&M University
College of the Virgin Islands
Virginia State University
Washington State University
West Virginia University
University of Wisconsin

Auburn University
University of Arkansas, Fayeteville
University of Arkansas, Pine Bluff
University of Connecticut
University of the District of Columbia
Fort Valley State College
University of Hawaii
University of Illinois
Iowa State University
Kentucky State University
Louisiana State University
University of Maryland, Eastern Shore
Massachusetts Institute of Technology
Michigan State University
Alcorn State University, Mississippi
Lincoln University, Missouri
University of Missouri System
University of New Hampshire
Rutgers, The State University
New Mexico State University
Cornell University, New York
North Carolina State University
North Dakota State University
Pennsylvania State University
University of Rhode Island
Clemson University, South Carolina
Scarritt College, Tennessee
Prairie View A&M University, Texas
Utah State University
University of Vermont & State Agricultural College
Virginia Polytechnic Institute and State University
University of Wyoming

Questions asked and summaries of the responses:

1. Does your institution derive income from land grant properties?

	Responses	Percent
Yes	36	55
No	29	46
	65	100

Seven schools noted that lands granted had been sold long ago and current income is, in fact, derived from investments of land, sale, revenue or, that a financial grant was made in lieu of a land grant. This may be the case for many of the schools which answered "no" to the first question as well. However, the "no" schools did not answer the remaining questions on the survey. Therefore, the tabulations following reflect only those schools which answered "yes" and completed the survey.

2. What types of activities produce income from your land grant property? (Check all that apply):

Real Estate	Responses	Percent*
Sale of Unimproved Property	14	39
Commercial Leasing	13	36
Industrial Leasing	8	22
Residential Leasing	7	19
Sale of Improved Property	6	17
Other	13	36
Natural Resources Development		
Grazing Land	23	64
Cropland	22	61
Timber	20	56
Oil/Gas	17	47
Hardrock Minerals	9	25
Other	4	11

*Percent of 36 schools responding

"Other" real estate income above includes nine responses (25%) which noted some type of agricultural activity, and additional comments made suggest that most of this income results from the sale of surplus agricultural research products. Most of these respondents also checked cropland and grazing land. "Other" natural resource development includes right-of-ways, surface leases, water, and coal/geothermal.

3. What is the approximate proportion of land grant property used for:

Education/Research	Income	Responses	Percent
Under 10%	Over 90%	11	31
11-89%	89 - 11%	2	5
Over 90%	Under 10%	13	3[illegible]
Not answered	Not answered	10	28
		36	100

Interpreting the answers to this question is not straightforward. Remember that six of the respondents presently have endowment income only; land was sold off long ago, or never existed. If their answers are excluded, the responses are:

Education/Research	Income	Responses	Percent
Under 10%	Over 90%	9	31
11-89%	89 - 11%	2	7
Over 90%	Under 10%	12	41
Not answered	Not answered	6	21
		29	100

Almost one quarter of the respondents did not answer this question which must make us hesitate to draw firm conclusions. We can say that land use is fairly evenly divided between education/research and income production for the schools answering the question. More specifically, we see that each school tends to use property for one purpose or the other, but not both. (Only one respondent noted overlapping use wherein subsurface oil and leases coexist with surface agricultural research.)

4. Does your institution manage its land grant property directly?

	Responses	Percent
Yes	16	44
No	15	42
Not answered	5	14
	36	100

If no, how is its land grant property managed?

State land department or commission	11
Educational lands board or commission	3
Governing board	1
	15

The first two titles above are generic phrases meant to indicate the difference between state agencies which are assumed to manage all state lands, and commissions which appear to administer only lands associated with educational institutions.

5. How is the income from land grant property transactions accounted for? (Check all that apply):

Income utilized directly for university operations	20	56
Income deposited to University Endowment or Trust Funds	13	36
Income is deposited to State General Fund	4	11
Other	3	3
Not answered	3	8

"Other" includes depositing revenue in a special state fund with expenditure restrictions: appropriation by legislature, debt service, bond indentures or capital construction expenditures only.

6. Is income derived from land grant property transactions available for expenditure by your institution?

	Response	Percent
Yes	32	89
No	1	3
Not answered	3	8
	36	100

If yes, who is the final approving authority?

	Response	Percent*
President	5	14
Governing Board	26	72
Governor's Office	3	8
Legislature	9	25
Other	4	11

*Percent of 36 responses.

There was no explanation provided for the lone "no" response. In the second part of the question, some schools checked off several "final" approvals. This appears to be due to the fact that land revenues are handled differently depending upon the origin of the property. For example, revenue from private gifts of land are probably at the disposal of the university while state or federally donated land revenues may require approval from a state agency. Three schools which utilize university endowment/trust funds (question #5) noted here that legislative approval was required before expenditure.

7. If land grant property income is deposited to an endowment or trust fund, how much is available for expenditure? (Check all that apply):

	Responses	Percent*
Principal (Income from real property transactions deposited in fund)	3	8
Interest (Income from investment of principal)	19	53
Other	4	11
Not answered	14	39

*Percent of 36 responses.

Questions #5 and this one refer to endowment funds. Seven schools noted the use of endowment or trust funds here, but not in question #5. Analysis of narrative answers to these and other questions suggests that these seven schools were differentiating between a university-controlled fund (question #5) and an endowment fund controlled by another state agency (this question).

8. If available for expenditure, are restrictions placed upon the types of expenditures made from land grant property income?

	Response	Percent
Yes	18	50
No	15	42
Not answered	3	8
	36	100

Expenditure restrictions for the "yes" responses described fall into the following broad categories:

	Responses	Percent
Legislative approval before expenditure	5	27
Agricultural uses	4	22
Capital-related expenditures	3	17
Land grant legislation restrictions	3	17
Bond indentures, debt service	3	17

9. From largest to smallest, rank the primary types of expenditures made from land grant property income:

The following categories are summarizations of answers. Most schools did not rank more than two or three items; seven schools did not answer the question.

Expenditure Type	Responses 1st	2nd	3rd	4th	5th
Education/general*	11	2	1	3	0
Agricultural programs	6	3	1	0	0
Capital projects	5	3	4	0	0
Salaries	3	1	0	0	0
Land management, acquisitions	2	1	1	0	0
Facilities maintennace, improvements	2	5	2	0	0
Debt Service	1	0	1	0	1
Non-recurring expenses	0	0	1	0	0
	30	15	10	3	1

*Teaching, research, not specifically identified as agricultural or salaries. Unfortunately, these raw figures give us no clue as to patterns of expenditures. Let us examine the combinations of expenditure rankings. Considering only the first, second and third ranked items on each questionnaire, there appears to be no discernable pattern for the eight items listed above. If we combine these categories into two larger groupings of expenditures, however, such as "operating" and "other":

Operating
- Education/General
- Agricultural Programs
- Salaries

Other
- Capital projects
- Land management, acquisitions
- Facilities maintenance
- Debt service
- Non-recurring expenses

a pattern does emerge. Each school's response was tallied in one of these two groups only if <u>all</u> of the top three items listed fell within that group. A response which included expenses in both groups was tallied as "Combined":

Expenditure type	Response	Percent
Operating	16	55
Other	8	28
Combined	5	17
	29	100

In other words, 55% of the responding schools spend the income from land grant or other property on general operating items and 28% use this revenue for capital projects, land

acquisitions, debt service and so on. Of the 17% which divide expenditures between the two groups, general operating expenses were ranked first in four of the five responses.

10. Is land grant property income used to offset or decrease state general fund support?

	Response	Percent
Yes	14	39
No	20	56
Not answered	2	5
	36	100

Ten schools noted that land grant revenue directly offsets state appropriations in the current year or is considered a projected revenue source in next year's budget requests. One school uses the income to fund capital expenses not allowed from legislative appropriations. Another noted that while not directly offsetting general funds, the income doubtless has an effect on appropriations. At Louisiana State University, land grant revenues are not included in the state's budget formula and therefore are an addition to not reduce the formula budget appropriations. The non-formula centers receive appropriations equal to the authorized level of expenditures less land grant and other revenues. Finally, one school noted that such revenue does not reduce the levels of state appropriations but there are "rumbles in some quarters" that it should.

11. Are specialized financial or activity reports required for land grant property transactions beyond the institution's annual financial statements?

	Response	Percent
Yes	8	22
No	25	70
Not answered	3	8
	36	100

Required reports range from one line in the annual financial reports to extensive parcel-by-parcel descriptions. Special reports are prepared only as requested at several institutions.

Two schools noted that they are required to submit a report of Land Grant or Supplementary Morrill Funds to the Department of Health, Education and Welfare. In fact, this report is required of any school granted land under the 1862 Land Grant Fund, or funds from land grants made in lieu of the 1862 grant, and Supplementary Morrill Funds.

B. If yes, to whom are special reports made?

	Responses
Governing Board	4
Governor's Office	2
Legislature	1
Bond holders	1
	8

HB

45

COMMITTEE REPORT

HOUSE

FURTHER: JUDICIARY
FINANCE

(9)
1/17/83

Date: 4/19/83

Mr. Speaker:

The Committee on RESOURCES has had HB 45

Making special appropriations and appropriation transfers to carry out a Settlement Agreement between the State and the University of Alaska; and providing for an effective date.

under consideration and reports it back as follows:

[✓] do pass [ ] do not pass

[ ] do pass with attached amendments(s)

[ ] replace with CS for _____ [ ] same title [ ] new title

and recommends _____

[ ] AND attaches a "Letter of Intent" [ ] New Fiscal Note [ ] Zero Fiscal Note Attached

[ ] reports it back without recommendation

[ ] referred to the _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS:

CHAIRMAN

H 60

INITIAL ANALYSIS

HB 45 "An Act making special appropriations and appropriation transfers to carry out a Settlement Agreement between the State and the University of Alaska; and providing for an effective date."

Sec. 1 Appropriates $4.2 million from the general fund to the University, to be deposited in the fund at AS 14.40.400. (Fund for money from sale or lease of lands granted by Act of Congress). The purpose of the appropriation is to settle claims under paragraph 10(a) of the settlement agreement ratified by CSHB 28 (Res).

Sec. 2 Appropriates up to $148,000 from unexpended and unobligated FY 83 U of A funds, which would otherwise lapse to the General Fund, to the Department of Law for expenses related to implementation of the settle agreement.

Sec. 3 Would provide that if the funds in Section 2, which would otherwise lapse, do not amout to $148,000, then the General Fund will make up the difference.

Sec. 4 Provides that the Act takes effect on the same date a the Act retifying the settlement agreement. CSHB 28 (Res) (or CSSB 41(Res) am).

HB

47

MAR 13 REC'D

STATE OF ALASKA
PRELIMINARY STATEMENT OF FISCAL IMPACT

MAR 13 REC'D

Bill No: HB 47 Date on Bill: 1/17/83
Title: establishing a residents' priority for the taking of big game animals
Sponsor: Hurlbert, Grussendorf & Fritz
Requestor:

1. Estimated fiscal impacts on:

a. Expenditures:

(Thousands of Dollars)

			FY 83	FY 84	FY 85	FY 86		
Capital								
Operating								
Total			0	0	0	0		

b. Revenues:

Revenue			0	0	0	0		

2. Source of funds to offset fiscal impact of bill:

3. Assumptions:

No Fiscal Impact

4. Disclaimer:
This statement has not been reviewed by the OMB in the Office of the Governor. It therefore does not represent the final estimate of fiscal impact.

Prepared By: Colonel Robert J. Stickles RJS Phone: 269-5532
Division: Fish & Wildlife Protection Date: 3/4/83

Approved by Commissioner: Date: 3/8/83
Department: Public Safety

5. Distribution:
Original to Legislative Finance
Copy to OMB
Copy to Sponsor
Copy to Requestor

2/15/83

HOUSE RESOURCES COMMITTEE OBSERVER/WITNESS SIGN-UP SHEET

DATE: Feb. 2, 1983 SPONSOR: Rep. Hurlbert

SUBJECT(S): HB 47: residents priority/big game

NAME	REPRESENTING	ADDRESS	PHONE	Observer	Witness	For	Against
Bob Hinman	ADF&G	PO Box 3-2000 Jnu	465-4190		X		(X)
Ron Somerville	Self	Juneau 3780 McGinnis	789-3450		X		X
R. Nutzman	DPS - F&WP	Box 168 Cordova	269-5535		X		
Vic Fischer	SELF	SENATE	4954		X	X	
Ben Grussendorf	—	House	-3824		X		
Mark Jensen	self	Juneau	789-7853		X		

STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

Robert J. Sundberg
Commissioner

DEPARTMENT OF PUBLIC SAFETY

DIVISION OF FISH & WILDLIFE PROTECTION

P. O. BOX 6188, ANNEX
ANCHORAGE, ALASKA 99502

January 27, 1983

Representative John Ringstad
Chairman, House Resources Committee
State Capitol
Pouch V
Juneau, Alaska 99811

Dear Representative Ringstad:

I would like to present the following positions which the Division of Fish & Wildlife Protection, Department of Public Safety hold with regard to the subsequent House Bills under proposal:

H.B. 5 - Neutral

This bill may prove to be detrimental to some of the smaller fishermen.

H.B. 47 - Neutral (with amendment)

Proposed Amendement:

Require all nonresidents to be guided or in the company of 2nd degree kindred.

As written the bill will invite an increase in residency falsification on hunting licenses. These are not usually identified until after the season is over and consequently the people are already out of state.

Assigning nonresidents to guides will increase control of the nonresidents. We would propose that permits be issued to the guides in the areas where the Board determines a population of animals warrants allowing nonresidents to hunt.

Nonresident aliens are already required to use a guide and since that requirement became effective enforcement problems with nonresident aliens has declined sharply.

Representative John Ringstad
Chairman, House Resources Committee

January 27, 1983

H.B. 63 - Neutral

No Comment.

H.B. 67 - (support with amendments)

Proposed Amendement:

Require a subsistence license. The applicant for the license must sign an affidavit attesting to the fact that he meets the income requirements to obtain a subsistence license and falsification of the affidavit is perjury. A very strict penalty for perjury should be established for this offense and sentencing made mandatory.

"UNENFORCEABLE AS WRITTEN"

We cannot get records from IRS to verify income and we have no way of knowing or proving the number of family members in a household.

Sincerely,

Robert J. Sundberg
Commissioner

Interior Wildlife Association of Alaska Conservation: Wise USE of Resources

PHONE (907) 452-3788 • BOX 60255 • FAIRBANKS, ALASKA 99701

BOARD OF DIRECTORS:

Dr. P. B. Haggland, Chairman
H. C. "Bud" Wiese, Treas.
William G. Stroecker
Richard A. Burley
William I. Waugaman
Charles L. Gray

February 7, 1983

Rep. Jim Ringstad
House of Representatives
Pouch V
Juneau, AK 99811

Dear Jim,

We called in our comments regarding H.B. 47 (to restrict non-resident hunters) to John Manley last Wednesday morning--before the Resources Committee was to receive testimony on it that afternoon.

But we thought maybe we should let some of the Fairbanks area delegation in on the thinking here in Fairbanks on this matter because it is not black and white.

In the spring of 1982, an ad hoc group of sportsmen in the Fairbanks area formed a group called Citizens for Equal Hunting and Fishing Rights to support Proposition 7. That group has pretty much stayed together and still has meetings every few weeks because the subsistence and related matters are not apt to go away. We had such a meeting Tuesday noon, February 1, and followed up with the call to John Manley the next morning.

Groups represented in this committee are primarily the Tanana Valley Sportsmen and Interior Wildlife Association, along with some independents. Bill Waugaman chairs the group.

After considerable discussion around the above-mentioned bill (and Sen. Fisher's similar bill in the Senate), we posed the question to the group: Do you want legislation passed this year that could close down guiding in Alaska? (We realize H.B. 47 does not do this immediately in one swell swoop.)

The votes were 6 no; 2 yes and one abstention.

The sole reason for two "yes" votes was because those people thought (and so did some of the others) that this would be one way of attacking the state subsistence law. If outside hunters are prevented from coming to Alaska to hunt, surely one of them or one of their associations will sue to remove such discrimination. Also, it would make it easier to raise outside money for the on-going equal-rights hunting effort.

Those who voted "no" did not believe that such legislation at this time (especially the weasel wording in 47) would accomplish enough good to offset the harm to the guiding business (7th largest industry in the state) and the reduced revenue to the Game Department for wildlife management.

All those present believe it was good to have such a bill filed, **but well buried**, especially when submitted by the "opposition" for the good that it can do in raising funds outside the state.

Someone suggested that the "shall" be amended to "shall not" and passed. Almost everyone could agree to this.

We hope that this will clear up any misunderstanding you may have had when you heard that the Fairbanks sportsmen may favor legislation that would close down the guiding industry.

Sincerely,
Interior Wildlife Association

Chuck Gray

Charles L. Gray
Executive Secretary

P.S. You may also be interested to know that the sportsmen we represent are not overly enthusiastic about Sen. Stevens' hunting amendments to allow sport hunting in park preserves. These areas would remain under state and federal subsistence umbrellas and the discretion of the Park Service, who's appeal process goes no further than the State Director's Office. We view this as campaign fodder and a hoax on the gullible.

CC: Sen. Bettye Fahrenkamp
Rep. Boo Bettisworth
John Manley, Resources Committee

Rick for you. info on HB 47 Jesse

HB 47

1. This bill provides another set of mandated regulations against a private business that is already plagued with over-regulations. I refer to the guiding business.

2. Mandating the Board of Game to a certain action will not solve the problem. The Board of Game is supposed to be made up of members who can think for themselves and will act in the best interest of all of the taxpayers to protect the sustained yield principle. If they can't do this without being mandated by another regulation plan we should replace them.

3. The non-resident and non-resident alien provides a better economy in most areas of Alaska. They provide employment through the use of Guides, Assistant Guides, packers, air taxis, etc. They provide an economic base to certain businesses in the area they are hunting - airport services, gasoline businesses, grocery businesses, clothing businesses, cafes, lodges. This type of hunter will effect almost every business in our economy besides providing a tool (hunting license, tags, fees, etc.) that will assist the Board of Game in a sustained yield principle with regard to our game animals.

4. Non-resident hunters are required to have a guide. A guide is like a farmer. He actually farms his alloted hunting area so that he has a good crop of trophy animals to hunt year after year. Conservation is truly practiced here and the financial support that the non-resident hunter gives the guide, enables him to continue his practice of supporting the sustained yield principle and thus assists the Board of Game in their objectives. It is not necessary to mandate a conservation policy since both the Board of Game and the guide who works for non-resident hunters have the same objectives - better management of our big game animals.

HOUSE RESOURCES COMMITTEE CONTACT LIST

DATE: Feb 2 Wed

BILL #: HB 47 - HB 94 - HB 118

SPONSOR: Hurlbert

CONTACTS

NAME	DATE	REQUESTED
Bob Hirman	1/28/83	TEST. FISCAL #190
Warren Olson	1/28/83	TEST.
Hurlbert	1/28/83	TEST Back-up
Boards of F&G	1/28/83	TEST. #110
Paul Cooper - Public Safety	1/27/83	TEST. FISCAL

Table 1
Licenses Sold to Nonresident
and Military Hunters: FY 82

Type of License	Number Sold
Nonresidents	
Hunting	4,636
Fishing and Hunting	1,104
Hunting and Trapping	68
Military	
Hunting (Small Game)	1,109
Nonresident Military	
Fishing and Hunting	1,231
Total	8,148

Source: Department of Fish and Game, Division of Game, 2/1/83.

Mr. Henman noted that information regarding the rates of success for all nonresident hunters is not available on short notice. He was able to give us some data on nonresident and resident hunters of big game. Table 2, on the following page, supplies information on hunters of four species of big game in 1980, including rates of success and the percentage of the total take by residents and nonresidents.

While some of the numbers in Table 2 are incomplete (the underlined numbers do not include hunters who participated through drawings), Mr. Henman stated that the rates of success for the hunters who are not included would be approximately the same.

Table 2
Success of Residents and Nonresidents
in Hunting Sheep, Grizzly Bear,
Caribou and Moose: 1980

Species	Resident Harvest					Nonresident Harvest				
	Percentage of Harvest of Species	Successful Hunter		Unsuccessful Hunter		Percentage of Harvest of Species	Successful Hunter		Unsuccessful Hunter	
		#	%	#	%		#	%	#	%
Sheep	67%	561	35%	1,032	65%	33%	278	79%	76	22%
Grizzly Bear	46%	371	9%	4,007	91%	54%	436	44%	551	56%
Caribou*	91% 57.4 %	1,886	77%	575	23%	9% 42.6%	1,398	96%	65	4%
Moose	88%	4,669	24%	14,492	76%	12%	680	61%	434	39%

Source: Alaska Department of Fish and Game, Division of Game, 1/31/83.

Note: underlined numbers do not include hunters awarded permits through lotteries.

*In addition, the Division estimates an unreported kill of caribou totaling 10,919 in 1980.

Res.			Success	Non-Res.		Success
27,593	--	7,487 72.8%	30.0%	3,918	2,792 27.2%	70.0%

Guides

We contacted the State Division of Fish and Wildlife Protection in the Department of Public Safety. This is the office to which all licensed guides must report their activities during the year, including the number of clients they have served.[2] During 1981, Alaska's guides reported taking some 1,589 clients on hunting trips. Of these, 1,120 (70.5 percent) were nonresidents and 119 were residents; of the nonresidents, 350 were aliens.

Table 3
Licensed Guides in Alaska, 1981

Guide Class	Number of Guides
Master Guide	41
Registered Guide	346
Class A Assistant Guide*	122
Assistant Guide*	666
Totals	1,175

Source: State Department of Public Safety, Division of Fish and Wildlife Protection, 2/1/83.

*Guides of these two classes may not take parties out on their own; all clients are accompanied by a registered or master guide.

Meat Taken

None of the sources we spoke with was able to provide an estimate of the amount of meat removed from the state by nonresident hunters. Mr. Henman of the Division of Game did say that the State urges guides to encourage their clients to leave game meat with villagers rather than take it home, and that it is his impression that this is done fairly often.

* * *

If you have any questions regarding this memorandum, or if we can be of any further assistance, please do not hesitate to call on us.

---

[2]Kathy Oliverson, Division of Fish and Wildlife Protection, Department of Public Safety, Anchorage; telephone: 269-5535.

Fish + Game Fund

9% hunters	899655.18	res
63% fund	$1,510,533.30	non-res

Marc Jensen: Master guide
Ron Summerville

Alaska State Legislature By Senator Vic Fischer 2/2/83

Senator Vic Fischer • Pouch V • Juneau, Alaska 99811 • (907) 465-4954

EXPLANATION OF SENATE BILL NO. 5 AND HOUSE BILL NO. 47 (AN ACT ESTABLISHING A RESIDENTS' PRIORITY FOR THE TAKING OF BIG GAME ANIMALS

The majority of big game animals harvested by residents (both urban and rural) is taken to provide meat for Alaskan dinner tables or for other personal or familial consumptive uses. The majority of big game animals harvested by non-residents is taken to obtain a big game trophy. If a big game population is sufficient in size to sustain a harvest by both residents and non-residents without jeopardizing either the sustained yield of the population to obtain food or for other personal or familial consumptive uses, the the Alaska Board of Game should, and indeed does, adopt hunting regulations which authorize both resident and non-residents hunting. But if hunting must be restricted, then logic and sound public policy require that trophy hunting by nonresidents by curtailed by the Board before hunting opportunities by residents are restricted.

Last year the Alaska legislature adopted this policy when it established a resident hunting priority (codified AS 16.05.256) which authorizes, but does not require, the Alaska Board of Game to implement the resident hunting priority in situations in which the Board in its discretion determines that implementation of the priority is appropriate.

SB 5 amends AS 16.05.256 to establish the resident hunting priority as a mandatory, rather than discretionary, state policy. This change is consistent with section 2 of Article VIII of the Alaska Constitution which requires the Alaska legislature (rather than the Alaska Board of Game) to establish state policy for the utilization of big game animals "for the maximum benefit of the people". After the legislature has established state policy for utilization of big game animals, the Board is them responsible for implementing the policy on a case-by-case basis based upon the biological status of, and hunting pressures on, particular big game populations.

SB 5 also includes a series of findings detailing the reasons the legislature established the resident hunting priority. The findings explain to the resident and non-resident public why the resident hunting priority has been established. The findings are also important should the courts ever be requested to review the constitutionality of the legislature's authority to differentiate between resident and non-resident hunting.

Lastly, it should be emphasized that SB 5 does not unnecessarily or arbitrarily restrict or eliminate non-resident hunting. As long as resident and non-resident hunting of a big game population can be authorized without jeopardizing sustained yield, SB 5 does not require, and fundamental principles of Alaska constitutional and administrative law in fact prohibit, the Alaska Board of Game to restrict or eliminate non-resident hunting. Rather, SB 5 merely requires the Board to

Resident and Nonresident Hunters' Success:
Alaska Statewide
1981-1982 Season

Species	Resident Harvest					Nonresident Harvest					Residency Unknown; Unsuccessful	Total Hunters	Total Harvest
	Percentage of Harvest of Species	Successful Hunter		Unsuccessful Hunter		Percentage of Harvest of Species	Successful Hunter		Unsuccessful Hunter				
		#	%	#	%		#	%	#	%			
Sheep	67%	561	35%	1,032	65%	33%	278	79%	76	22%	33	2,348*	1,041*
Grizzly Bear	46%	371	9%	4,007	91%	54%	436	44%	551	56%	--	5,365	807
Caribou	91%	1,886	77%	575	23%	9%	1,398	96%	65	4%	29	3,053	14,813**
Moose	88%	4,669	24%	14,492	76%	12%	680	61%	434	39%	434	23,550*	6,000*

561
278
839
812

Source: Alaska Department of Fish and Game, Division of Game, 1/31/83.

Note: underlined numbers do not include hunters awarded permits through lotteries.

*Includes hunters who drew permits in lotteries. The Department of Fish and Game is not readily able to separate such hunters by residency status, but staff there have estimated that the proportion of nonresidents among hunters who draw their permits in lotteries is about the same as among other hunters for each species.

**This figure includes an estimated 10,919 unreported caribou kills, and some 500 caribou taken through drawings. In addition, the figure includes more caribou than hunters, because many hunters take more than one caribou with a single permit.

HB

86

INITIAL ANALYSIS

HB 86 "An Act Relating to the Use of Teleconferencing Facilities at Drawings for State Land; and Providing for an Effective Date."

Section 1 makes several technical and wording changes to AS 38.05.057(a), (Disposal of Land by Lottery), and then adds a new sentence making it possible for a person connected by teleconference facilities to the sale location to be present for the purposes of this subsection.

Section 2 adds a new subsection to AS 38.05.057 to require all lottery sales to be conducted by teleconference, using as many teleconference sites as practicable.

Section 3 provides an immediate effective date.

FISCAL NOTE REVISION DATE , 1983

REQUEST

Bill/Resolution No.: HB 86

Title: Teleconference for Land Disposal

Sponsor: Bettisworth

Requestor:

II. FISCAL DETAIL

Agency Affected: Land & Water Mgmt.

Program Category Affected: Land Disposal

BRU, Program or Subprogram(s) Affected:

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL OPERATING		44.1	46.7	49.5		
CAPITAL						
REVENUE		29.0	29.0	29.0		

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: Frank G. Mielke Phone: 265-4347

Division: Land and Water Management Date: 4/12/83

Approved by Commissioner: Mary Hallora Date: 4/13/83

Department: NATURAL RESOURCES

Distribution:

Original to Legislative Finance

Copy to Office of Management and Budget (for Legislature introduced bills)

Copy to Department (for Governor introduced bills)

MEMORANDUM State of Alaska

DEPARTMENT OF NATURAL RESOURCES - Division of Land and Water Management

TO: Sharon Barton
Special Assistant

DATE: April 13, 1983

FILE NO: 100.[illegible]

THRU: Tom Hawkins
Director

TELEPHONE NO: 276-[illegible]

FROM: Frank Mielke
Chief, Land Management

SUBJECT: Bill [illegible], HB 86

Since the bill gives little indication of the extent to which teleconferencing (except section 2, which says sale will be conducted by teleconferencing "...using the practicable number of teleconferencing sites."), certain assumptions are made to estimate fiscal impact:

1. that teleconferencing be limited to the twenty areas where the Legislative Affairs Agency has dedicated circuits and information offices (Anchorage, Barrow, Bethel, Delta, Dillingham, Fairbanks, Juneau, Soldotna, Ketchikan, Kodiak, Kotzebue, Wasilla, Nome, Petersburg, Sitka, and Valdez — Washington, D.C. is not considered here). There are an additional twenty-four sites (such as Ambler, Koktovik, Shishmaref and Unalaska) which have facilities and a system available by the Department of Education that can reach 200 communities;

2. that DNR would staff seventeen of these centers (the locations of the lottery would not need to be staffed) to receipt money, handle necessary paperwork and verify presence);

3. air travel would be required to Barrow, Bethel, Dillingham, Kodiak, Nome, Kotzebue, Petersburg, Sitka and Valdez. Surface transportation would be required for travel to Delta. DNR offices are located in all other teleconference locations;

4. costs quoted over the phone by LAA are $25/hour per site;

5. lotteries must be staffed at 17 locations, with two staff members (money is to be taken in and paperwork completed) at a minimum, and four to six staff members in locations where there are many applicants present. For the purposes of this analysis, the average of three staff members will be present;

6. additional manpower need will be for 102 man-days (17 locations x 3 staff members x 2 lotteries per year). There will still have to be full staffing at the lottery location.

Based on the above assumptions, the proposed bill would have the following fiscal impact:

A. Personal Services — 15,810
(102 man-days, at grade 162, GGU-ANC @ $155/day)

B. Contractual — 0

C.	Travel (to Barrow, Bethel, Dillingham, Kodiak, Nome, Kotzebue, Petersburg, Sitka and Valdez by air; Delta by car for 3 staff members, twice per year)		24,732
	Barrow	($343 x 3 x 2)	2,085
	Bethel	($315 x 3 x 2)	1,890
	Dillingham	($256 x 3 x 2)	1,656
	Kodiak	($205 x 3 x 2)	1,230
	Nome	($406 x 3 x 2)	2,436
	Kotzebue	($406 x 3 x 2)	2,436
	Petersburg	($145 x 3 x 2)	870
	Sitka	($117 x 3 x 2)	702
	Valdez	($143 x 3 x 2)	858
			$16,572
	Per Diem - 102 days @ $80/day		8,160
			$24,732
D.	Contractual		3,570
	($15/site bridge costs x 17 sites x 2/year		510
	$30/hour/site x 17 site x 2 times/year x 3 hours)		3,060
E.	Commodities		0
	TOTAL		$44,112

FCM:kmb

The 1979 amendment substituted "AS 38.05.057, 38.05.315(d), and AS 38.08, the sale of state land" for "AS 38.05.057 and 38.05.315(d), the sale" in the first sentence.

The 1981 amendment substituted "unless another method of sale is required under AS 38.05.005 — 38.05.370, under AS 38.07.010 — 38.07.060, or under" for "except as provided in AS 38.05.057, 38.05.315(d), and" at the beginning of the first sentence, added the present second and third sentences, and substituted "five percent" for "one-tenth" preceding "of the purchase price" and added "or if the purchaser elects to use land discounts granted under AS 38.05.058, five percent of the amount bid after deduction of that discount" in the fifth sentence. The amendment added "the amount deposited" following "the price bid" and added "amount of any discount allowed" in the sixth sentence, substituted "the" for "terms of sale, which" at the beginning of the seventh sentence and deleted the former eighth sentence which read "A contract of sale on a form approved by the attorney general shall be signed by the purchaser and, after approval of the commissioner, the contract shall also be signed by the director on behalf of the state."

NOTES TO DECISIONS

Cited in State v. University of Alaska, Sup. Ct. Op. No. 2303 (File No. 4579), 624 P.2d 807 (1981).

Sec. 38.05.057. Disposal of land by lottery. (a) The commissioner may dispose of land, including land limited to use for agricultural purposes, by lottery. The purchase price of land sold by lottery shall be the fair market value of the land as determined by the commissioner. The commissioner may sell land by lottery for less than the fair market value of the land if he determines that scarcity of land for private use in the area of the land to be sold has resulted in unrealistic land values. Before the commissioner determines the purchase price for land which is located in a municipality and which is to be sold under this section, he shall consult with the assessor of the municipality. The lottery shall be conducted in public by the commissioner or his representative. An applicant may not be selected to purchase land unless he is present on the date and at the place that the lottery is conducted unless medical reasons, attendance at school, or military service outside the state prevent attendance. An applicant may be represented by an agent on the day of the lottery if the land offered for sale is commercial, industrial, or agricultural land. On the day of the lottery a purchaser selected by lot shall deposit an amount equal to five percent of the purchase price, or if the purchaser elects to use land discounts granted under AS 38.05.058, five percent of the purchase price after deduction of the discount.

(b) To qualify to participate in a lottery under (a) of this section, a potential purchaser shall

(1) at the time of application have attained the age of 18;

(2) submit proof, as required by regulations, that he has been a resident of the state for not less than one year immediately preceding the date his application was submitted; and

(3) certify that he has not purchased land at a sale by lottery in the state within eight years immediately preceding the sale date.

(c) The commissioner may adopt regulations under the Administrative Procedure Act (AS 44.62.010 — 44.62.650) which specify qualifications for lottery participants different from those specified in (b) of this section if

(1) an interest in land limited to agricultural purposes is to be sold under (a) of this section;

(2) the sale is a part of a program to develop agricultural land as a renewable resource of the state; and

(3) the regulations include residency, skill, experience, and financial requirements necessary to qualify persons who are competent and financially able to develop the land as a successful agricultural enterprise.

(d) To apply for participation in a lottery under this section an applicant shall

(1) certify that he is qualified under the applicable provisions of this section; and

(2) pay a nonrefundable application fee of not more than $25 for each application.

(e) The director shall accept applications to purchase particular parcels under the following procedures and conditions:

(1) the application period may not be less than 45 days;

(2) no application may be accepted less than 15 days before each lottery;

(3) notice of the application period and the date of the lottery shall be given in accordance with AS 38.05.345(e); and

(4) the application shall be made on a form provided by the department.

(f) If only one application for a parcel is received, the commissioner shall offer the parcel to the applicant who applied for the parcel if the applicant is qualified to participate in the lottery. If more than one application is received for a parcel, or if more applications are received for the right to select a remote parcel offered under AS 38.05.077 than the number of remote parcels authorized, the commissioner shall select the applicant who is entitled to receive a conveyance of the land by lottery. If the commissioner does not receive an application for a parcel of state land or if a purchaser fails to sign a lease agreement or contract of sale, the parcel shall be offered to the first eligible person to apply for the parcel. If the parcel was designated as a homesite and offered to the public under AS 38.05.047(f), the parcel shall be disposed of under the terms required by AS 38.08.010 — 38.08.120.

(g) After receiving the deposit required under (a) of this section, the director or his representative shall immediately issue a receipt containing a description of the land or property to be conveyed, the price of the land, and the terms of disposal. The receipt shall be acknowledged in writing by the purchaser. A contract of sale shall be executed in the same form and manner as required under AS 38.05.055.

(h) An aggrieved lottery participant may appeal to the commissioner within five days after the lottery is conducted for a review of the lottery procedures.

(i) The director may include in contracts for sale of land under this section terms which

(1) require purchasers to use or occupy, or both, the land purchased for a reasonable period of time after a sale;

(2) prohibit the resale of land purchased by the initial purchaser until the requirements imposed under (1) of this subsection, if any, are satisfied.

(j) The commissioner may require a participant in a lottery under this section for the sale of land that is part of an agricultural development project under AS 44.33.475 to submit a single application for that land. Immediately following the drawing of an applicant's name in the lottery, the applicant shall be given an opportunity to select for purchase one parcel of the land that is offered in the lottery. The names of alternate applicants shall be drawn after all parcels have been selected. If the applicant who originally selected a parcel unequivocally rejects the offer to purchase the parcel or fails to sign the contract of sale within the period of time specified by the commissioner, the parcel shall be offered for sale to alternate applicants in the order in which their names were drawn. (§ 4 ch 176 SLA 1978; am §§ 15 — 22 ch 85 SLA 1979; am § 16 ch 113 SLA 1981; am § 2 ch 129 SLA 1982)

NEW SECTION

Revisor's notes. — In subsection (a), in the present fifth sentence, a period was added following "representative" and in the present sixth sentence, the word "and" was deleted preceding "an applicant" by the revisor of statutes under AS 01.05.031.

Effect of amendments. — The 1979 amendment, in subsection (a), substituted "commissioner may dispose of land" for "director may sell land" in the first sentence, substituted the language beginning "shall be the fair market value" for "may not be less than the fair market value of that land unless the sale is conducted under the provisions of AS 38.05.035(b)(4)" at the end of the second sentence, added the present third and fourth sentences, and in the former fifth sentence, substituted "commissioner" for "director," inserted "signing a contract of," deleted "with the person conducting the lottery" following "shall deposit," and added the language beginning "or if the purchaser elects" to the end. The amendment also substituted "qualify to participate in a lottery" for "purchase land by lottery" in the introductory language of subsection (b), substituted "one year" for "three years" in paragraph (2) of subsection (b), substituted "lottery participants" for "potential purchasers" in the introductory language of subsection (c), substituted "25" for "10" in paragraph (2) of subsection (d), substituted "45 days" for "10 days" in paragraph (1) of subsection (e), substituted "AS 38.05.345(e)" for "AS 38.05.345(b)" in paragraph (3) of subsection (e), rewrote subsection (f), and substituted "to be conveyed" for "purchased" and "disposal" for "sale" in the first sentence of subsection (g).

The 1981 amendment deleted "but may not be less than $400 per acre, or, if the land is limited to use for agricultural purposes, the purchase price may not be less than $100 per acre" at the end of the second sentence of subsection (a). In subsection (a), the amendment also added the present sixth and seventh sentences and, in the present eighth sentence, substituted "on" for "and at," substituted "day of the lottery" for "time of signing a contract of sale," deleted "discount" preceding "purchase price" and added "after deduction of the discount" following "purchase price."

The 1982 amendment, effective June 25, 1982, added subsection (j).

MEMORANDUM State of Alaska

DEPARTMENT OF NATURAL RESOURCES - DIVISION OF LAND AND WATER MANAGEMENT

TO: Sharon Barton, Special Assistant, Commissioner's Office

DATE: February 23, 1983

FILE NO.: 510.1

TELEPHONE NO.: 265-4343

FROM: J. B. Willis, Head, Land Disposal Unit

SUBJECT: Per Request of 2/22/83; Acreages Sold

Bettisworth Question #6

1. As you know, we have limited computer capability in the Land Disposal Program and have been unsuccessful in getting money to provide the data your office repeatedly requests about the program. Our best guesses are as follows:

a. Statehood through 1977:

Calendar Year	Acres
1960	466
1961	24,011
1962	8,563
1963	5,868
1964	28,628
1965	5,728
1966	2,894
1967	1,699
1968	1,136
1969	2,701
1970	8,001
1971	1,113
1972	5,359
1973	3,643
1974	4,875
1975	1,630
1976	48
1977	52
	106,415 Acres sold

b. 1978 - Present:

- Sold approximately 210,000 acres
- 47% major agricultural
- 25% small agricultural
- 17% subdivision
- 11% remote parcels

c. Therefore, we have sold approximately 316,000 acres since statehood, of which approximately one-half has been limited fee agricultural rights. 316,000 acres represents:

(1) .086% (86/1000 of 1%) of the land in Alaska
(2) .3% (3/10 of 1%) of the state entitlement

2. There are no statistics as to the location of the lands disposed. That would be extremely costly to develop.

3. Quotas established by statute (by fiscal year):

1979 - 30,000
1980 - 100,000
1981 - 100,000
1982 - none (but funded for 100,000)
1983 - none

4. AS 38.04.020(g) requires that at least 10% of subdivisions be sold by homesites-by length of residency and at least an additional 10% are homesites by lottery. The Attorney General has ruled that the homesite by residency program is unconstitutional. Therefore, we have been offering 20% of our subdivisions as homesites by lottery. We would like to reduce this percentage, as many of our projects are recreational in nature and not suitable for full-time living.

5. The use of teleconferences for the presence requirement at lotteries would defeat the purpose for that requirement, granting a local preference. It would also be a nightmare to administer, and generate many more complaints than the present system (power failures, transmission problems, identification problems, lack of facilities, etc.). We would suggest in the alternative that we should do away with local lotteries. (They are very expensive for the state) and go back to the old system of two lotteries a year in Anchorage with no attendance requirement. This does not address a preference for local residents - perhaps, the legislature has recommendations on that issue.

9/22/82

Dear Honorable Bettisworth

I am very displeased with a particular aspect of the State lottery system. I do not think that one should have to be present at the drawing in the area in order to obtain a parcel. It makes it an extremely costly gamble. I live in Fairbanks and am interested in land in Southeast Alaska. I object having to spend additional money and time just to be at the drawing (or have someone be there for me) just for the chance that I might win the lottery for that parcel. If I don't win, I have spent a lot of money and time for nothing. It is enough of a cost for me to get down to the land in order to determine what land is worth buying.

Alternative:

There should be one centralized drawing in Juneau for all parcels in the State televised over the teleconference network. This would allow me to be present without excessive expense. (If my presence is absolutely necessary.)

Sincerely,
Carol Meares
Ester, AK
99725
PO Box 24

FROM: ANNIE IN FAIRBANKS TO: JUNEAU INFO. ORIG: LF02 IN= 0005 OUT= 0039
TARGET: LJHL SUBJ: POM

TO: REPRESENTATIVES DAVIS, BETTISWORTH, RINGSTAD, KOPONEN, SHULTZ, MILLER, SENATORS BENNETT, FAHRENKAMP, MOSS

FROM: DAVE RASLEY, 819 FIRST AVE., FAIRBANKS 99701 452-8131
DON ILGENFRITZ, SAME ADDRESS
L. D. CORKRAN, SAME ADDRESS

RE: H.B. 86

WE RESPECTFULLY REQUEST THAT YOU SUPPORT HOUSE BILL 86 PERTAINING TO THE USE OF THE TELECONFERENCE SYSTEM IN THE LAND DISPOSAL PROGRAM.

83-00014919 PRTY 1 03/11/83 18:08:36 ORIG: LF02 IN= 0005 OUT= 0114
FROM: GAIL/FBX TO: JNU INFO
TARGET: LJHL SUBJ: POM

FROM: FBX 3/11/83

INTERIOR DELEGATION: REP'S DAVIS, BETTISWORTH, RINGSTAD, KOPONEN
SEN'S BENNETT, FAHRENKAMP

EDWARD BUSH, BOX 352, FBX 99707 PH 452-4196 (H), 452-7158 (W)

STATE LAND LOTTERY

THE REQUIREMENT TO ATTEND A LAND LOTTERY DRAWING IN PERSON PLACES HARDSHIPS AND UNNECESSARY EXPENSE ON THE INDIVIDUAL FOR THE PRIVILEGE OF ENTERING. THE $15.00 ENTRY FEE ALSO SEEMS EXCESSIVE.

---EOM

83-00001380 PRTY 1 03/17/83 13:28:30 ORIG: LF01 IN= 0007 OUT= 0065
FROM: ANNIE IN FAIRBANKS TO: JUNEAU INFO.
TARGET: LJHL SUBJ: POM

REPRESENTATIVE BETTISWORTH

DIRK TORDOFF, P.O.BOX 60605 , FAIRBANKS 99706 HOME 456-8216

HB86

THANKS FOR YOUR EFFORTS ON HB86. I FEEL IT CAN IMPROVE AN ALREADY GOOD PROGRAM. I WOULD APPRECIATE YOUR CONTINUED EFFORTS ON BEHALF OF HB86.

To: Rep. Bettiswort
From: Dave Dooley (4907)

RE: Land Disposal Lottery Procedure

At present a citizen who wishes to obtain land under the state disposal program must file for each parcel he or she is interested in seperately and pay a filing fee for each (even though an individual may only buy one parcel).

Suggestion

Conduct lottery including all individuals interested in any land available in a particular state offering (I.E. all state land offered at that particular time in a particular region.

Persons receiving highest numbers would then get to choose parcel desired from total offering in order of lottery number.

Advantages

Persons with lower numbers would not need attend selection meetings held at regional court house — those with higher numbers could be reasonably certain to obtain a desirable selection.

(over)

This process would preserve advantage to local persons (even with low number could attend selection meeting with hope of obtaining panel) while reducing burden on urban citizens (reduction of unnecessary travel).

Additionally would reduce administrati costs and cost to citizens as only ONE filing fee would be necessary ~~for [illegible]~~ each regional lottery.

CSHB 86

Pg. 1
lines 13-14

Pg. 2
lines 5-6

Pg. 2
lines 10-12

Pg. 2
lines 13-17

Pg. 2
lines 19-20

The Resources Committee Substitute makes the following changes:

1) The commissioner need no longer hold lottery sales in the local of the land being offered.

2) A person need not be present at the lottery to qualify as a winner.

3) The commissioner must notify lottery winners by certified mail within 10 days of the drawing.

4) The lottery winner has 40 days from the drawing to place his or her down payment with the commissioner.

5) The legislative teleconference network (41 sites statewide) will be used to conduct the lottery.

HOUSE RESOURCES COMMITTEE OBSERVER/WITNESS SIGN-UP SHEET

HB86

DATE: APRIL 15 SPONSOR: BETTISWORTH

SUBJECT(S): TELECONFERENCE / STATE LAND DRAWINGS

NAME	REPRESENTING	ADDRESS	PHONE	Observer	Witness	For	Against
Mark Wittow	Dept of Natural Resources	Bench M	x 2400	X	X	Comments	

HB

94

HOUSE RESOURCES COMMITTEE OBSERVER/WITNESS SIGN-UP SHEET

DATE: 3/11/83 SPONSOR: Bettisworth

SUBJECT(S): HB 94 F&G Violations / Seizure

NAME	REPRESENTING	ADDRESS	PHONE	Observer	Witness	For	Against
G HORETSKI	LAW	POUCH KC	465-3428		X		X
Grey Cook							
Bob Clasby	ADF&G		4210		X		X

TESTIMONY ON HB 94

HOUSE RESOURCES COMMITTEE

March 11, 1983

Presented by Gregory F. Cook
Faulkner, Banfield, Doogan & Holmes
P.O. Box 1150
Juneau, Alaska 99802
(907) 586-2210

HB 94 seeks to amend existing law relating to seizure and forfeiture of items used in fish and game violations. The bill is a good start, but in my opinion, it needs significant amendments before it should be adopted.

Seizure and forfeiture of equipment used to commit violations of fish and game laws are critical enforcement tools. These tools are needed to conserve fishery and wildlife resources. At the same time, however, it is important for the State to recognize the rights of innocent owners. The bill as it now stands does not recognize these basic, constitutional rights known generally as "due process" requirements.

The Alaska Supreme Court and the United States Supreme Court have each addressed the need to protect the rights of innocent (and non-negligent) owners of property used by a "third person" for the commission of a crime. All persons must be presumed innocent until proven guilty. A seizure of nets, a vessel, or an airplane occurs <u>before</u> a trial showing guilt or

innocence. Due process of law guarantees the following rights to <u>everybody</u> whose equipment is seized under AS 16.05.190:

(1) judicial review of specific facts supporting the seizure <u>before</u> the seizure happens;

(2) reasonable notice to the owner that a seizure has occurred;

(3) the right of the owner to a prompt, meaningful, post-seizure judicial hearing;

(4) the right to petition for "remission" or "mitigation" of the seizure;

(5) the opportunity to post a bond and secure release of the item seized.

Seizures and forfeitures are complex areas of law. Drafting a bill that meets the requirements of the Alaska Constitution and the United States Constitution will require significant additional drafting work. I respectfully call the attention of the Resources Committee members to this fact, and suggest that the Judiciary Committee could be the proper forum to make those corrective amendments. I stand ready to assist both committees, and legislative counsel in this matter.

Thank you for your time and attention.

Respectfully submitted,

Gregory F. Cook
March 10, 1983

STATE OF ALASKA
PRELIMINARY STATEMENT OF FISCAL IMPACT

Bill No: CSHB 94 (RES) Date on Bill: 2-8-83
Title: "An Act relating to the seizure of items used in or in aid of fish and game violations."
Sponsor: Representative Bettisworth
Requestor: Legislative Budget Review Committee

RECEIVED 3-4-83

1. Estimated fiscal impacts on:

a. Expenditures:

(Thousands of Dollars)

			FY 83	FY 84	FY 85	FY 86		
Capital								
Operating			-	173.9	188.6	199.9		
Total								

b. Revenues:

Revenue								

2. Source of funds to offset fiscal impact of bill:

No information provided

3. ASSUMPTIONS: This bill would have a significant negative impact upon the Department of Law's efforts to prosecute violations of the state fisl and game laws. It allows seizure of items used in violations of the law only if the seizure is necessary to preserve items of evidence. A defendant who disagrees with this judgment on the officer's part may be expected to sue to regain possession, and this would have to be litigated. The bill would require the commitment of additional attorney time to attend the hearings which must be held within seven days after charges are filed in order to extend a seizure. All items, even those which are clearly evidentiary in nature, must be returned to the defendant unless the department obtains a court order allowing the police to keep it. This is a change in criminal procedure which is not found in any other area of criminal law; it would significantly impair our ability to prosecute these cases. In situations where there were multiple defendants, one defendant could request and obtain the return of his property, the other defendants could move to dismiss their charges because the state had not retained possession of the evidence.

4. Disclaimer:
This statement has not been reviewed by the OMB in the Office of the Governor. It therefore does not represent the final estimate of fiscal impact.

Prepared By: Daniel W. Hickey, Chief Prosecutor Phone: 465-3428
Division: Department of Law/ Criminal Division Date: 3-3-83

Approved by Commissioner: Richard R. Bogus/Lee/ Norman C. Gorsuch, Attorney General Date: 3/3/83
Department: Department of Law

5. Distribution:
Original to Legislative Finance
Copy to OMB
Copy to Sponsor
Copy to Requestor

2/15/83

H.R.

RECEIVED

FEB 7 1983

LEGISLATIVE FINANCE

THE LEGISLATURE OF THE STATE OF ALASKA
THIRTEENTH LEGISLATURE

FISCAL NOTE

I. REQUEST
Bill/Resolution No. HB 94
Title An Act relating to the seizure of items used in or in aid of F & G violations.
Requested by House Resources Committee Date 1/31/83

II. FISCAL DETAIL
Agency Affected Department of Fish and Game
Program Category Affected Natural Resources Management & Environmental Conservation
BRU, Program, Or Subprogram(s) Affected Commercial Fisheries, Game & Sport Fish
(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS,CLAIMS,ETC.						
TOTAL	-0-	-0-	-0-			

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

IV. DATE January 31, 1983 PREPARED BY Beverly D. Reaume
AGENCY Department of Fish and Game
PHONE 465-4120

Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)

33-001 (Rev. 12/82)

OMB Reviewed by: Eric Laschever

HOUSE RESOURCES COMMITTEE OBSERVER/WITNESS SIGN-UP SHEET

DATE: Feb. 2, 1983 SPONSOR: Rep. Bettisworth

SUBJECT(S): HB 94: seizure/items in aid/F & G violations

NAME	REPRESENTING	ADDRESS	PHONE	Observer	Witness	For	Against

CSHB 94 ANALYSIS

Section 1

Authorizes the seizure of items discovered under a valid search if the person making the search determines that the items in question should be held as evidence of a fish and game violation. Parts of fish or game nests or eggs of birds taken, transported, or possessed may also be seized.

Disposal of fish and game, or their parts that have been seized, is left up to the court if the person they have been seized from is convicted. If the court sees fit to sell the fish and game used as evidence proceeds shall, by way of the proper state officer, be deposited in the general fund.

Items seized having an individual value of $2500 or more cannot be held beyond 7 days after charges are filed in court for the associated violation, unless an extension is approved by court order for cause shown.

Policy Question

Should citizens who have had items valued at $2500 or more seized in an alleged fish and game violation be afforded the opportunity to have the court ascertain within 7 days after charges are filed whether or not the items seized should be held as evidence in the case.

Possible Considerations

1) Remedies that are now available without this proposed change in law.

2) Costs of implementing this law

3) Costs to citizens under present system, should they be found innocent

MAR 4 1983

STATE OF ALASKA
PRELIMINARY STATEMENT OF FISCAL IMPACT

Bill No: HB 94 Date on Bill: 1 - 20 - 83
Title: An Act relating to the seizure of items used in or in aid of F & G violations
Sponsor: Rep. Bettisworth
Requestor: House Resources

1. Estimated fiscal impacts on:

a. Expenditures:

(Thousands of Dollars)

			FY 83	FY 84	FY 85	FY 86		
Capital								
Operating								
Total			-0-	-0-	-0-	-0-		

b. Revenues:

Revenue								

2. Source of funds to offset fiscal impact of bill:

Source of funds not identified by sponsor

3. Assumptions:

No Fiscal Impact

4. Disclaimer:
This statement has not been reviewed by the OMB in the Office of the Governor. It therefore does not represent the final estimate of fiscal impact.

Prepared By: Col. R.J. Stickles Phone: 269-5532
Division: Fish & Wildlife Protection Date: 3-2-83

Approved by Commissioner: Robert L. Sudeen Date: 3-3-83
Department: Public Safety

5. Distribution:
Original to Legislative Finance
Copy to OMB
Copy to Sponsor
Copy to Requestor

2/15/83

STATE OF ALASKA
FISCAL NOTE

Revision Date Mar. 11, 1983

I. REQUEST

Bill/Resolution No.: CS HB 94
Title: "Seizure of items..F & G violations"
Sponsor: Representative Bettisworth
Requestor: House Resources Committee

II. FISCAL DETAIL

Agency Affected: FISH AND GAME
Program Category Affected: NRMEC
BRU, Program of Subprogram(s) Affected: Commercial Fisheries, Game & Sport Fish

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: Beverly Reaume — Phone: 465-4120
Division: Administration — Date: 03/11/83

Approved by Commissioner: Don W. Collinsworth — Date: 3-11-83
Department: Fish and Game

Distribution:
Original to Legislative Finance
Copy to Office of Management and Budget (for Legislature introduced bills)
Copy to Department (for Governor introduced bills)
Copy to Sponsor
Copy to Requestor (if different from Sponsor)

3/8/83

Alaska Sportfishing Association

3605 Arctic Blvd., Suite 800 • Anchorage, Alaska 99503

MAR 2 - 1983

February 28, 1983

Representative Dick Shultz
Co-Chairman, Natural Resources Committee
Pouch V
Juneau, AK 99811

Dear Representative Shultz:

The Alaska Sportsfishing Association urgently requests your support in denying confirmation to Governor Sheffield's appointees to the Board of Fisheries until such time as two, true sportsfishing representatives are appointed to the board. Please keep in mind that the Board of Fisheries meets on March 21, 1983, whether these appointees are confirmed or not. Sportsfishing and tourism for 19[illegible] and beyond will be affected by their decisions.

The appointments to the Board of Fisheries by Governor Sheffield has triggered a highly indignant response by sportsfishing enthusiasts throughout Alaska. The lobbying and pressures brought by commercial-fishing interests have decreased the representation to this critical body from three to what we now consider to be effectively zero.

The Board of Fisheries has the power to allocate fish above escapement requirements to the various fishing interests. We feel that the appointments, as they currently exist, are an absolute insult to the 100,000 licensed sportsfishermen in the Anchorage-bowl, and a serious threat to sportsfishing interests from the Matanuska Valley to Homer. The five sportsfishing associations in the Anchorage area asked for an appointment with Governor Sheffield while he was here. He did not even grant time to listen to our grievance.

We do not contend that the appointees are not highly respected and qualified people. We simply insist on true sportsfishermen being placed on the Board of Fisheries to represent sportsfishing and the highly valuable tourist industry when allocating fish resources.

We do question the ability of Mr. Paul Weller, the only appointee with sportsfishing inclinations, to fairly represent the sportsfishing side. The last time a sportsfishing representative was chosen from the Kenai-Soldotna area (Dr. Fair), who truly represented the sportsfishermen and acted on their behalf, was forced to resign after receiving threatening phone calls, attempted boycott of his business, chiding to his children at school, and malicious acts to his private property. Mr. Weller is backed by Lottie Ettelman, a long-time, setnet-fishing operator and commercial-fishing activist (in addition to being a top democarat in that area). In fairness to Mr. Weller, he was considerate enough to attend our general membership meeting on February 8, 1983, which displayed some interest in representing our cause, though there was a feeling he lacked knowledge of fishing issues (after four years of representation on the Kenai-Soldotna Advisory Committee).

In my earlier letter to Governor Sheffield before the appointments were made, we recommended Mr. William E. Moulton, Jr., and Ms. Toni Salmeier as two superbly-qualified individuals who have been highly involved in both the sportsfishing and tourist industry. Mr. Moulton is also a Fish and Wildlife graduate.

Additionally, your support in the speedy passage of House Bill 63 is requested. This bill would establish sportsfishing on an equal basis with subsistence fishing and would at least minimize the devisiveness of the priority subsistence issue.

These and many other actions are drawing keen interest by sportsfishers throughout Alaska. I assure you that we intend to track actions taken and to keep the public aware of the responsiveness of their legislators.

Sincerely,

Bob Hunter

Robert L. Hunter, President
Alaska Sportsfishing Association

STATE OF ALASKA
FINAL* STATEMENT OF FISCAL IMPACT

Bill No: CSHB 94 Date on Bill: 2/8/83
Title: Seizure of items used in or in aid of fish and game violations
Sponsor: Bettisworth and Grussendorf
Requestor: House Resources Committee

1. Estimated fiscal impacts on:

a. Expenditures:

(Thousands of Dollars)

			FY 83	FY 84	FY 85	FY 86		-
Capital								
Operating								
Total			-0-	-0-	-0-	-0-		

b. Revenues:

Revenue								

2. Source of funds to offset fiscal impact of bill:

3. Assumptions:

*This statement has been reviewed by the OMB in the Office of the Governor.

Prepared By: Richard P. Barrier Phone: 264-0545
Division: Alaska Court System Date: 3/8/83

Approved by Commissioner: Date:
Department:

Reviewed by OMB: Date:
Phone:

5. Distribution:
Original to Legislative Finance
Copy to Department
Copy to Sponsor
Copy to Requestor

2/24/83

conducting the search for property which is taken as a result of the search. The enumeration of specific things does not limit the meaning of words of a general nature. (§ 22 art I ch 94 SLA 1959)

This section is constitutional. 1959 Op. Att'y Gen., No. 15.

This section is tailored carefully to art. I, § 14, of the Alaska Constitution and is therefore valid. 1959 Op. Att'y Gen., No. 15.

There is no constitutional requirement that all searches be with warrant. 1961 Op. Att'y Gen., No. 19.

And reasonable searches may be made without warrant. 1961 Op. Att'y Gen., No. 19.

"Reasonable search". — A reasonable search is one made (a) upon probable cause that fruits of a crime or evidence relating to the crime will be found; (b) under circumstances which would make the securing of a warrant impracticable. 1961 Op. Att'y Gen., No. 19.

The mere observation of items which are in plain view or which are open and apparent, is not a search. Consequently, evidence based on such observations is admissible so long as the observing officer was legally in the position where the observations were made. Klockenbrink v. State, Sup. Ct. Op. No. 631 (File No. 1149), 472 P.2d 958 (1970).

A search may be made pursuant to a valid arrest, providing that the arrest is made prior to the search. 1961 Op. Att'y Gen., No. 19.

Requirement of written signed statement objectionable but valid. — The amendment requiring a written signed statement of the reason for the search is objectionable but valid. It is objectionable because it unnecessarily ties the hands of the field agents charged with enforcement of the fish and game laws, and is a provision which is quite uncommon, if not unique. 1959 Op. Att'y Gen., No. 15.

Such requirement will not validate an invalid search. — The statutory requirement that fish and game agents fill out a form stating the objects of search will not make an otherwise invalid search valid. 1961 Op. Att'y Gen., No. 19.

But it may invalidate an otherwise valid search if not complied with. 1961 Op. Att'y Gen., No. 15.

This section requires that notice be given to the person "in control" of crab pots. Nathanson v. State, Sup. Ct. Op. No. 1310 (File No. 2541), 554 P.2d 456 (1976).

Failure to notify owner of crab pots was not a violation of this section where officers of the Department of Fish and Game approached the crab pots to conduct a search to check the extent of compliance with a regulation providing that fishermen could place their crab pots in the water up to 72 hours prior to the opening of the season and the owner was not present, attending to his crab pots, since there being no "person in control of the property or object to be searched," the officers were unable to give him the required notice. Nathanson v. State, Sup. Ct. Op. No. 1310 (File No. 2541), 554 P.2d 456 (1976).

Notice required for search of vessel, building, etc. — The considerations leading to the conclusion that no notice was required for a search of crab pots would not apply to the search of a vessel, building or other effects in which the owner would have a reasonable expectation of privacy. Nathanson v. State, Sup. Ct. Op. No. 1310 (File No. 2541), 554 P.2d 456 (1976).

Area of vessel open to search. — In the case of a vessel, the limits of the area open to search probably include the entire vessel. 1961 Op. Att'y Gen., No. 19.

Sec. 16.05.190. Seizure without warrant and confiscation by court. Guns, traps, nets, fishing tackle, boats, aircraft, automobiles or other vehicles, sleds, and other paraphernalia used in or in aid of a violation of this chapter, or rule or regulation of the department may be seized under a valid search, and all fish and game, or parts of fish and game, or nests or eggs of birds, taken, transported, or possessed contrary to the provisions of this chapter, or rule or regulation of the department shall be seized by any person designated in § 150 of this chapter. Upon conviction of the offender or upon judgment of the court having jurisdiction that the item was taken, transported, or possessed in

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Sup. Ct. Op. No
P.2d 629 (1976).

Sec. 16.05.
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violation of this chapter or rule or regulation of the department, all fish and game, or parts of them are forfeited to the state and shall be disposed of as directed by the court. If sold, the proceeds of the sale shall be transmitted to the proper state officer for deposit in the general fund. Guns, traps, nets, fishing tackle, boats, aircraft, or other vehicles, sleds, and other paraphernalia seized under the provisions of this chapter, or rule or regulation of the department, unless forfeited by order of the court, shall be returned, after completion of the case and payment of the fine, if any. (§ 23 art I ch 94 SLA 1959)

A seizure is a prerequisite to forfeiture under the provisions of this section. Rubino v. State, Sup. Ct. Op. No. 215 (File No. 395), 391 P.2d 946 (1964).

Forfeiture acts upon the thing itself. — In case of forfeiture, the decree of the court acts upon the thing itself and binds the interest of all the world, whether any party actually appears or not. If it is condemned, the title of the property is completely changed, and the new title acquired by the forfeiture travels with the thing in all its future progress. United States v. Pollastrine, 8 Alas. 104 (1929).

It divests titles and liens. — A forfeiture necessarily divests every existing right, whether of title or lien or other interest, in the thing forfeited. There is no reason why it should not extinguish the right of a lienholder equally with that of the owner. It binds the interests of all the world. United States v. Pollastrine, 8 Alas. 104 (1929).

Section distinguishes between mandatory and discretionary forfeiture. — This section distinguishes between mandatory forfeiture of contraband (fish, game, birds) upon conviction, and discretionary forfeiture of paraphernalia (guns, traps, aircraft, etc.). Graybill v. State, Sup. Ct. Op. No. 1234 (File No. 2386), 545 P.2d 629 (1976).

Not between criminal or civil forfeiture proceedings. — The distinction which the legislature sought to draw between contraband and paraphernalia is between mandatory and discretionary forfeiture, not between requiring criminal or civil forfeiture proceedings. Graybill v. State, Sup. Ct. Op. No. 1234 (File No. 2386), 545 P.2d 629 (1976).

Forfeitures, even when civil in form, are basically criminal in nature. Graybill v. State, Sup. Ct. Op. No. 1234 (File No. 2386), 545 P.2d 629 (1976).

"Order of the court" may refer to orders rendered following criminal conviction. — Since the "case" and "fine" referred to in this section concern criminal proceedings, it is reasonable to interpret an "order of the court" as likewise referring to orders rendered subsequent to a criminal conviction, as well as those following a separate civil action. Graybill v. State, Sup. Ct. Op. No. 1234 (File No. 2386), 545 P.2d 629 (1976).

Valid forfeiture where defendant convicted under AS 16.05.920. — Where defendant was convicted under AS 16.05.920, which makes certain acts unlawful, in order to effect a valid forfeiture of defendant's aircraft, it was not necessary for the state to institute a separate civil in rem proceeding against the aircraft. Graybill v. State, Sup. Ct. Op. No. 1234 (File No. 2386), 545 P.2d 629 (1976).

While forfeiture is a civil remedy unless otherwise provided by statute, this section, as it applied to a defendant who was convicted under AS 16.05.920, did so provide. Graybill v. State, Sup. Ct. Op. No. 1234 (File No. 2386), 545 P.2d 629 (1976).

For cases construing seizure and forfeiture under the provision of ACLA 1949, § 39-2-10, see United States v. One Fish Trap, 7 Alas. 215 (1924); United States v. The Pacific, 7 Alas. (1924); United States v. One Floating Fish Trap, 7 Alas. 334 (1925); The M. & M., 8 Alas. 17 (1928).

Cited in Wacek v. State, Sup. Ct. Op. No. 1108 (File No. 2166), 530 P.2d 751 (1975).

Sec. 16.05.195. Forfeiture of equipment. (a) Guns, traps, nets, fishing gear, vessels, aircraft, other motor vehicles, sleds, and other paraphernalia or gear used in or in aid of a violation of this title, or regulation promulgated under this title, and all fish and game or parts

be enacted to benefit the state. It is desired that the department participate in the federal aid programs on the same basis as other states. (§ 20 art I ch 94 SLA 1959)

Sec. 16.05.150. Enforcement authority. The following persons are peace officers of the state and they shall enforce this chapter:

(1) an employee of the department authorized by the commissioner;

(2) a police officer in the state;

(3) any other person authorized by the commissioner. (§ 21 art I ch 94 SLA 1959)

Enforcement of fish and game laws on military reservations. — Where the military does not assign sufficient personnel to enforce fish and game laws on military reservations, state game officials as well might enforce them, possibly by deputizing state game officials as federal marshals, since 10 U.S.C. 2671(c) makes violation of state fish and game laws a federal offense. 1964 Op. Att'y Gen., No. 2.

Since state fish and game laws operate on a federal military reservation, not only as federal law but also as state law, both the federal and state officers may enforce these laws. 1964 Op. Att'y Gen., No. 2.

State officers should have full access to military reservations in Alaska, subject to safety and military security requirements, to enforce laws and manage and harvest fish and game resources. 1964 Op. Att'y Gen., No. 2.

Sec. 16.05.160. Duty to arrest. Each person designated in § 150 of this chapter shall arrest a person violating this chapter, or any rule or regulation made under this chapter, in his presence or view, and shall take the person immediately for examination or trial before an officer or court of competent jurisdiction. (§ 21 art I ch 94 SLA 1959)

Cited in Schuster v. State, Sup. Ct. Op. No. 1305 (File No. 2911), 553 P.2d 925 (1976).

Sec. 16.05.170. Power to execute warrant. Each person designated in § 150 of this chapter may execute a warrant or other process issued by an officer or court of competent jurisdiction for the enforcement of this chapter, and may, with a search warrant, search any place at any time. The judge of a court having jurisdiction may, upon proper oath or affirmation showing probable cause, issue a warrant in all cases. (§ 21 art I ch 94 SLA 1959)

Sec. 16.05.180. Power to search without warrant. Each person designated in § 150 of this chapter may without a warrant search any thing or place if the search is reasonable or is not protected from searches and seizures without warrant within the meaning of § 14, art. I of the state constitution, which specifically enumerates "persons, houses and other property, papers and effects." However, before a search without warrant is made a signed written statement by the person making the search shall be submitted to the person in control of the property or object to be searched, stating the reason the search is being conducted. A written receipt shall be given by the person

AMENDMENT

To: HB 94 By Shultz

Page: 2
Line: 1

After the word after, delete the word seizure and add the language charges for the associated violation are filed with the court unless an extension is approved by the court order for cause shown.

Initial Analysis -- HB 94 "An act relating to the seizure of items used in or in aid of fish and game violations."

This bill would help protect the property rights of persons accused of fish and game violations in two areas. First, it would require that the state could not seize the items in the first place, unless the person making the seizure had determined that his actions were necessary to preserve evidence of a violation. Currently this determination is not necessary for the seizure to take place.

Second, the bill would place a 7-day limit on the amount of time the state may hold the confiscated items before they would have to be returned, unless the court grants an extension for cause shown.

Additionally, the bill would clean up current statutes involved in this section by removing the words "or rule" where they appear unnecessarily (four times).

STATE OF ALASKA
FISCAL NOTE

Revision Date Mar. 11, 1983

I. REQUEST

Bill/Resolution No.: CS HB 94
Title: "Seizure of items..F & G violations"
Sponsor: Representative Bettisworth
Requestor: House Resources Committee

II. FISCAL DETAIL

Agency Affected: FISH AND GAME
Program Category Affected: NRMEC
BRU, Program of Subprogram(s) Affected: Commercial Fisheries, Game & Sport Fish

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: Beverly Reaume Phone: 465-4120
Division: Administration Date: 03/11/83
Approved by Commissioner: Don W. Collinsworth Date: 3-11-83
Department: Fish and Game

Distribution:
Original to Legislative Finance
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Copy to Sponsor
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3/8/83

STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

POUCH K—STATE CAPITOL
JUNEAU, ALASKA 99811

January 21, 1982

Pat Lawler
Administrative Assistant
House Natural Resources Committee
Alaska House of Representatives
Pouch V
Juneau AK 99811

Re: HB 231

Dear Mr. Lawler:

This will confirm our conversation earlier today regarding HB 231, "An Act relating to the the seizure of items used or in aid of fish and game violations."

The Department of Law supports the position expressed by the Department of Public Safety on this bill. In particular, Public Safety's comments regarding the impact of this proposal on the criminal justice system cannot be overstated. Because of the time delays inherent in pursuing fish and game violations in remote areas, and the additional time delays inherent in the criminal justice system, virtually every instance in which an item is seized would require an appearance in court to seek a judicial extension of the seven day period the bill would permit law enforcement officers to hold the item. This, in turn, would divert both field officers and district attorney resources from more substantive pursuits (i.e., the apprehension and prosectution of other criminal violations). In addition, it would further crowd already crowded court calendars.

Summarizing, it is the Department of Law's position that HB 231 would have a severe detrimental impact on the enforcement of the state's fish and game laws. Please communicate our views to the Natural Resources Committee at your convenience. Thank you.

Sincerely,

WILSON L. CONDON

by: G. Thomas Koester
G. Thomas Koester
Assistant Attorney General

03-C6LH

STATE OF ALASKA

OFFICE OF THE GOVERNOR

BILL ANALYSIS

Department	Sponsor (Principal)	Bill Number
Public Safety	Randolph, Abood, Barnes Beirne, Bettisworth, Bylsma, Fanning, Metcalfe, and Montgomery	HB 231
Department Position: Oppose		

Division Director	Date	Commissioner	Date
Colonel Robert J. Stickles	03/10/81	Commissioner William R. Nix	03/10/81

GOVERNOR'S OFFICE USE

Comments:

☐ Position Noted	By	Date

SUMMARY

1. a) Related Bills (Similar or Conflicting	1. b) Other Agencies Affected by Bill
None	Court System, District Attorney's Office
2. a) Organizational Support for Bill	**2. b) Organizational Opposition to Bill**
Unknown	Unknown

3. Program Effects of Bill

The position taken on this bill reflects the conclusion that there would be a severe detrimental effect on enforcement of all fish and game laws statewide.

4. Fiscal Impact ☒ None ☐ Fiscal Note Attached

5. Amendments Proposed:

6. Comments:

1. The wording of the first added section on page 1, lines 14, 15, 16 would seem to prohibit the seizure or retention of items used in the commission of a violation, as with a weapon used to take game out of season. The weapon would not be specific evidence of a violation but an instrument used in the commission of it, pointing to the complicity of an individual in the violation. Many times, however, such an instrument of a violation is essential in prosecuting any accused party.

2. The wording of the second added section, page 1, line 29, and page 2, line 1, within seven days after the seizure unless an extension is approved by court order for cause shown may lead to several problems.
   a. Due to distance from the nearest court and intervening weather much evidence

could not reach a court within seven days nor could the officer(s) involved get to court to present the reasons for a court order.

b. In the case of an aircraft or vessel seizure a complete inventory is necessary to protect the owner of the equipment and the state, and is no doubt necessary for a court order for retention, but at times an inventory could not be completed in seven days.

c. If an item must be returned to the owner because, through communications problems or remoteness of the site no court order has been issued in time, the evidence value of the item is, in many cases, destroyed. This can result in prosecutable violations being dismissed for lack of evidence.

d. Requiring the return of the evidence within a seven day period places a burden on the state possibly very difficult to meet. If a Department of Public Safety aircraft or vessel is still enroute to the location of evidence storage or a court, and a court order has not been obtained for whatever reason (difficulty in reaching a magistrate or the necessity of showing the evidence to a court official), apparently despite weather or other considerations the Department aircraft or vessel must return to locate the owner who by now may be enroute elsewhere himself. The bill, as written, makes no provision for difficulty in locating the owner or for delay due to the person attempting to return the evidence becoming engaged in investigating other violations or engaged in work of an emergency nature such as a search and rescue mission.

e. Failure to return the evidence in the time allotted would apparently open the state to court suit.

f. Return of the evidence within a fixed time may sometimes involve great expense to the state such as when crab pots must be taken many miles by a large vessel in the Bering Sea and may cause serious disruption of a planned patrol effort.

g. The issuance of approximately 1,000 court orders per year, at a rate of about 5 per working day, will be a considerable burden on the court system requiring much more time devoted to fish and game violations than at present. This could possibly either disrupt the administration of justice in other areas, or frustrate the proper enforcement of fish and game laws.

h. Return of evidence, especially in the case of large items, could frustrate any later attempts by the state to have the item forfeited after the case was completed (a position suggested in the recent Alaska Supreme Court decision in the American Eagle case).

3. The seizure of evidence or instrumentalities of a violation, and whether it can be used in <u>any</u> case against <u>any</u> defendant is presently regulated quite

rigidly by the United States Constitution, sections of Title 16 of the Alaska Statutes, and rules of court concerning both criminal and civil procedure. In addition, there are Department of Public Safety policies on seizure of evidence.

All of the above restrictions presently act in concert to prevent abuse of citizens' rights.

IDENTIFICATION

BILL NAME

AN ACT RELATING TO THE SEIZURE OF ITEMS USED IN OR IN AID OF FISH & GAME VIOLATIONS.

BILL NUMBER HB 94

DATE INTRODUCED 1/20/83

RELATED BILLS PENDING

—NONE—

SPONSOR(S)

BETTISWORTH & GRUSSENDORF

REFERRALS

RESOURCES - JUDICIARY

INITIAL RESEARCH

INITIAL SUMMARY COMPLETED

JMarsh 1/26

LEGAL DIVISION SUMMARY

DEPT OF LAW SUMMARY

SPONSOR CONTACTED FOR BACKUP MATERIALS

FISCAL NOTE

AGENCY RESPONSE

OTHER INTERESTED LEGISLATORS NOTIFIED

BACKGROUND RESEARCH

SIMILAR BILLS INTRODUCED IN PREVIOUS LEGISLATURES

HB 231 - RANDOLPH 1981

OTHER STATE OR FEDERAL PRECEDENTS, REGULATIONS, ETC

RESPONSES FROM INTERESTED PERSONS AND/OR GROUPS

HEARING PREPARATION

CHAIRMAN BRIEFED

DATE & PLACE SET

STAFF MEMO TO COMMITTEE

TELECONFERENCE

BACKGROUND MATERIAL DISTRIBUTED

PSA/PRESS RELEASE

LIST OF WITNESSES

SUGGESTED AMENDMENTS/CS DRAFTED

STATE OF ALASKA

OFFICE OF THE GOVERNOR

BILL ANALYSIS

Department	Sponsor (Principal)	Bill Number
Fish and Game	Resources	CSHB 231

Department Position

OPPOSE

Division Director	Date	Commissioner's Signature	Date
Ronald J. Somerville	2/9/82		2-10-82

GOVERNOR'S OFFICE USE

Comments:

☐ Position Noted	By	Date

SUMMARY

1. a) Related Bills (Similar or Conflicting	1. b) Other Agencies Affected by Bill
Unkown	DPS - Division of Fish and Wildlife Protectic
2. a) Organizational Support for Bill	**2. b) Organizational Opposition to Bill**
Unknown	Unknown

3. Program Effects of Bill

None, except to the extent that this change might make enforcement to Fish and Game regulations less effective. It is emphasized that adequate enforcement is an integral part of a resource management program.

4. Fiscal Impact: [XX] None ☐ Fiscal Note Attached

5. Amendments Proposed:

None

6. Comments:

While law enforcement of Fish and Game regulations is the primary responsibily of DPS, Fish and Game Personnel also enforce Title 16 and Fish and Game regulations. It is our opinion that passage of this legislation would be detrimental to efficient enforcement of these statutes and regulations. Seizure of equipment used in commission of a crime serves 2 purposes: 1) to strengthen a case and substantiate how the crime was committed and 2) such seizures (or the knowledge on the part of a potential violator that equipment used is subject to seizure) acts as a very real deterrent, many cases, to the commission of a crime.

HB

99

(9)

COMMITTEE REPORT

HOUSE

FURTHER: FINANCE

Date: 4/27/83

2/23/83

Mr. Speaker:

The Committee on RESOURCES has had HB 99

An Act making a special appropriation to the Alaska Power Authority for construction of the Susitna River hydroelectric project; and providing for an effective date.

under consideration and reports it back as follows:

[ ] do pass [ ] do not pass

[ ] do pass with attached amendments(s)

[✓] replace with CS for HB 99 (RESOURCES) [ ] same title [✓] new title

and recommends DO PASS

[ ] AND attaches a "Letter of Intent" [ ] New Fiscal Note [ ] Zero Fiscal Note Attached

[ ] reports it back without recommendation

[ ] referred to the _____ Committee

MEMBERS SIGNING DO PASS

MEMBERS HAVING OTHER RECOMMENDATIONS:

CHAIRMAN

H 60

HOUSE RESOURCES COMMITTEE OBSERVER/WITNESS SIGN-UP SHEET

DATE: 4-21-83 SPONSOR:

SUBJECT(S): HB 99 Susitna Worksession

NAME	REPRESENTING	ADDRESS	PHONE	Observer	Witness	For	Against
Bella Blue	self	Juneau	586-5840		X		X
Robert Mohn	APA				X		
Jay Nelson	A.E.L.				X		

"SUSITNA IS A HIGH RISK SOLUTION TO A NON-EXISTENT PROBLEM"

Statement by Dr. Elliot Wetzler, Ph.D., Economics, Johns Hopkins University.

(Formerly Economist, Division of Budget and Management, Office of the Governor, State of Alaska, responsible for AEIRS forecasts, 1981 to mid-March 1983.)

"Susitna is a high risk solution to a non-existent problem.

List of Risks:

1) The project is not completed because the State runs out of money, or cannot pay for Susitna and other projects. All the money invested is lost and there may be a huge state debt involved. As a result, billions of dollars may go down the drain.

2) The project is completed but demand for electricity is lower than forecast by APA.. As a result, the price of electricity would be higher than alternatives. Either the electricity is not sold, or it is sold at higher price if the alternatives are contractually excluded.

3) Cost of construction is higher than forecast. This would lead to the same results as 2), that is, either the electricity is not sold or is sold at higher price.

Comments on points 2 and 3:

Past experience with APA forecasts shows that:

a) APA demand forecasts have been too high; and

b) APA construction forecasts have been too low.

The result has been that the price per kilowatt hour is higher than anticipated.

Regarding the second part of the statement, 'a non-existent problem':

The cost of electricity in Anchorage is among the lowest in the world. This is not true of the outlying areas, but they have a low demand for electricity. Electricity in Fairbanks is of moderate cost.

High cost of electricity indicates shortages and bottlenecks. Low cost indicates plentiful supply.

There is natural gas (in Anchorage), coal, wood and fuel oil in abundant supply, providing alternative sources of power and heat.

So the question is: Why invest in Susitna?

The Acres feasibility study shows, with favorable assumptions, a marginal benefit to investment in Susitna, as compared to alternative energy investments.

A further question is: Can the money be invested more wisely? The answer is yes. The State should invest in the necessary infrastructure where there are bottlenecks. The primary area that should be considered is transportation where costs are high. (Roads, water or air transport, as the case may be.)

Investment in Susitna precludes investment in alot of other worthwhile projects."

########

Dr. Wetzler further states that Susitna will be a white elephant, just sitting there. "To build Susitna is to turn oil into cement."

########

Statement obtained via telephone by Belle Blue, April 7, 1983.

Printed and distributed with verbal permission of Dr. Wetzler.

Alaska State Legislature

REPRESENTATIVE
BARBARA LACHER
P.O. BOX 478
PALMER, ALASKA 99645
(907) 376-4215

WHILE IN JUNEAU,
POUCH V
JUNEAU, ALASKA 99811
(907) 465-4894

House of Representatives

TO: Representative Ringstad
Chairman of House Resources Committee

FROM: Representative Lacher
Chair of House Community and Regional Affairs

DATE: April 1, 1983

RE: HB 99 - Appropriation for Susitna Hydroelectric Project.

Alaska Power Authority has requested $47 million for FY '84 in order to continue design and studies of the Susitna Hydroelectric project. I have attached a letter from Eric Yould, Executive Director of APA, which breaks out how the appropriation will be used.

The Susitna Hydroelectric Project Draft Summary Report, prepared by APA forecasts that railbelt energy demands could double by the year 2000 ...just seventeen years from now. APA also predicts that the costs of electricity will nearly triple between 1994 and 2010, if thermal energy, which is produced by coal or gas fired plants, is selected as an alternative to hydroelectricity. This is illustrated in the attached charts and graphs, taken from APA's draft Susitna Hydroelectric Summary Report.

On the other hand, Susitna could eventually produce cost advantages as high as $5.5 billion.

In order to continue the work necessary to receive licensing from the Federal Energy Regulatory Commission, Alaska Power Authority must complete studies of the environment, of the impact of the dams on fisheries and wildlife, and meet other licensing requirements. APA will also continue with engineering and design work.

In light of the great benefits Susitna Hydropower will bring to so many Alaskans, I strongly urge your support for House Bill 99.

ALASKA POWER AUTHORITY

334 WEST 5th AVENUE - ANCHORAGE, ALASKA 99501

Phone: (907) 277-7641
(907) 276-0001

January 27, 1983

The Honorable Barbara Lacher
House of Representatives
P.O. Box 30
Wasilla, Alaska 99687

Dear Representative Lacher:

Through your assistant you have asked for information relating to the Alaska Power Authority's $47 million FY84 request for the Susitna project.

The basis of the estimate follows:

Item	Amount ($ Million)
Harza-Ebasco Contract	35.5
Site explorations, logistical support, licensing support, environmental analysis, detailed engineering and design.	
Alaska Department of Fish & Game	4.0
Fish and wildlife data collection program.	
Land Analysis and Acquisition	0.3
USGS Sediment Studies	0.2
External Review	0.2
Legal Support of FERC Licensing	0.2
USF&WS Support of Environmental Program	0.1
Design Review	1.0
Construction Manager Support	2.0
Transmission Facilities Design	2.0
Power Authority Personnel and Related Costs	1.5
Total	47.0

Alaska State Legislature

REPRESENTATIVE
BARBARA LACHER
P.O. BOX 478
PALMER, ALASKA 99645
(907) 376-4215

WHILE IN JUNEAU
POUCH V
JUNEAU, ALASKA 99811
(907) 465-4894

House of Representatives

TO: Representative John Ringstad
Co-Chairman of House Resources Committee

FROM: Representative Barbara Lacher
Chair of House Community and Regional Affairs

DATE: April 5, 1983

RE: House Bill 99, Susitna Hydroelectric.

The Alaska Power Authority Board of Directors has recently revised their estimated funding requirements for FY 84 in order to continue work on Federal licensing requirements for the Susitna project.

The revised estimate is $22,000,000, to be used in approximately the following proportions:

- Environmental studies and activities	55%
- Engineering	10%
- Economic analysis and fiscal impact	3%
- Licensing support and agency coordination	6%
- Program management and consultants	6%
- Alaska Power authority staff	8%
- Contingency	11%

Design work on the project will be delayed for one year at this level of funding. The above information was obtained from Robert Mohn of Eric Yould's office, Executive Director, Alaska Power Authority, on April 5, 1983.

Over the next month, the basis of this estimate will be reviewed in light of the design contract presently under negotiation with Harza-Ebasco and the current outlook for project licensing.

Sincerely,

Eric P. Yould

Eric P. Yould
Executive Director

cc: Commissioner Richard Lyon
Pete McDowell
David Wozniak

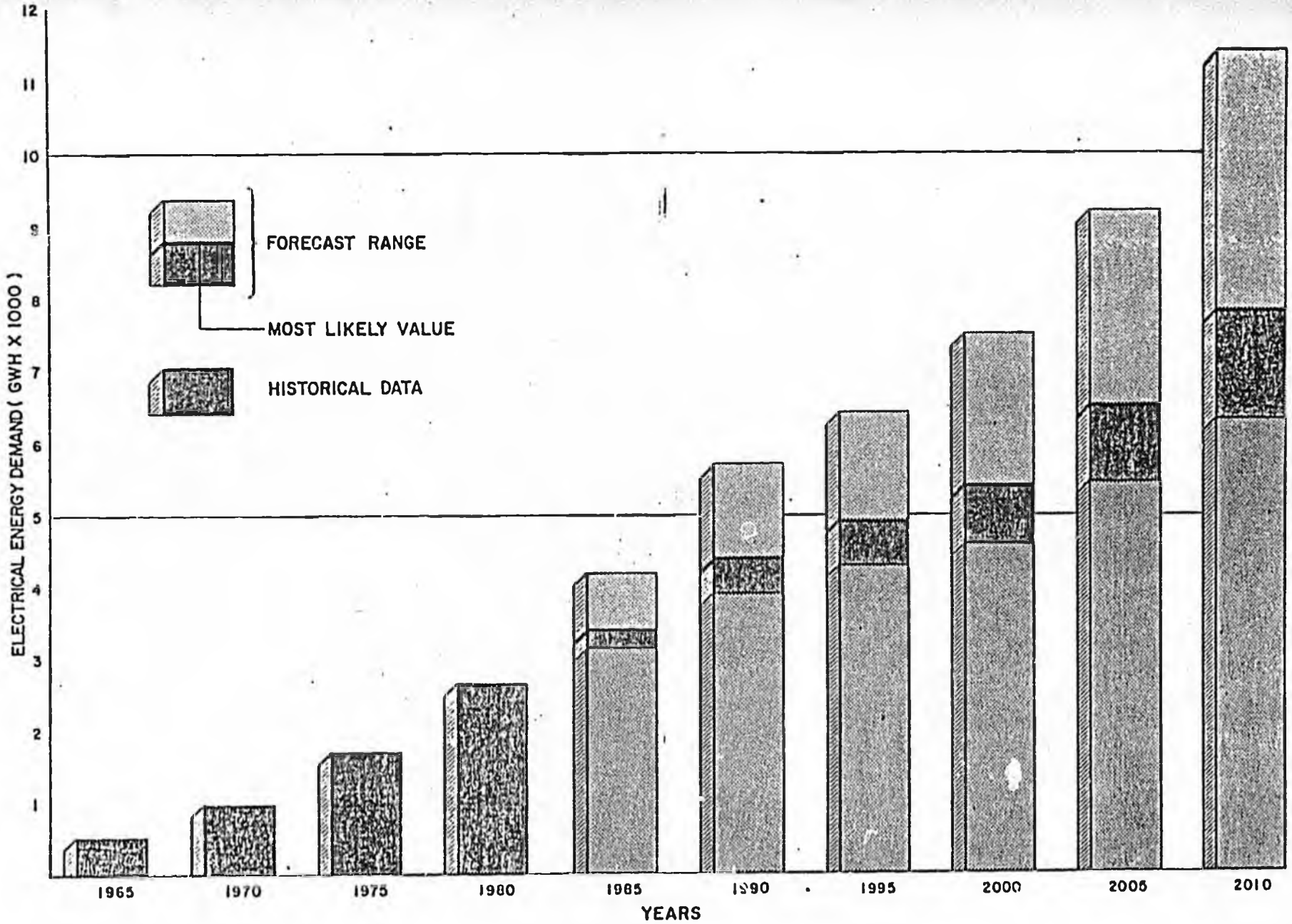
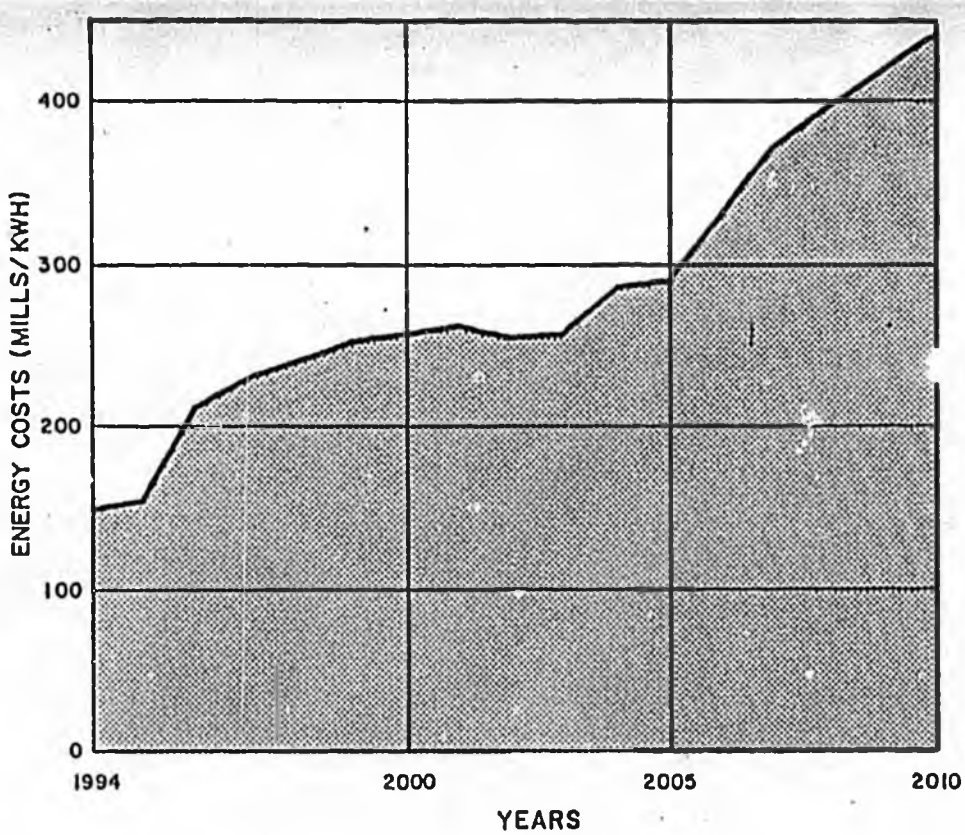


PLATE 3 | RAILBELT ENERGY DEMANDS



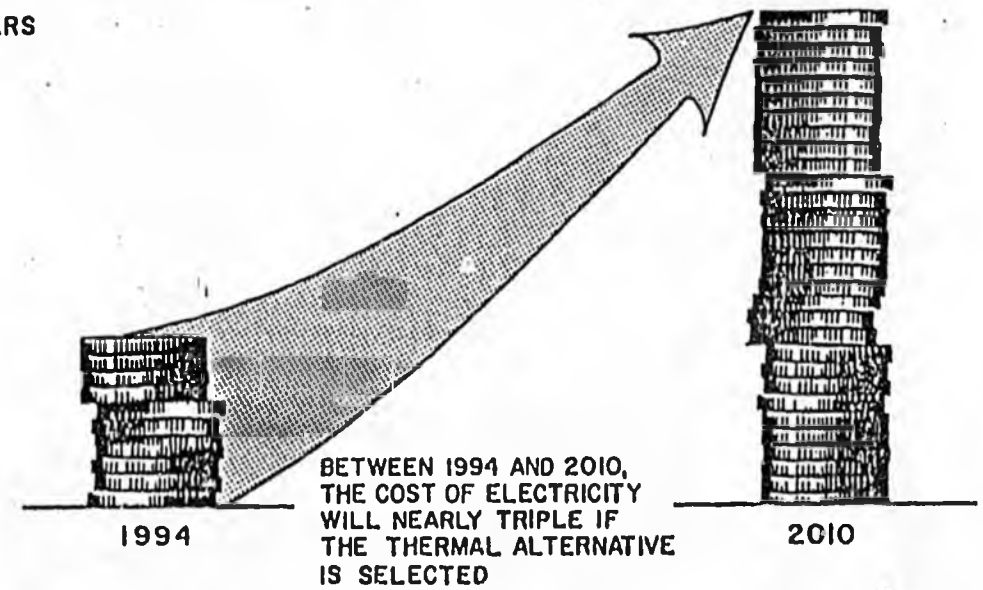


PLATE 5 | ANNUAL COSTS - BASE CASE

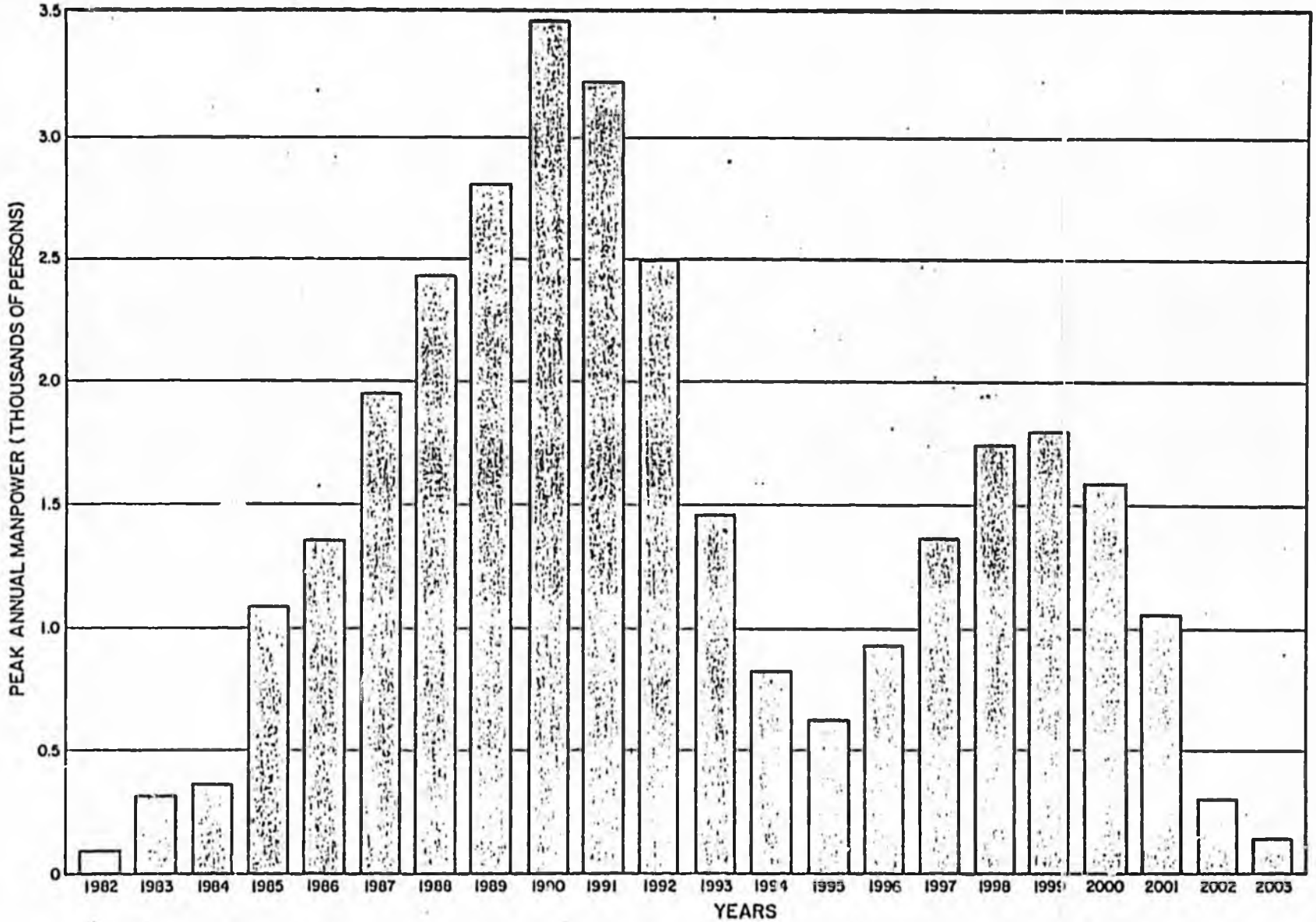


PLATE 17 | **WORK FORCE**

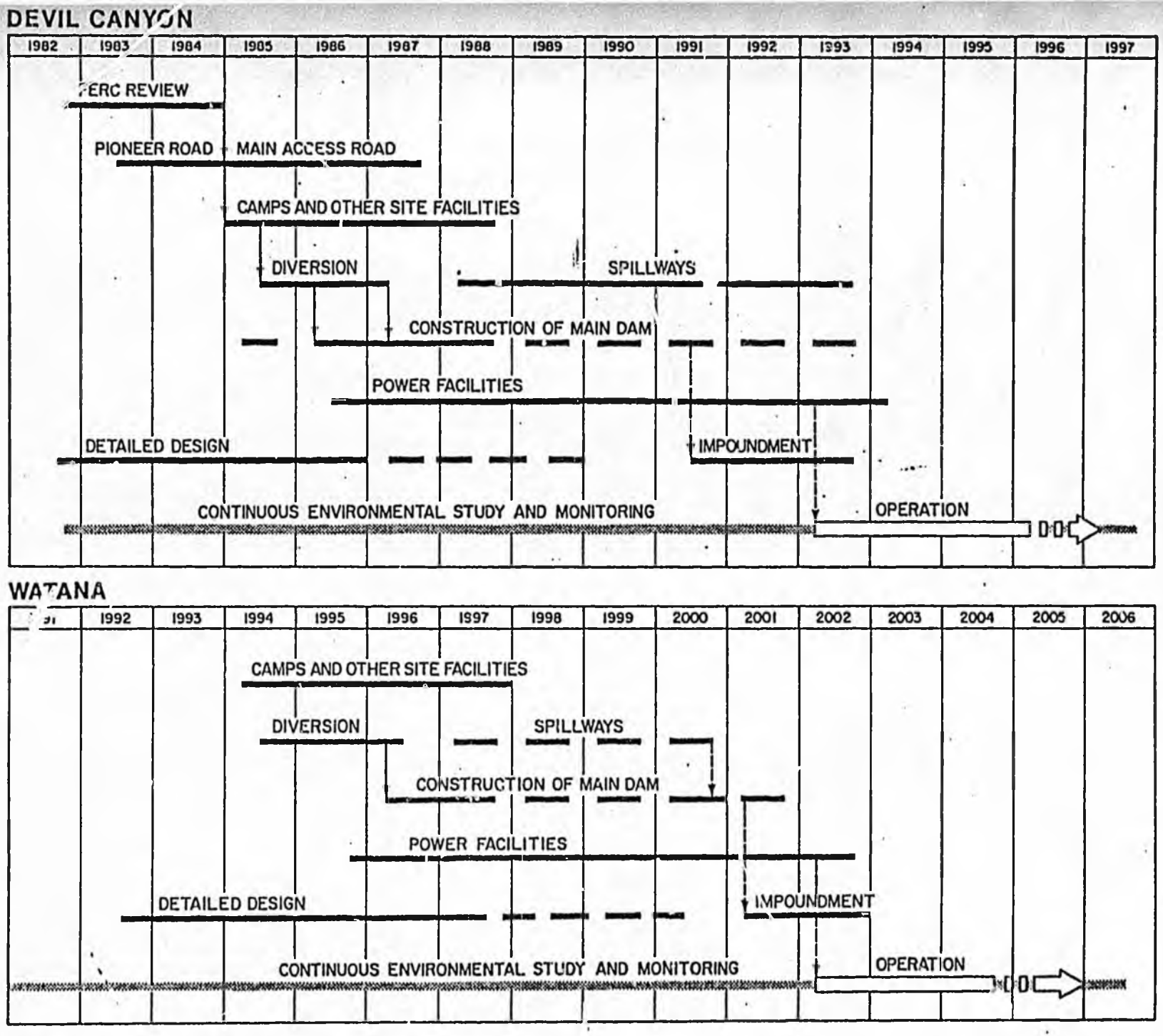


PLATE 16 | **PROJECT SCHEDULE**

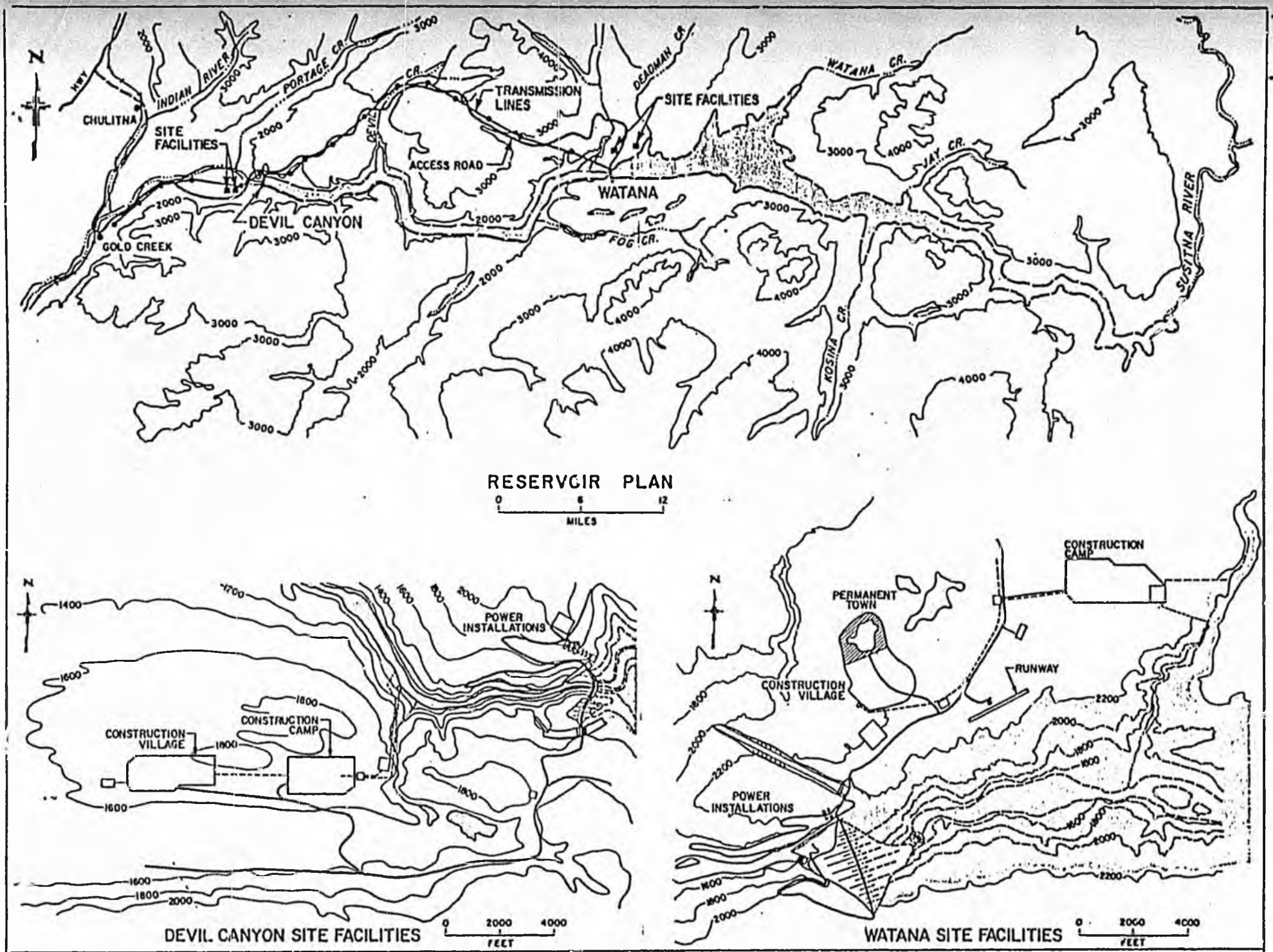


PLATE 9 | **PREFERRED DEVELOPMENT PLAN**

STATUS/SCOPE OF LEGISLATION

ISSUE: HB99 APPROP/APA/SUSITNA RIVER HYDRO PROJ

SPONSORS: LACHER, HAYES TISCHER, LARSON, UEHLING

CURRENT STATUS: (Resources)

FISCAL IMPACT:

REPRESENTATIVE	A.Comm.Vote	B.Statutory/Tech.	C.Supp.-Memo	D.Opp.-Memo	E.Vote
ABOOD					
ADAMS					
BARNES					
BETTISWORTH					
BUSSEL					
CATO					
CLOCKSIN					
COWDERY	do pass				
DAVIS					
DUNCAN					
FLOOD					
FRITZ					
FULLER					
FURNACE	do pass				
GOLL					
GRUSSENDORF					
HAYES					
HERRMAN					
HURLBERT					
KOPONEN	No Rec.				
LACHER					
LARSON					
LINDAUER					
LISKA					
MALONE	do pass				
MARTN					
MCBRIDE					
MILLER					
MILLER(NP)					
PESTINGER					
PHILLIPS					
RINGSTAD	do pass				
SHULTZ					
SZYMANSKI					
TISCHER					
UEHLING	do pass				
VASKA					
WARD					
WENDTE	do pass				
ZHAROFF					

[illegible] might be interested in this letter.

Jack

March 7, 1983

Re: HB99

Sir :

During the last few years there has been much talk, for and against the construvtion of the SUSITNA DAM PROJECT. If I may, reflect a few comments about dams in the past. The HOOVER DAM, completed in 1936, was in its days, considered a waste of money, a project started only to put people to work, during the hard depression of those days. The population at that time, did not require a dam of that magnatude, The battle loomed, but it was built, regardless of all the studies that indicated to the negative. Today, the lower fortyeight, cannot get along without it. The T.V.A. project was the same, and now it is all looked upon, as a place that gives forth energy, recreation, land reclamation, an increase in wild life, more fishing, than ever before, and an increse in business activities, tourism, larger intake of taxes from all the above mentio ned also, one important item, a resevoir for storage of a large body of water for distribution to the communities without a worry of any shortage of water for its citizens. If Alaska is to prosper, we need that dam. One more important item that needs attention, and that is, the repayment of that project, a project of that magnitude is not repayed in fifteen years or short term notes, it is a long term note of at least fifty years armortization for which the state would reap an income for fifty years on

interest alone. therefore providing lower cost energy to the people, and a guanantee of income to the state treasury for many years ahead.

It appears to me, that these people that are hired to do studies, are a group that is suffering from TUNNEL VISION as were the consultants of the depression Era.

I cannot understand why we should leave all that energy run into the ocean without using all its potential.

Respectfully,

Nick Zerbinos

Nick Zerbinos
Box 371
Glennallen, Alaska 99588

Susitna Hydroelectric Project

LICENSING PROCESS

The Federal Energy Regulatory Commission is charged with the responsibility of fostering the comprehensive development of the Nation's waterways consistent with public safety. The Susitna River is a public resource; therefore, the Commission must ensure that any hydroelectric development on the Susitna River is in the best interest of the public.

When the Susitna Hydroelectric Project license application is filed by the Alaska Power Authority (APA), the application is first reviewed by staff to ensure that it contains all the information necessary for the Commission to assess the project. When the application is deemed acceptable for processing by the Director, Office of Electric Power Regulation, the Commission initiates a public and agency comment period. Public notice in the Federal Register and in Alaskan newspapers will invite the public to comment on and participate in the licensing process. Federal, State, and local agencies are provided copies of the application and are asked to provide comments in their respective areas of expertise.

Concurrent with the public comment period, Commission staff experts initiate a three-pronged evaluation of the Susitna Project. Electrical engineers and economists will evaluate the adequacy of electrical load forecasts for Alaska and the need for Susitna Project power. Geologists and civil engineers will evaluate the integrity of project structures. A team of environmental scientists will prepare an environmental impact statement assessing the project's potential impacts on the Alaskan ecosystem. Upon completion of these analyses, the staff positions on need for power, project integrity, and environmental impacts may be subjected to the scrutiny of hearings before an administrative law judge. At these hearings, intervenors in the Susitna proceeding have the opportunity to support staff's analysis or present opposing positions. At the conclusion of the hearing, the administrative law judge prepares an opinion on the issues.

After the administrative law judge has rendered an initial decision, the five Commissioners will make the final decision on whether or not to issue the license for the Susitna Project and what conditions to attach to the license, if issued. If a hearing has been held, the Office of Opinions and Review, with guidance from the Commissioners, will prepare the license document. The Commissioners will review the entire record for the Susitna Project. In order for the APA to receive a license for the Susitna Project, the record must convince a majority of the Commissioners that the project is needed, that the structures will be safe, and that the environmental impacts of construction and operation will be adequately mitigated.

0296A April 20, 1983

SUSITNA HYDROELECTRIC PROJECT
[redacted]
FY 1984
($000)

CATEGORY	ALLOCATIONS $22.0M	$36.0M	$47.0M	NOTES
Harza-Ebasco				
Project Management, cost and schedule control, and overhead (Tasks 1 and 2)	2,800	4,000	4,700	(1)
Conceptual Design (Tasks 3,7,9,40)	2,300 + 100	2,400	2,400	(2)
Continuing environmental & socioeconomic studies (Task 4)	5,600 + 500	6,100	6,100	(3)
Licensing and agency coordination (Task 6)	1,100	1,100	1,100	(4)
Public Participation and information (Task 8)	130	200	300	(5)
Logistics (Task 39)	2,200	5,600	8,300	(6)
Geotechnical Exploration Program (Task 5)	3.4 ---	4,000	8,800	(7)
Design of Primary Facilities (Tasks 10-37)	---	1,000	2,000	(8)
Design of Ancillary Facilities (Task 38)	---	1,000	2,000	(9)
Subtotal	14,130	25,400	35,700	
ADF&G				
Aquatic Studies	3,000	3,000	3,000	
Terrestrial Studies	1,000	1,000	1,000	(10)
Subtotal	4,000	4,000	4,000	

0296A April 20, 1983

CATEGORY	ALLOCATIONS $22.0M	$36.0M	$47.0M	NOTES
USGS				
Hydrology Data Gathering	277	277	277	(11)
Legal Costs	232	232	232	(12)
External review	60	91	91	(13)
Alaska Power Authority				
Staff, Expenses and Overhead	1,000	1,500	1,500	
Need for Power hearings	1,000	1,000	1,000	(14)
Subtotal	20,699	32,500	42,800	
Contingencies	1,301	1,700	1,800	(15)
Subtotal	22,000	34,200	44,600	
Escalation	---	1,800	2,400	
Total	22,000	36,000	47,000	

NOTES:

1. The $22M case provides a severely reduced management staff consistant with no design or geotechnical work performed in FY 1984. A minimal staff is provided to operate a manual cost and schedule control program, perform logistics and subcontract management, and fund overhead related costs such as office space, transportation, equipment, etc.

   The $36M case adds both management and support staff (as well as increased overhead related costs) to start design and operate a limited geotechnical exploration program.

   The $47M case is similiar in that it responds to yet more intense design and geotechnical exploration.

2. The $22M case fund feasibility level studies and design to confirm or reconfigure the present project proposal consistent with the Railbelt's projected demand for electricity and the State's ability to finance the project.

   The $36M and $47M cases accommodate more extensive involvement of the technical review panel consistent with commencement of design.

3. The $22M case continues existing environmental and socioeconomic studies at the least possible level consistent with the expedited FERC license processing schedule.

   The $36M and $47M cases increase the FY 1984 cultural resources investigations to decrease the effort in later years. FERC has indicated a preference for this accelerated investigation regime.

4. Funds responses to supplemental information requests, coordination and consultation meetings, etc.

5. Supports public input to relevant questions (such as preferences for management of project impacts on individual communities) and responses to public/media inquiries.

6. The logistic support for the $22 million case provides minimal facilities needed for the environmental data collection program.

   The $36 million budget provides the funding needed to expand the camp and to support the limited geotechnical investigation program and the accelerated cultural resources investigation program.

   The $47 million budget includes the funds needed to support the more extensive geotechnical investigation program.

7. The $22M case does not accommodate any geotechnical exploration. This irrevocably precludes start of construction prior to March 31, 1986.

   The $36M case provides for a limited soils investigation program in the Relict Channel and borrow areas, and initial exploration (via core drilling) of the abutments, powerhouse location and diversion structure sites. Design cannot proceed in the absence of this data.

   The $47M case increases the intensity of the core drilling, provides for a grouting test program, installs rock mechanics instrumentation, performs pump in/pump out tests in the Relict Channel, and associated technical support. Availability of this information facilitates a more responsive (and accordingly more cost effective) design program. If deferred to FY 1985, design can still proceed, but with some impediments.

8. The $22M program does not provide for design.

   Start of design in FY 1984 facilitates a more cost effective design schedule, and accommodates a construction start in advance of March 31, 1986. The precise degree of acceleration is a function of the FY 1984, 1985 and 1986 design funding.

   The $36M case initiates design of diversion facilities.

The $47M case also initiates design of the main structure and long lead time mechanical components.

9. The $22M case does not accommodate any design.

The $36M case initiates design of the access road. This permits construction of the access road to start at the earliest possible moment, a situation that would significantly decrease mobilization costs for the initial construction effort.

The $47M case initiates design of the construction camp and logistics facilities. Again, early design permits early construction which potentially reduces the ultimate cost of construction.

10. Continues existing studies of the project environmental setting.

11. Continues hydrologic data gathering which USGS is uniquely qualified to perform.

12. Funds Washington, D.C. staff highly specialized in dealing with FERC.

13. Provides a multidiscipline project concept review by a panel of independent consultants who are pre-eminent in their field.

14. Funds Power Authority participation in hearings chaired by FERC on "need for power" aspects of project license application.

15. Project Manager's contingency for responding to FERC licensing matters, project related requirements which cannot be anticipated, and cost estimate variances.

ADF&G SUSITNA HYDROELECTRIC PROJECT
BIG GAME STUDIES

The Alaska Department of Fish and Game (ADF&G) is under contract to produce information to support large mammal impact assessment and mitigation planning for the Susitna Hydroelectric Project. Moose, caribou, brown bear, black bear, wolf, wolverine, Dall sheep and belukha whales have been studied. Birds, furbearers and small mammals have been studied by the University of Alaska. Vegetation studies which are essential for predicting impacts and developing mitigation plans for some species of wildlife also have been conducted by the University of Alaska.

Sub-contractors to Acres American, initially Terrestrial Environmental Specialists (TES) and subsequently LGL Alaska Research Associates, Inc., had responsibility for preparation of the impact assessment and mitigation planning for all terrestrial resources including big game. The ADF&G staff has participated in meeting and workshops sponsored by TES and LGL to support the assessment and mitigation planning process and to integrate the design of wildlife studies with those of other disciplines, especially vegetation and hydrology.

Evolution of Studies

Studies have evolved through several stages. At first, they were general and qualitative to identify problems. ADF&G had conducted intensive studies of some species in adjacent areas, but little was known of the specific Susitna project area. Therefore, initial studies were aimed at determining what populations inhabited the area and how those populations used the area. The potential mechanisms by which the Susitna Hydroelectric project might affect those populations were then identified. Subsequent studies were directed at evaluating the seriousness of the impacts and, when possible, quantifying them. The final phase is to seek and evaluate methods for mitigating the significant moose impacts.

The study of terrestrial wildlife follows a two-pronged strategy. The management of wildlife populations (including game) uses population information, including numbers, sex, age class structure, distribution and seasonal movements. The wildlife program has gathered this information by periodic flights to determine locations and habitat use. This information has been supplemented by radio collaring animals. Radio collaring permits acquiring specific information on animals including details of movement and habitat use. When placing collars on animals, information on age, sex, and health of the animal is gathered.

An alternative effort, which compliments the population information, has been the development of carrying capacity information. The merit of this strategy is that such determinations should be independent of current population levels, and would identify the potential of the habitat to support a given species. In turn, mitigation planning based upon carrying capacity seeks to replace the lost carrying capacity. Carrying capacity studies have focused upon

vegetation assessment, mapping and quality determination and the development of models that relate game populations potential to habitat. The project is developing models on several animal species including moose, bear and beaver. The development of these models will have broad implications for game management in Alaska. ADF&G's program is supported by a vegetation mapping and browse quality assessment performed by the University of Alaska Agricultural Research Station, Palmer.

ADF&G's wildlife studies have defined the distribution, movement and abundance of major species in the project area. Models for moose and bear populations are being developed and calibrated. This information, reported in their annual reports, describes baseline conditions and identifies impact mechanisms and mitigation opportunities. Harza-Ebasco and LGL Alaska Research, Inc., used this information in preparing the Application for License which includes the Power Authority's assessment of impacts and mitigation plans.

The Department of Fish & Game's wildlife program has placed up to a dozen biologists in the field each year. A preponderance of their field activities require either fixed wing or helicopter support. As new impacts have been identified, studies have been expanded and as other impacts become adequately quantified, studies have been terminated. Some aspects have been repeated annually because potential impacts appear greater in some years than others.

Two examples of evolution of studies are moose and Dall sheep. Loss of critical moose winter range was suspected to be an important impact. Because moose migrate, this loss of winter range could affect densities over a larger area during other seasons. Moose wintering near the proposed impoundment were captured by darting from helicopters, radio-collared and periodically located throughout the year from aircraft fitted with radio receivers. These relocations allowed us to delineate the populations of moose that would be most directly impacted. Aerial surveys were conducted to estimate the numbers of moose in these populations. However, not all moose in the area would be lost to the project. It was necessary to determine how important the habitat that will be lost or altered is to the population. Loss of food during severe winters and in spring prior to calving were identified as potentially significant impacts. Ten times as many moose were in the impoundment areas in March 1983, a moderate snow year, then in March 1981, a mild snow year. Studies of moose near the impoundment during these seasons were intensified to determine which areas were most important. Vegetation studies were redesigned to determine what foods were most important and to compare the availability of these foods inside and outside the impoundments. Studies to be initiated in FY84 will be aimed at quantifying the amount of forage that will be lost. Vegetation and moose studies are being integrated to predict how the moose population will respond to that loss and to evaluate proposed mitigation measures such as enhancement of habitat outside of the impoundments. In the case of Dall sheep, the only impact expected at the beginning of the studies was disturbance during construction. Aerial surveys were conducted to delineate areas to be avoided. However, a mineral lick that would be partially inundated by the Watana Impoundment was located at Jay

Creek. The lick was observed more closely over the next year. It became evident that use of the lick was significant and in 1983 intensive observations of the lick will be made to determine the importance of the portion of the lick that will be altered and to formulate recommendations for preserving the lick. It is anticipated that adequate information will be available by the end of the 1983 season.

Current Status

It appears that adequate information has been collected to identify most significant impacts on big game. The primary emphasis is currently on quantifying those impacts. In many cases, additional field data will do little to enhance quantification. These aspects have been terminated or reduced to levels necessary to detect major changes. The primary emphasis is on providing data needed to evaluate and quantify impacts that may require costly mitigation measures or that require complex interdisciplinary analyses. In particular, there are those that require close coordination with vegetation studies, those where annual variation, such as winter severity, is great, and those where several impacts work together to have a compound influence on the population.

Project Costs

ADF&G's big game studies have been integrated to the extent possible with ADF&G's regular programs. Many of the positions are shared with other projects. This has permitted the use of more experienced individuals at a lower cost. Peak manpower needs such as tagging operations have been met with regular ADF&G staff. Increases in salaries over the life of the project have been primarily related to State pay raises and the increased need for coordination with other APA contractors.

Air charter is the largest item in the operating budget. Animals are captured for radio-collaring by darting from a helicopter. Total costs of tagging range from $750 for a moose to $1500 for a wolf. Most of this cost is helicopter charter. Relocation flights are made in fixed-wing aircraft. Similarly, fixed-wing aircraft are used for censuses and other surveys. The lack of charter aircraft and refueling sites in the immediate project area adds to the costs of each flight. Air charter costs have increased approximately 50% since the project started.

Weather has been a major factor influencing costs. Annual variations in weather influences how animals use the project area. This has made it necessary to repeat certain activities each year. Mild winters have hampered a full evaluation of the importance of the area to moose. Poor summer conditions have also hampered certain aerial surveys and tagging operations. If a severe winter had occurred in 1981 or 1982 the amount and quality of information available for the license application would have been far better. Repeated mild winters have forced us to approach the problem less directly, extending the time required to assess impacts.

Susitna Hydroelectric Project - Big Game Studies

Expenditures by Activity by Year

	FY80 (Game only)	FY81	FY82	FY83 (Est)	FY84 (Projected)
Admin & Support	46.0	104.0	164.0	212.0	233.0
Upstream Moose	101.0	181.0	189.0	257.0	235.0
Downstream Moose	44.0	83.0	103.0	127.0	103.0
Wolf	33.0	51.0	66.0	70.0	31.0
Wolverine	14.0	16.0	20.0	20.0	-
Bear	77.0	106.0	137.0	208.0	176.0
Caribou	59.0	80.0	84.0	111.0	97.0
Sheep	4.0	5.0	11.0	19.0	2.0
Belukha	-	-	-	8.0	-
Moose Carrying capacity model	-	-	-	-	23.0
TOTAL	378.0	626.0	774.0	1032.0	900.0

HOUSE RESOURCES COMMITTEE

[redacted]

SUMMARY OF EXPENDITURES
12/19/73 to 3/31/83

SU HYDRO AQUATIC STUDIES PROGRAM

BIG GAME STUDIES

[redacted]

COMPOSITE REPORT
LEVEL 13
4 SCENARIOUS

ALASKA POWER AUTHORITY
Susitna Hydroelectric Project

Summary of Expenditures 12/19/79 to 3/31/83

Cat. #	Description	Funding	Expenditures to Date	Restrictions	Balance Available
100	Personal Services	$ 1,076,872.64	$ 890,690.56	$ 186,182.08	--
200	Travel	162,158.76	114,450.98	47,597.78	--
300	Contractual:				
	- Feasibility Studies Acres American, Inc.	42,445,225.00	39,947,006.35	2,498,218.65	--
	- Big Game Studies, ADF&G	2,808,088.73	2,373,709.68	434,379.05	-0-
	- Fisheries Studies, ADF&G	5,582,700.00	4,105,753.59	1,476,946.41	-0-
	- Land Use Cook Inlet Villages	125,709.67	125,709.67	-0-	
	- Stream Gaging USGS	572,230.00	474,630.00	97,600.00	
	- Power Supply Forecast, ISER #1	30,000.00	30,000.00	-0-	-0-
	- Cost Estimate Ebasco	219,912.61	219,876.61	36.00	-0-
	- External Review Panel	156,023.39	156,023.39		
	- Office of the Governor	4,500.00	4,500.00	-0-	-0-
	- Legal Services Department of Law	19,500.00	-0-	19,500.00	-0-
	- Habitat Studies US Fish & Wildlife	90,672.00	35,472.57	55,199.43	
	- Emergence US Fish & Wildlife				
	- Bond Counsel Wolforth and Flint	12,701.46	7,301.60	6,399.86	-0-

Summary of Expenditures con't 12/19/82 to 3/31/83

Cat. #	Description	Funding	Expenditures to Date	Restrictions	Balance Available
	- Mgmt. Assistance J. Abercrombie	$ 25,000.00	$ 17,301.00	$ 7,698.60	-0-
	- Computerized Acctg Accounting Ltd.	1,000.00	1,000.00	-0-	-0-
	- Permitting Birch, Horton, Bittner	90,000.00	40,417.85	49,582.15	-0-
	- Insurance Consultant McCarthy and Assoc.	12,500.00	10,884.80	1,615.20	-0-
	- Mgmt. Consulting Mgmt. Analysis Co.	25,000.00	24,290.55	709.45	
	- Chakachamna Bechtel	715,035.87	238,799.70	476,236.17	-0-
	Reserve	84,964.13	-0-	84,964.13	
	- Quality Ass/Cost Cont. Harza-Ebasco, interim	8,699,147.00	986,845.00	7,712,302.00	
	- Other Contractuals				
	- Space, T & T, Serv., etc.	148,194.24	141,794.38	6,399.86	
	- Land Field Services	127,000.00	-0-	127,000.00	
	- ISER, #2	27,939.00	27,939.00	-0-	
400	Supplies	15,551.10	9,088.63	64,624.47	
500	Equipment	75,000.00	27,473.00	47,526.97	

CURRENT TOTALS

TOTAL FUNDING 64,513,800.00

FUNDING AVAILABLE 1,194,918.92

999 Project Manager Reserve

- Contingency
- Uncommitted Reserve

TOTAL RESERVE

Alaska Department of Fish and Game Su Hydro Aquatic Studies Program

BACKGROUND

In September of 1979, The Alaska Power Authority (APA) agreed to fund the Alaska Department of Fish and Game (ADF&G), in a short term Reimbursable Services Agreement (RSA), to prepare a plan of study (POS) and budget for fish and wildlife baseline studies for Phase I in support of the Susitna Hydroelectric Project Feasibility Studies. The general objectives of a fishery and aquatic habitat study proposed by the ADF&G in November 1979 were as follows:

> "Individual study proposals are designed to provide the necessary background information to enable proper evaluation of impacts. Six general objectives have been outlined:
>
> 1. Determine the relative abundance and distribution of adult anadromous fish populations within the drainage.
>
> 2. Determine the distribution and abundance of selected resident and juvenile anadromous fish populations.
>
> 3. Determine the spatial and seasonal habitat requirements of anadromous and resident fish species during each stage of their life histories.
>
> 4. Determine the economic, recreational, social, and aesthetic values of the existing resident and anadromous fish stocks and habitat.
>
> 5. Determine the impact the Devil Canyon project will have on the aquatic ecosystems and any required mitigation prior to construction approval decision. This is the primary objective of both Phase I and II studies. This will be discussed in detail in the Phase II work when it is written.
>
> 6. Determine a long-term plan of study, if the project is authorized, to monitor the impacts during and after project completion. This is also an objective of Phase II."

After an APA review of the ADF&G November 1979 POS the program was reoriented, and APA funded ADF&G participation in the Susitna Hydro Study program based on a revised POS dated June 2, 1980. The objectives APA designated ADF&G to address were objectives 1, 2 and 3 of the November 1979 POS. Objective 4 was assigned to a private sector contractor under Acres-American, Inc., the prime feasibilities study contractor. Objective 5 was also assigned to Acres American, Inc. through a subcontractor, Terrestrial Environmental Services, Incorporated. Objective 6 is a planning and continuing objective which will involve input from ADF&G Su Hydro and other environmental (fish and wildlife) study contractors and subcontractors to the APA and Harza-Ebasco Joint Venture (JV) through the remainder of project activities.

ADF&G programs in FY81, FY82, FY83 did provide and the proposed FY84 program will continue to provide information relevant to the objectives stated in November 1979 and initiated under our revised June 2, 1980 RSA and subsequent revisions.

ADF&G SU HYDRO AQUATIC STUDIES TEAM

The ADF&G created a totally new unit to accomplish the aquatic studies program. ADF&G initiated aquatic studies work in November 1980 after the classification, approval, and receipt of the positions necessary to accomplish the program assigned to us by APA. In November 1980, staffing of positions was initiated, reconnaissance level winter field work was begun and a full scale spring and summer field season was in progress by June 1981.

The Su Hydro Aquatic Studies Team is composed of five organizational units. These are:

1. Administration and Support Unit (AS).
2. Data Processing Unit (DP).
3. Anadromous Adult Project (AA)
4. Resident and Juvenile Anadromous Project (RJ).
5. Aquatic Habitat and Instream Flow Project (AH).

The Administration and Support Unit is composed of administrative, and supervisory, staff for the other four units and the clerical and maintenance staff providing essential services for the Su Hydro Aquatic Studies program.

The Data Processing Unit staff is in charge of project biometric and statistical services, and data processing and data management for the aquatic studies program.

The AA, RJ, and AH projects listed above are each assigned one of the objectives outlined in our November 1979 POS and stated earlier herein. AA is assigned objective 1; RJ, objective 2 and AH, objective 3.

OTHER PROJECT RELATED INFORMATION

Other ADF&G Su Hydro Aquatic Studies information is portrayed in the following attachments:

Attachment A - ADF&G Su Hydro Aquatic Studies Program, FY81 and FY82.

Attachment B - ADF&G Su Hydro Aquatic Studies Program, FY83.

Attachment C - ADF&G Su Hydro Aquatic Studies Program Characteristics and Accomplishments to Date.

Attachment D - ADF&G Su Hydro Aquatic Studies Program, Types of Data Collected and Associated Data Analysis by Field Project Component.

Also, more detailed information on the ADF&G Su Hydro Aquatic Studies program is detailed in the report prepared by the Division of Legislative Budget and Audit this fiscal year.

Attachment A Su Hydro Aquatic Studies Program, FY 81 and FY82

Objectives: Objectives 1, 2, and 3 as stated in the November 1979 POS.

The specific mission of the ADF&G Su Hydro Aquatic Studies Team in FY81 and FY82 was collection and reporting of baseline fisheries and aquatic habitat data on the Susitna River related to the above objectives.

Funding: ADF&G Aquatic Studies by Unit for FY81 and FY82. 1/

	Allocations 2/				
Unit	FY 81	FY 82	Total FY 81 & 82	Expenditures to 6/30/82	Balance Remaining 6/30/82
AS	197.2	560.0	757.2	719.5	37.7
DP	24.1	82.1	106.2	81.6	24.6
AA	247.0	864.5	1,111.5	1,094.4	17.1
RJ	225.0	666.0	891.0	865.8	25.2
AH	152.8	476.5	629.3	588.3	41.0
Total	846.1	2,649.1	3,495.2	3,349.6	145.6 3/

1/ Prepared from ADF&G Su Hydro Aquatic Studies Monthly Budget and Audit Reports.

2/ Allocation of project funds within ADF&G Su Hydro Aquatic Studies Team figures rounded to nearest $100, reflects all RSA changes.

3/ Continuing funds returned to APA.

Staffing: In FY81 staffing was initiated in November 1980. These were 20 permanent full time and 18 permanent seasonal positions, provided to conduct the aquatic studies program. In FY82 ADF&G had 26 permanent full time and 34 permanent seasonal positions available.

Attachment B ADF&G Aquatic Studies Program in FY83.

Objectives: Work under general objectives 1, 2, and 3 outlined in the ADF&G November 1979 POS continued.

In addition to the collection of baseline fisheries and aquatic habitat information, however, the APA requested the ADF&G assume the function of partial analysis of the data we collected to portray the relationship of preproject fisheries and aquatic habitat to changes in mainstem discharge conditions in the Susitna River. Assuming this function added another report series to ADF&G's reporting requirement to the APA which will be completed by June 30, 1983. The Arctic Environmental Information and Data Center (AEIDC) allows plays a role in the preproject analyses task.

Funding: ADF&G Aquatic Studies by Unit in FY83.

Unit	Allocation FY 83
AS	548.3
DP	300.5
AA	653.2
RJ	734.8
AH	815.7
Total	3,052.7

Staffing: The ADF&G Su Hydro Aquatic Studies program in FY83 provided for 33 permanent full time and 46 permanent seasonal positions.

Attachment C ADF&G Program Characteristics and Accomplishments to Date.

The ADF&G Su Hydro Aquatic Studies Program is largely self sufficient in logistics, camp construction operation and support. Maintenance, construction and repair of the equipment used by the project is an important task for ADF&G employees.

We have basically a year around field operation collecting information on fisheries and aquatic habitats during both the ice covered and open water seasons on the Susitna River. The staff work in remote locations from both spike camps and seven more permanently located tent camps which are accessible either by riverboat, float aircraft (3 camps) or helicopter.

A relatively large number of staff are required, particularly in the open water season, to collect concurrent observations on fisheries and aquatic habitats over nearly 200 miles of remote river locations. Staffing at anadromous adult project sites (4 camps) must provide for two shifts of personnel to operate and calibrate Bendix side scan sonars and tag and release salmon in fishwheel live boxes. Anadromous adult project staff are working steadily through each 24 hour period during salmon run peaks or mortalities of salmon in live boxes would be prohibitive. Nearly 9000 salmon were released (4000 tagged) from fishwheels at one station during one 24 period in the summer of 1982 by 8 staff.

In the Talkeetna to Devil Canyon reach of this river, field crews (2 to 3 individuals in each) of the RJ and AH projects are responsible for their own transportation by boat to study sites, and logistics arrangements and resupply before going to the field. All field staff also required to maintain camp cleanliness, their own meal preparation, and take care of their own personal needs.

Literally hundreds of thousands of separate measurements of both the fish and their physical habitat are recorded each year by ADF&G staff. These data are summarized and reported annually to project participants in seven to eight volumes. These reports are required to support the FERC license application process.

The management of data returned from the field and computerized data processing of this information has also been a monumental task. All elements of our data management and data processing were basically started from scratch with hardware unpacked from its boxes and program software and programs for our purposes developed by the DP staff and biometrician.

It was initially assumed that only qualitative levels of information would be available from much of the data collected by ADF&G field programs. In fact, our studies have proven to be sophisticated enough to supply quantifiable information in many areas on fishery resources and their habitats. For example, (a) quantification of salmon escapement rather than indexing, and (b) quantification of flows necessary to support adult salmon migration into slough spawning habitats.

The studies conducted for the evaluation of the Susitna Hydroelectric Project will provide a level of information on fish and their habitats virtually

unmatched for any other river system in Alaska. The studies to date have shown how little we knew about the important salmon and resident fishery resources in the Susitna River prior to the initiation of the program conducted by ADF&G and funded by APA.

Although these studies are specifically designed and focused towards defining the impacts of the Susitna Hydroelectric in support of the FERC license process, it is likely that portions of the information collected can be used to improve fishery and habitat management for the system. Regardless whether the project is constructed or not, the information obtained from these and other studies should prove invaluable in managing the land, water and biological resources of the Susitna River.

Attachment D ADF&G Su Hydro Aquatic Studies Program Types of Data Collected and Associated Analysis by Field Project Component.

The following is a list of data types and associated data analysis examples that have been collected over the past two years of the Su Hydro Investigations, Adult Anadromous Studies.

ANADROMOUS ADULT PROJECT DATA

I. Salmon Escapement Population Estimates

A. Species - All five species of pacific salmon

B. Locations - Yentna River, Sunshine Station, Talkeetna Station, Curry Station

C. Methods - Sonar and mark-recapture tagging by fishwheels

D. Data Analysis Examples

1. Run Timing

2. Population estimates with confidence intervals

3. Correlations of run timing with mainstem discharge

4. Correlations of run timing with mainstem temperature

E. Data Use Examples

1. Documents the value of the resources that may be affected by the development of the project.

2. Provides a correlative analysis of the possible effects that the project may have on migratory behavior.

II. Sloughs, Tributary, and Mainstem Survey Data

A. Species - All five species of pacific salmon, Bering Cisco, and eulachon

B. Locations - Mainstem Susitna below Devil Canyon, tributary populations that may be affected by the dam development, sloughs that may be affected by the dam development.

C. Methods - Electrofishing, set gill nets, observations

D. Data Analysis Examples

1. Determination of peak spawning periods

2. Relative abundance of spawners

3. Correlate access by fish to sloughs versus mainstem discharge

D. Data Use Examples

1. Determine the geographical areas of the Susitna River that have significant resources that may be affected by the project.

2. Determine the time window that instream flows will be required to maintain the existing fish populations for the migration and spawning component of their life cycle.

3. Provide correlatory inference as to the levels of discharge, and temperature required to maintain existing populations of anadromous species.

The list above represents only a portion of the data types collected. Over a half a dozen other types of analysis are planned with this data base. These will investigate habitat relationships for adult salmon, examine the assumptions of the population estimates, provide data to assist in the designation of other habitat related studies on incubation and emergence, and yield instream flow information on the spawning requirements of the species.

RESIDENT AND JUVENILE ANADROMOUS PROJECT DATA

I. Incubation, emergence, and outmigration of Juvenile Anadromous species.

A. Species - All five species of Pacific Salmon

B. Locations - Mainstems Susitna, sloughs, side channels, and clear water tributaries.

C. Methods - Inclined Plane smolt traps, egg pumps, observations.

D. Data Analysis Examples

1. Timing of outmigration correlated with mainstem temperature, turbidity, and discharge.

2. Development and growth rates of embryos under variable temperature ranges in the sloughs and selected side channels.

3. Examine effects of ice staging on incubation success and development rates.

E. Data Use Examples

1. Determine timing of outmigration for assignment of a time period of downstream flow release from the dams required to support salmon outmigration.

2. Estimate the response of the juvenile salmon outmigration to natural variations in temperature and flow which can be used to assess the effects of the project on outmigration.

3. Determine the thermal requirements of the incubating eggs and embryos for normal timing of hatching and emergence, thus determine possible impacts of altered flow and altered temperatures. Assess the potential of mainstem or side channel habitats for potential enhancement of spawning areas for possible mitigation of adverse effects of the Project.

II. Juvenile anadromous and resident fish abundance and distribution data

A. Species - All resident fishes, all juvenile anadromous Pacific salmon species.

B. Location - Mainstem Susitna below Devil Canyon, clear water tributaries, side channels, and sloughs.

C. Methods - Electrofishing gear, minnow traps, beach seines.

D. Data Analysis Examples

1. Distribution of fish by general habitat type.

2. Relative abundance by season.

3. Differences in general habitat preference by species.

4. Timing of use of habitat by each species.

E. Data Use Examples

1. Determine the habitat types that are the most important for a fish species and their life cycle.

2. Determine the timing of required downstream flows necessary to maintain rearing fish populations.

III. Impoundment area resident fish population data

A. Species - Grayling, Dolly varden, Burbot, Round and Humpback whitefish, Lake trout.

B. Location - Eight clear water tributaries of the Susitna above Devil Canyon, mainstem Susitna above Devil Canyon, and on unnamed clear water lake above Devil Canyon.

C. Methods - Electrofishing, minnow traps, hook and line.

D. Data Analysis Examples

1. Population estimates of the grayling populations using the habitat that will be inundated by the reservoirs.

2. Analysis of the effects of various levels of fishing pressure of populations and age structure of grayling populations.

E. Data Use Examples

1. Determine the value of the resource that will be lost by conversion of the clear water tributaries into a glacial reservoir.

2. Estimate the effects of increased fishing pressure created by increased access on the grayling populations.

The above data types and data analysis are not a complete list for the resident and juvenile anadromous fisheries data. Over ten different types of analyses are planned on the juvenile anadromous and resident species that will be affected by the instream flow changes anticipated with the development of the project. These include statistical tests of the importance of different habitats of the juvenile species.

AQUATIC HABITAT AND INSTREAM FLOW PROJECT DATA

This component of the Aquatic Studies program includes collection and the analysis of data from all of the previously discussed study components. It integrates the data into an analysis of the influence of mainstem discharge on the availability and utilization of habitat by the resident and anadromous species present in the Susitna River downstream of the proposed hydroelectric project.

I. Fish habitat utilization data

A. Location - Sloughs, side channels, mainstem, and tributary mouths below Devil Canyon

B. Methods - Water quality field measurement probes, turbidity analysis, continuous and instantaneous temperature measurements, substrate measurements, discharge, point velocity and depth measurements, surface area mapping, and others.

C. Species - All fish species that use the habitat types studies.

D. Data Analysis Examples

1. Characterize slough hydraulics

2. Correlate surface area of sloughs, and tributary mouth habitats with mainstem discharge.

3. Describe of importance of habitat types to different species and life stages

4. Compare temperatures of redds (intra gravel and surface temperatures) with use of areas by spawning chum and sockeye salmon.

5. Describe the effects of discharge on the usable habitat of spawning chum salmon.

E. Data Use Example

This component is the most complex of the Su Hydro study components and involves many different types of analysis. The program is designed to determine the essential habitat parameters required or currently used by the important species of anadromous fish and resident species. Data obtained from the resident, juvenile, and adult anadromous studies are used as the basis for these intensive studies and are incorporated in the analysis when appropriate. The data will be used to evaluate alternative project operation schedules with respect to downstream discharge. Many more types of analysis have been outlined for this component and other related data types beyond those listed are also included in our reports.

II. Stage/discharge and water temperature data.

A. Location - Sloughs, mainstem sites and tributary mouths below Devil Canyon

B. Methods - Similar to methods used for fish habitat utilizations.

C. Species - Same as fish habitat utilization

D. Data Analysis Examples

1. Describe effects of discharge on passage of adults into sloughs and tributaries for spawning.

2. Describe effects of discharge on the migration of juveniles in and out of tributary mouths and sloughs.

3. Describe effects of discharge on the incubation and survival of salmon embryos.

E. Data Use Examples

These data when analyzed provides the cornerstone of impact analysis and mitigation planning for the Su Hydro project. If proper flows can be maintained out of the dams, downstream fisheries can possibly be maintained or enhanced.

The above data types are not a complete listing of the information being collected but provide a general outline of the information being analyzed. The complexity of the analysis of the instream flow component would take a separate volume to describe. These data will be subject to additional analysis by the Arctic and Environmental Information and Data Center (AEIDC) in their modelling of the aquatic environments of the Susitna system as it may be affected by of the Susitna Hydro project.

SUSITNA REPORTS

RECEIVED
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ALASKA POWER AUTHORITY

TASKS:

Task One (1)

a. Subtask 1.02 Forecasting Peak Electrical Demand for Alaska Railbelt, Final Report, December - WCC

b. Electric Power Consumption for the Railbelt May 1980

c. Alaska Economic Projections for Estimating Electricity Requirements for the Railbelt October 1981 - ISER

d. Railbelt Electric Power Alternatives Study November 81 - Ebasco

e. Subtask 1.01 Power Studies, Closeout Report - Review of ISER Work December 1980

f. Power Studies Termination Report, September 1980

Task Two (2)

a. Task 2 Analysis of Alternative Transportation Modes for Camp Resupply January 1980

b. Task 2 Analysis of Alternative Transportation Modes for Camp Resupply February 1980

c. Subtask 2.09 Closeout Report March 1981

d. Subtask 2.10 Draft Summary of Environmental Report - Access Roads September 1981

e. Subtask 2.16 Closeout Report Hydrographic Surveys October 1981

f. Subtask 2.10 Access Roads December 1981

g. Subtask 2.12 Field Reconnaissance Reservoir Area - Timber Report Draft December 1981

h. Subtask 2.13 Marketability and Disposal Study for Reservoir Area Draft December 1981

i. Task 2 Survey & Site Facilities, Hydrographic Surveys, October 1981 R&M

j. Subtask 2.15 Slope Stability and Erosion Studies Closeout Report Mar 82

k. Subtask 2.10 Access Roads Closeout Report Final Draft March 82

l. Subtask 2.10 Access Roads Interim Report #1, Alternative Access Corridor Selection December 1980 R&M

m. Subtask 2.10 Access Planning Studies, January 1982

Task Three (3)

a. Subtask 3.01 Closeout Report, Review of Available Material

b. Subtask 3.03 Field Data Collection - Ice Observation August 81

c. Subtask 3.05 - Closeout Report 1st Draft February 81

d. Subtask 3.10 Preliminary Open Water Calculations March 81

c. Seismicity Evaluation February 79 - D'Appolonia
d. Seismic Geology Evaluation Draft Report 2 Volume 1 November 80 WCC
e. " " " " " " " 2 " " "
f. " Refraction Survey Draft Report Spring 81 WCC
g. " " " Summer 1980 WCC
h. " " " December 1981 WCC
i. Seismic Studies for SHP, Subtask 4.09 thru 4.15 WCC
j. Final Report on Seismic Studies February 82 WCC
k. Subtasks 4.01 thru 4.08 Interim Report on Seismic Studies Dec 1980
l. " 4.09 thru 4.15 Final Report on Seismic Studies Feb 82 WCC
m. " 4.09 Design Manual for the Long term Earthquake Monitoring System for the SHP June 82 WCC

Task Five (5)

a. Task 5 Geotechnical Exploration Report on 80 Studies March 1981
b. Slimhole Geophysical Logging - Edcon
c. 1980-81 Geotechnical Report (3 volumes) Text, Appx. A-F & Appx. G-K
d. 1982-84 Geotechnical Program, Subtask 5.07 Report, Draft
e. Engineering Properties of Soils and Their Measurement - Joseph Bowles
f. Glacial and Quaternary Geology - John Wiley & Sons, R. F. Flint
g. FY83 Proposed Geotechnical Exploratory Program May 82

Task Six (6)

a. Subtask 6.01 Closeout Report August 1980
b. Subtask 6.01 Closeout Report Final December 1980
c. " " " " Cost Data Collection May 81
d. " 6.02 " " Final Draft March 1981
e. " " , 6.03, 6.06 Preliminary Design Considerations Feb 81
f. " 6.05 Development Selection Report 1st Draft February 1981
g. " " " " " March 1981
h. " " " " " 2nd Draft June 1981
i. " " " " " Appendices A thru I July 81
j. " 6.09 and 6.10 Design Criteria for Watana and Devil Canyon May 81
k. " 6.36 Generation Planning Parameters January 1981
l. Task 6 - Design Development - El Cajon Project Arch Dam April 15, 1981
m. Feasibility Report, Volume 1 Section 9-19, First Draft February 1982
n. Development Selection Report Task 6 December 1981
o. " " " " " " " , Appx A thru J

x. Subtask 7.10 Phase 1 Final Draft Report, Resident Fish Investigation on the Upper Susitna River ADF&G/Su Hydro

y. Subtask 7.10 Phase 1 Final Draft Report, Resident " " on the Lower Susitna River ADF&G/Su Hydro 1981

z. Phase 1 Final Report Big Game Studies Vol. VII Wolverine, Vol. VIII Dall Sheep March 1982

aa. Subtask 7.10 Phase 1 Final Draft Report Vol. 1 Aquatic Habitat & Instream Flow Project ADF&G/Su Hydro 1981

bb. Subtask 7.10, Phase 1 Final Draft Report, Vol. 2 Pt. 1 Aquatic Habitat & Instream Flow Project ADF&G/Su Hydro 1981

cc. Subtask 7.10 Phase 1 Final Draft Report, Juvenile Anadromous Fish Study on the Lower Susitna River ADF&G/Su Hydro 1981

dd. Subtask 7.10 Phase 1 Final Draft Stock Separation Feasibility Report Adult Anadromous Fisheries Project ADF&G/Su Hydro 1982

ee. Subtask 7.10 Phase 1 Final Draft Report, Adult Anadromous Fisheries Project, ADF&G/Su Hydro 1981

ff. Subtask 7.06, Cultural Resources Investigation Phase 1 Report April 1981

gg. " " " " " Appendix E, 1982

hh. " 7.11 Furbearers Phase 1 Report April 1982 - TES

ii. " 7.12 Plant Ecology, Phase 1 Report, April 1982

jj. " " Birds and Non-Game Mammals Phase 1 Report, April 1982 - TES

kk. Task 7 - Land Use Analysis Navigational Use, April 1982

ll. Fisheries Impact Report, June 1982 - TES

mm. Task 7 Environmental Studies, Subtask 7.10 Fish Ecology Phase 1 Supporting Documentation May 1982

nn. Subtask 7.08 Phase 1 Environmental Studies Report - Recreation Planning May 1982

oo. Access Plan Recommendation Report, August 1982

pp. Statement of Qualifications Fisheries Biology in Alaska May 82 WCC

qq. Fish and Wildlife Mitigation Policy, November 81, Revised Mar 82 & Apr 82

rr. Subtask 7.07 Land Use Analysis Annual Report 1980, July 81

ss. Subtask 7.05 Socioeconomics Analysis Annual Report 80, May 81

tt. 1980 Summary Environmental Report

uu. Environmental Report, Fish Ecology 1980

vv. " " , Plant Ecology 1980

ww. " " , Big Game " "

xx. " " , Birds and Non-Game 1980

yy. " " , Furbearers, 1980

zz. Subtask 7.07, Land Use Analysis, Phase 1 Report, May 1982

aaa. Subtask 7.10, Stock Separation, Phase 1 Report

e. Task 11.03 Closeout Report Susitna Risk Analysis April 1982
f. FERC License Application Exhibit A, First Draft, September 17, 1982
g. " " " " B, " " " 17, 1982
h. " " " " C, " " " 24, 1982
i. " " " " D, " " " 24, 1982
j. Review of Task 11 - A. R. Tussing
k. Draft License Application Exhibit A, November 82
l. " " " " B, " "
m. " " " " C, " "
n. " " " " D, " "
o. " " " " E, " " (6 volumes)
p. " " " " F, " "
q. " " " " G, " "

Task Twelve (12)

a. Subtask 12.03 Agency Consultation, Public and Agency Participation (Volume 1 & 2) March 82

Task Thirteen (13)

a. July Cost Graphical Display - Acres

A. External Meetings

A.1. External Review Board Meeting #3 Information Package October 6-8, 81
A.2. Acres Specialist Consultants Panel Meeting (November 18, 1981)
A.3. External Review Board Meeting #4 Information Package January 12-13, 81
A.4. " " " " #1 " " " 24, 81 Vol 2
A.5. " " " " #5 Report, February 1982
A.6. Reports by Power Authority and Acres External Review Panels 1980-82
A.7. External Review Board Meeting #6, November 18-19, 1982

B. Internal Meetings

B.1. Internal Review Board Meeting #1, Information Package July 1980
B.2. " " " " " , Geotechnical & Seismic Aspects July 80
B.3. " " " " #2, Status of Tasks 4,5,6 October 80
B.4. " " " " #3, February 1981
B.5. " " " " #4, September 1981
B.6. " " " " #5, November 4, 1982

F.6. The Engineering Geology of the Bersimis No. 2 Site D.H. MacDonald and G. Wilson

F.7. Treatment of Alluvial Foundations for Duke D-20-LG-2 Development R. Arbour & J. J. Pare

F.8. Muskrat Falls Development Appendix January 1978

F.9. Kettle Generating Station - A General Description, March 1979

F.10. AK Economic Scenarios Review Document - Comment Draft Working Paper No. 2.1 Battelle

F.11. Existing Generating Facilities & Planned Additions for the Railbelt Area - Comment Draft Working Paper No. 4.1 Battelle

G. Feasibility Report

G.1.	Volume	1,	Section	1	thru	8,	Engineering	&	Economic Aspects
G.2.	"	"	"	9	"	19,	"	"	" "
G.3.	"	2,	Section	1	"	4,	Environmental	Report	
G.4.	"	"	"	5	"	11,	"	"	
G.5.	"	3,	Plates						
G.6.	"	4,	Appendix	A,	Hydrological	Studies			
G.7.	"	5,	"	B,	Design	Development	Studies		
G.8.	"	6,	"	C,	Cost	Estimates			
G.9.	"	7,	"	D,	Coordination	of	Public	Participation	
G.10.	"	6,	"	C,	Cost	Estimates,	Revised	November	1982

FURTHER ADDITIONS

1981 Upper Limit Capital Cost Estimate July 81

Tunnel Alternative Report, July 81

Control Network Survey Report

Hydrographic Surveys - Task 3

Instream Flow Study Plan

Sociocultural Report

Susitna Risk Analysis

Anchorage
November 29, 1982

SUSITNA HYDROELECTRIC PROJECT

Feasibility Report & Back-Up Documents

Task	Subtask	Document Title on Old List	Correct Document Title
		Executive Summary	Susitna Hydroelectric Project Summary Report March 1982 Draft
		Feasibility Report - Volume 1	Susitna Hydroelectric Project Feasibility Report, Volume 1 Engineering and Economic Aspects Sections 1 - 8 Final Draft
			Susitna Hydroelectric Project Feasibility Report, Volume 1 Sections 9 - 19 Final Draft
		Feasibility Report - Volume 2	Susitna Hydroelectric Project Feasibility Report, Volume 2 Environmental Report Sections 1 - 4 Final Draft
			Susitna Hydroelectric Project Feasibility Report, Volume 2 Environmental Report Sections 5 - 11 Final Draft
		Feasibility Report - Volume 3	Susitna Hydroelectric Project Feasibility Report, Volume 3 Plates Final Draft
		Feasibility Report - Volume 4 (Appendix A)	Susitna Hydroelectric Project Feasibility Report, Volume 4 Appendix A, Hydrological Studies Final Draft
		Feasibility Report - Volume 5 (Appendix B)	Susitna Hydroelectric Project Feasibility Report, Volume 5 Appendix B, Design Development Studies Final Draft
		Feasibility Report - Volume 6 (Appendix C)	Susitna Hydroelectric Project Feasibility Report, Volume 6 Appendix C, Cost Estimates Final Draft
		Feasibility Report - Volume 7 (Appendix D)	Susitna Hydroelectric Project Feasibility Report, Volume 7 Appendix D, Coordination and Public Participation Final Draft
		Feasibility Report - Volume 8 (Appendix E)	not published

Task	Subtask	Document Title on Old List	Correct Document Title
3	3.06	Hydraulic and Ice Studies (R&M)	Susitna Hydroelectric Project Hydraulic and Ice Studies March 1982 (R&M)
3	3.07	Reservoir Sedimentation (R&M)	Susitna Hydroelectric Project Reservoir Sedimentation January 1982 (R&M)
3	3.07	River Morphology (R&M)	Susitna Hydroelectric Project River Morphology, January 1982 (R&M)
3	3.01	Review of Available Materials	Susitna Hydroelectric Project Task 3 - Hydrology Subtask 3.01 - Closeout Report, Review of Available Material March 1982 Final Report
3	3.02	Field Data Index (R&M)	Susitna Hydroelectric Project Field Data Index, February 1982 (R&M)
3	3.03	Water Quality - Annual Report, 1980 (R&M)	Susitna Hydroelectric Project Water Quality, Annual Report, 1980 April 1980 (R&M)
3	3.03	Water Quality - Annual Report, 1981 (R&M)	Susitna Hydroelectric Project Water Quality, Annual Report, 1981 December 1981 (R&M)
3	3.03	Water Quality - Interpretation, 1981 (R&M)	Susitna Hydroelectric Project Water Quality Interpretation, 1981 February 1982 (R&M)
3	3.06	Ice Observations - 1980 (R&M)	Susitna Hydroelectric Project Ice Observations, 1980-81 August 1981 (R&M)
3	3.03	Processed Climatic Data for Six Weather Stations (6 Volumes) - R&M	Susitna Hydroelectric Project Processed Climatic Data Vol. 1 - Susitna Glacier Station (R&M) Susitna Hydroelectric Project Processed Climatic Data Vol. 2 - Denali Station (R&M) Susitna Hydroelectric Project Processed Climatic Data Vol. 3 - Tyone River Station (R&M) Susitna Hydroelectric Project Processed Climatic Data Vol. 4 - Kosina Creek Station (R&M)

Task	Subtask	Document Title on Old List	Correct Document Title
6	6.01	Review of Previous Studies and Reports - Closeout Report Feb. '81	Susitna Hydroelectric Project Task 6 - Design Development Subtask 6.01, Closeout Report, Review of Previous Studies and Reports, February 1981
6	6.02	Tunnel Alternative Report - July 1981	Susitna Hydroelectric Project Task 6 - Design Development Subtask 6.02, Closeout Report, Investigate Tunnel Alternative June 1981
6	6.04	Evaluation of Arch Dam at Devil Canyon Site	Susitna Hydroelectric Project Task 6 - Design Development Subtask 6.04, Closeout Report, Evaluation of Arch Dam at Devil Canyon Site, March 1982
6/9	6.0/ 9.3	1981 Upper Limit Capital Cost Estimate, July 1981	Susitna Hydroelectric Project Task 6, 1981 Upper Limit Capital Cost Estimate
6	6.14	Scour Hole Development Downstream of High Head Dams	Susitna Hydroelectric Project Task 6 - Design Development Subtask 6.14 - Scour Hole Development Downstream of High Head Dams March 1982
7	7.0	1980 Summary Environmental Report	Susitna Hydroelectric Project Environmental Studies, Summary Annual Report - 1980 May 1981 (TES)
7	7.10	Environmental Report Fish Ecology - 1980 (TES)	Susitna Hydroelectric Project Environmental Studies Subtask 7.10 - Fish Ecology Annual Report - 1980, June 1981 (TES)
7	7.12	Environmental Report PlantEcology - 1980 (TES)	Susitna Hydroelectric Project Environmental Studies Subtask 7.12 - Plant Ecology Annual Report - 1980, May 1981 (TES)
7	7.11	Environmental Report Big Game - 1980 (TES)	Susitna Hydroelectric Project Environmental Studies Subtask 7.11 - Big Game Annual Report - 1980, July 1981 (TES)
7	7.11	Environmental Report Birds and Non-Game Mammals - 1980 (TES)	Susitna Hydroelectric Project Environmental Studies Subtask 7.11 - Birds and Non-Game Mammals, Annual Report - 1980 April 1981 (TES)

Task	Subtask	Document Title on Old List	Correct Document Title
		Draft Fishery Mitigation Plan (TES)	
		Draft Wildlife Mitigation Plan (TES)	
7	7.10	Phase I Report - Fish Ecology (TES)	Subtask 7.10, Phase I Final Draft Report Vol. 1 - Aquatic Habitat & Instream Flow Project, ADF&G/Su Hydro 1981
			Subtask 7.10, Phase I Final Draft Report Vol. 2, Part 1 - Aquatic Habitat & Instream Flow Project, ADF&G/Su Hydro 1981
			Subtask 7.10, Phase I Final Draft Report Vol. 2, Part 2 - Aquatic Habitat & Instream Flow Project, ADF&G/Su Hydro 1981
			Subtask 7.10, Phase I Final Draft Report Resident Fish Investigation on the Upper Susitna River, ADF&G/1981
			Subtask 7.10, Phase I Final Draft Report Adult Anadromous Fisheries Project ADF&G/Su Hydro 1981
			Subtask 7.10, Phase I Final Draft Report Resident Fish Investigation on the Lower Susitna River, ADF&G/Su Hydro 1981
			Subtask 7.10, Phase I Final Draft Report Juvenile Anadromous Fish Study on the Lower Susitna River, ADF&G/Su Hydro 1981
			Subtask 7.10, Phase I Final Draft Report Stock Separation Feasibility Report Adult Anadromous Fisheries Project ADF&G/Su Hydro 1982
7	7.11	Phase I Report - Big Game Ecology (TES)	Susitna Hydroelectric Project Phase I Final Report Big Game Studies Vol. I - Big Game Summary Report March 1982 (ADF&G)
			Susitna Hydroelectric Project Phase I Final Report Big Game Studies Vol. II - Moose - Downstream March 1982 (ADF&G)
			Susitna Hydroelectric Project Phase I Final Report Big Game Studies Vol. III - Moose - Upstream March 1982 (ADF&G)

Task	Subtask	Document Title on Old List	Correct Document Title
8	8.05	Switching Stations & Substations - Single Line Diagrams	Susitna Hydroelectric Project Switching Stations and Substations Single Line Diagrams, Final Draft March 1982, Figures
12	12.03	Agency Consultation	Susitna Hydroelectric Project Task 12 - Public and Agency Participatio Subtask 12.03 - Agency Consultation March 1982
10	10.02	Initial Version - Preliminary Licensing Documentation, April 1980	Susitna Hydroelectric Project Task 10, Subtask 10.02 - Design Transmittal, Initial Version Preliminary Licensing Documentation April 1980
10	10.02	Preliminary Licensing Documentation - 2nd Version, November 1981	Susitna Hydroelectric Project Licensing Report Task 10 - Preliminary Licensing Documentation, Second Version February 1982
7	7.04	Status of Susitna Basin Water Rights	Susitna Hydroelectric Project Task 7 - Environmental Subtask 7.04 - Water Resources Analysis Review of Existing Water Rights in the Susitna River Basin, December 1981 (Dwig
7	7.04	Navigation Problems (DNR)	Susitna Hydroelectric Project Task 7 - Environmental Subtask 7.04 - Water Resources Analysis A Preliminary Analysis of Potential Navigational Problems Downstream of the Proposed Hydroelectric Dams on the Susitna River, March 1982 (DNR)
11	11.01	Project Overview Report, 2nd Draft	Susitna Hydroelectric Project Task 11, Subtask 11.01 - Project Overvie March 1981
11	11.0	Economic Marketing and Financial Evaluation	Susitna Hydroelectric Project Task 11 - Reference Report Economic Marketing and Financial Evaluat
11	11.03	Susitna Risk Analysis	Susitna Hydroelectric Project Task 11, Subtask 11.03 - Closeout Report Susitna Risk Analysis, April 1982

ALASKA POWER AUTHORITY

LOGISTICS AND SURVEY

Procured, transported and erected a forty-man field camp comprised of bedroom units, bathroom modules, kitchen and dining facilities, fuels storage area, materials storage facilities, potable water treatment facilities, electric power generation, sewage treatment, garbage disposal, helicopter landing pads, warehousing, food refrigeration modules and interconnecting walkways.

Reflecting the fact that the only full time access to the camp is via air, provided logistics support of over 3,000 flight hours per year. Incidental items such as radio telephone communications, etc., also installed for life safety.

Performed detailed topographic surveys for the entire area of the project, including reservoirs, damsites, access and transmission line corridors. Established over 1,800 horizontal and vertical bench marks, with associated topographic mapping.

Flew 1,193 miles of air photos and mapped 174,720 acres of project lands (273 square miles).

Performed reconnaissance level timber inventories and marketability studies for timber resources in the project area (nearly 50,000 acres and over 20,000,000 cubic feet of fiber).

Performed detailed assessments of project access, considering such matters as quantities of construction materials to be moved, transport modes, day to day logistical support, socioeconomic effects, constructability, reliability, environmental impacts and location. Eighteen alternative routes were examined in detail, leading to the final access recommendation.

Slope stability and erosion studies were made of the reservoirs.

Over sixty-five transects were made to provide data supporting sediment transport studies, flow velocities, morphology studies and related information.

HYDROLOGICAL CONDITIONS

The first definitive inventory of available hydrologic and climatic material on the basin was made.

Performed continuous monitoring of river and meteorological conditions at multiple locations within the basin. Observations included stream flow, water quality, sediment discharge, freezing rain and icing, snow survey, snow creep, river ice observations and river evaporation. Analyzed nearly a thousand water samples for over a hundred individual properties.

Performed flood studies.

Calculated peak run-off volumes for a thirty-two year period.

Analyzed the probable effects of a hypothetical dam break.

Studied the advance and retreat of glaciers and calculated their probable water contribution to the project over the historic record.

Recorded and evaluated the mechanisms of river freeze-up and break-ups, as well as the timing.

Analyzed predicted reservoir sedimentation, mechanisms and rates.

Analyzed and predicted probable morphology changes resulting from river impoundment.

SEISMIC CONDITIONS

Established and operated a ten station micro-earthquake network as an aid to analyzing the earthquake potential.

Exhaustively inventoried all faults and linements within a hundred kilometers of the project area.

Analyzed two-hundred sixteen faults and linements for their earthquake potential. Constructed a physical and chronological tectonic model of the basin. Through engineering analysis, determined the reservoir induced seismicity magnitudes, probable maximum credible earthquakes for both location and intensity, and postulated the probable acceleration response spectra and duration.

Tested engineering calculations and evaluations against historical earthquake data and physical observations including quarternary studies, geophysical surveys, potassium, argon and radiocarbon age dating, and excavation of several trenches and test pits across potential earthquake faults.

Evaluated long term earthquake monitoring requirements for the project.

GEOTECHNICAL INVESTIGATIONS

Did 14,100 lineal feet of core drilling in over 60 different locations in the vicinity of the main dam and cofferdams.

Did 3,600 lineal feet of soils borings.

Did 208,425 lineal feet of seismic refraction surveys.

Did 14,000 feet of downhole geophysics.

Excavated 44 test pits.

Did over 7,300 rock and soil tests.

PROJECT FORMULATION

Load forecasts for the Railbelt were derived. Involved were the structuring of demand profiles over time, translation of the ISER electricity consumption forecasts into demand forecasts over time, assessment of the potential for load management and energy conservation, and finally computerized them for use in generation planning studies.

Potential Railbelt system generating options (mix of electrical generation sources) were identified and quantified. These included identification of over 48 hydroelectric options (Chakachamna, Bradley Lake, etc.), thermal options (coal, gas, number and location), procedural constraints such as the impact of the Fuel Use Act, and system transmission requirements.

The theoretical output of the Susitna basin development was derived through analysis and computation of climatological and hydrological information.

Optimum methods of developing that potential were analyzed. This entailed engineering analysis of twelve potential damsites in several dozen potential combinations, as well as tunnel alternatives.

Multiple iterations of engineering layouts and cost studies were made for the most effective configurations to define the type of dam, its cost of acquisition, and its potential for staged construction.

Extensive computer modeling of the basin possibilities (various mixes of generation sources, different load growth profiles, and different dam combinations) were made to determine the optimum total railbelt configuration for the next half century.

Collateral investigations of the effect of high-head dams were made, such as the potential for scour hole development.

ENVIRONMENTAL STUDIES

Aquatic Ecosystems

Each year approximately 60 field biologists from the Alaska Department of Fish and Games's (ADF&G) Susitna Hydro Aquatic Studies program have worked in the area. About one half dozen additional technical specialists have worked on the analysis of data and the development of mitigation plans. Fish wheels and/or sonar arrays were installed and manned at Lentna Station, Sunshine Station, Talkeetna Station, Curry Station, and Gold Creek Station. In addition, the operating season for existing Susitna Station was expanded to more fully cover the return of in-migrants.

Substrate, water temperatures, inter gravel water temperature and hydrologic character of existing and potential spawning areas in the middle river between Devil Canyon and Talkeetna were determined. The 20 dominant sloughs that provide 97 percent of the production in this reach for chum and sockeye were surveyed in detail.

Fish taken by fish wheels were identified to species and sex, weighed and measured, scales taken and samples of fish were marked. Recovery of marked fish at other fish wheels or in the streams and sloughs allowed accurate estimates of escapement (returning population) and of the distribution and timing of returning fish.

The hydrology of the mainstem, tributaries, side channels and sloughs has been examined (sampling, monitoring, gaging) to establish baseline conditions with respect to use of these waters by fishes.

In order to determine possible project impacts on the aquatic ecosystems, a model system is being developed to couple the river flow, reservoir operation models, temperature and ice information models with fish models. This state of the art development will permit the analysis of multiple and complex operating regimes with respect to the trade-offs between impacts on the aquatic ecosystems and project power and economics.

Factors controlling access, spawning, incubation and rearing in the sloughs, have been assessed to support mitigation planning directed at maintaining existing levels of production in these waters with the minimum of, and the most passive of, interventions.

Terrestrial Ecosystems

Vegetation types have been identified based upon field work and the examination of color and false color imagery. Detailed vegetation maps were prepared and ground truthed. Habitat quality has been assessed based upon preliminary sampling. Preliminary wetland maps have been developed.

Wildlife

Caribou: Population distribution and movement of both the caribou herd in general and radio tagged individuals have been made by monitoring from the air. Age, sex, recruitment and condition of the animals have been investigated.

In a comparable way, moose populations in, and adjacent to the project area, and in the lower Susitna have been studied. Population estimates, distribution and movements of the animals were determined.

A bioenergetic model of moore populations is being developed to permit mitigation planning to be based upon carrying capacity of habitats, and to refine the understanding of habitat management for moose production.

Potentially Critical Habitats Have Been Identified

Dall sheep, wolves, wolverines, black bear and brown bear were also investigated by periodic monitoring of radio collared individuals. Population estimates have been developed. Denning areas were identified for bears, wolves, foxes; home ranges as well as seasonal movements were mapped.

Archaeological-Historical

Two field seasons of archaeological investigations have covered the majority of the project areas at a reconnaissance level; 160 sites have been identified and preliminary assessments of 20 sites have been completed.

Socio-Economic Studies

Socio-economic characteristics of the region, and its communities have been determined. Population distribution, employment, income statistics, housing and vacancy rates, existing utilities and services have all been described.

Impacts of the project work force and the economic impacts of the project have been assessed with respect to the ability of the existing communities and infrastructure to absorb project induced growth.

The use of fish, wildlife and game resources by the regional populations was analyzed using Department of Game harvest and catch information. Both commercial and non-commercial activities were determined in order to establish base conditions and to estimate project related impacts that may occur.

Recreation

Recreation resources, both formal and casual, in the region have been inventoried. Existing demand for various types of recreation activities has been determined and projections of future demands have been developed. Recreation planning by Federal, State, and local agencies has been documented. Recreation facilities have been planned which make best use of the project resources, are compatible with existing agency planning, and are responsive to future demand projections.

Land Use

The complex and dynamic patterns of land use and ownership have been elucidated. Federal, state, native corporation and private ownership in the region and movement of land title from one status to another has been documented.

Federal, state, borough, native corporation and local planning documents and intentions have been reviewed and provide a basis to initiate and/or continue dealing with the various owners and planners.

TRANSMISSION LINES

Approximately four hundred miles of transmission line must be built to distribute the power from the Watana campsite to the communities of Fairbanks, Anchorage and intermediate points. Several thousand miles of potential corridors were screened incidental to the final routing. Various combinations of over twenty separate segments were examined in closer detail. Transmission routing was selected on the basis of life cycle cost, constructability, environmental impact and maintainability.

Switching stations and substations were identified, sited and single line diagrams made.

COST ESTIMATES

Multiple cost estimates were made, cumulating in a feasibility level cost estimate of high confidence. Part of the process entailed an independent cost estimate performed by a totally separate consultant engineer. These two cost estimates agreed within five percent, well within the estimating level of accuracy.

PUBLIC PARTICIPATION

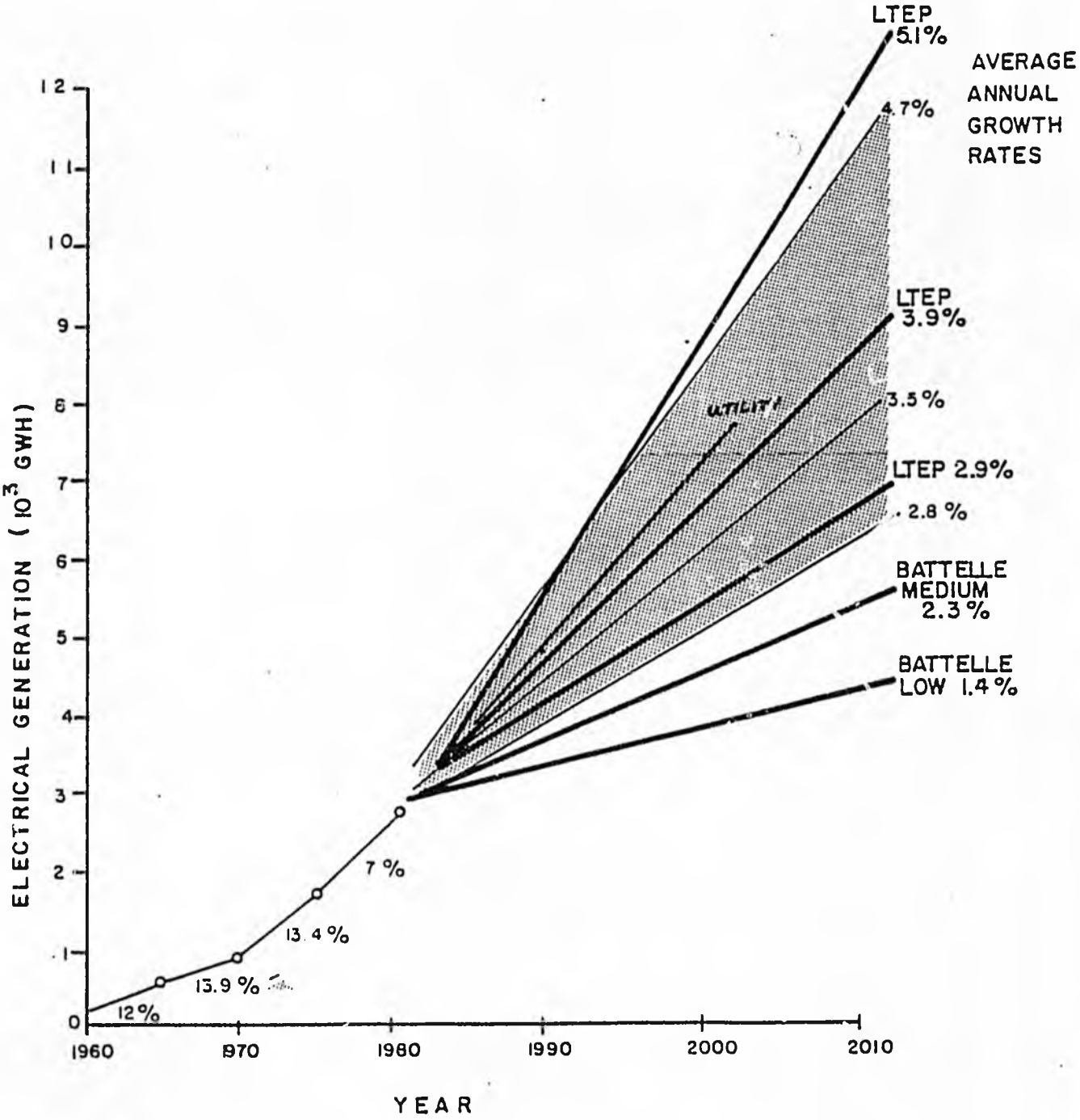
Held over 20 public meetings, workshops and hearings.

Processed nearly 150 citizen inquires.

Published five newsletters, with a total distribution exceeding 150,000 copies.

LOAD FORECAST UPDATE

FEASIBILITY REPORT ASSUMPTIONS:
BETWEEN 2.8% AND 4.7% GROWTH IN ENERGY DEMAND



COMPOSITE REPORT

LEVEL 13

4 SCENARIOS

Susitna Licensing Schedule
synopsis by Early Finish Date

03/11/83

Inode	Jnode	Description	Scenario1	Scenario2	Scenario3	Scenario4
7178	7210	Prelim. Draft of Order Prep.	06/29/83	06/29/83	06/29/83	06/29/83
7200	7210	Linkage Only	----	----	----	----
7210	7300	Draft Order Prepared	07/26/83	07/26/83	07/26/83	07/26/83
7178	7200	Power Memo Issued	12/07/84	04/12/85	----	----
7178	7210	Prelim. Dft. of Order Prepared	12/10/84	04/15/85	----	----
7175	7500	Init. Considered on Agenda	----	----	12/05/86	04/10/87
7200	7210	Linkage Only	----	----	----	----
7210	7300	Draft Order Prepared	01/07/85	05/09/85	----	----
7300	7500	Init. Considered on Agenda	08/15/83	08/15/83	08/15/83	08/15/83
7300	7500	Init. Considered on Agenda	01/25/85	05/30/85	----	----
7500	8000	Commission Order Issued	02/01/85	06/06/85	12/12/86	04/17/87

SCENARIO B2
3/10/83

NO HEARINGS
DEFICIENCIES
830 CALENDAR DAYS
575 WORKING DAYS

SNODE	ENODE	DUR	%CP		START FINISH	STATUS
1	1000	0	100%	RESP.= DUM AUX-1= 0 AUX-2= 0 JOBCD=	Linkage to Start of Project EARLY - 02/28/83 02/28/83 LATE - 02/28/83 02/28/83 ACTUAL- 02/28/83 02/28/83 TOTAL/FREE FLOAT = 0 / 0	COMPLETED
1000	1050	0	100%	RESP.= APA * AUX-1= 0 AUX-2= 500 JOBCD= 62	Application Docketed EARLY - 02/28/83 02/28/83 LATE - 02/28/83 02/28/83 ACTUAL- 02/28/83 02/28/83 TOTAL/FREE FLOAT = 0 / 0	COMPLETED
1000	5692	34	0%	RESP.= AUX-1= 0 AUX-2= 6920 JOBCD= 72	Settlement Filed EARLY - 02/28/83 04/14/83 LATE - 06/17/86 08/04/86 ACTUAL- TOTAL/FREE FLOAT = 833 / 0	CAN START
1050	1060	30	0%	RESP.= FER AUX-1= 500 AUX-2= 600 JOBCD= 63	PAB Adeq. Rev. Completed EARLY - 02/28/83 04/08/83 LATE - 08/30/84 10/12/84 ACTUAL- TOTAL/FREE FLOAT = 382 / 0	CAN START
1050	1065	30	0%	RESP.= FER AUX-1= 500 AUX-2= 650 JOBCD= 63	PSL Adequacy Rev. Completed EARLY - 02/28/83 04/08/83 LATE - 08/30/84 10/12/84 ACTUAL- TOTAL/FREE FLOAT = 382 / 0	CAN START
1050	1070	30	0%	RESP.= FER AUX-1= 500 AUX-2= 700 JOBCD= 63	Envir. Adequacy Rev. Completed EARLY - 02/28/83 04/08/83 LATE - 08/30/84 10/12/84 ACTUAL- TOTAL/FREE FLOAT = 382 / 0	CAN START
1050	1076	30	0%	RESP.= FER AUX-1= 500 AUX-2= 760 JOBCD= 63	DISA Adequacy Rev. Completed EARLY - 02/28/83 04/08/83 LATE - 08/30/84 10/12/84 ACTUAL- TOTAL/FREE FLOAT = 382 / 0	CAN START
1050	1570	30	0%	RESP.= FER AUX-1= 500 AUX-2= 5700 JOBCD= 63	Jurisdiction Rev. Completed EARLY - 02/28/83 04/08/83 LATE - 08/30/84 10/12/84 ACTUAL- TOTAL/FREE FLOAT = 382 / 0	CAN START
1050	2055	30	0%	RESP.= FER AUX-1= 500 AUX-2= 550 JOBCD= 63	Proj. Man. Adequacy Rev. EARLY - 02/28/83 04/08/83 LATE - 08/30/84 10/12/84 ACTUAL- TOTAL/FREE FLOAT = 382 / 0	CAN START

SNODE	ENODE	DUR	%CP		START	FINISH	STATUS
1050	2080	34	0%	RESP.= FER	Adequacy Review Completed		CAN START
				AUX-1= 500	EARLY - 02/28/83	04/14/83	
				AUX-2= 800	LATE - 08/30/84	10/18/84	
				JOBCD= 62	ACTUAL-		
					TOTAL/FREE FLOAT = 382 / 0		
1060	2055	0	0%	RESP.= DUM	Linkage Only		
				AUX-1= 600	EARLY - 04/11/83	04/11/83	
				AUX-2= 550	LATE - 10/15/84	10/15/84	
				JOBCD=	ACTUAL-		
					TOTAL/FREE FLOAT = 382 / 0		
1065	2055	0	0%	RESP.= DUM	Linkage Only		
				AUX-1= 650	EARLY - 04/11/83	04/11/83	
				AUX-2= 550	LATE - 10/15/84	10/15/84	
				JOBCD=	ACTUAL-		
					TOTAL/FREE FLOAT = 382 / 0		
1070	2055	0	0%	RESP.= DUM	Linkage Only		
				AUX-1= 700	EARLY - 04/11/83	04/11/83	
				AUX-2= 550	LATE - 10/15/84	10/15/84	
				JOBCD=	ACTUAL-		
					TOTAL/FREE FLOAT = 382 / 0		
1076	2055	0	0%	RESP.= DUM	Linkage Only		
				AUX-1= 760	EARLY - 04/11/83	04/11/83	
				AUX-2= 550	LATE - 10/15/84	10/15/84	
				JOBCD=	ACTUAL-		
					TOTAL/FREE FLOAT = 382 / 0		
1570	2055	0	0%	RESP.= DUM	Linkage Only		
				AUX-1= 5700	EARLY - 04/11/83	04/11/83	
				AUX-2= 500	LATE - 10/15/84	10/15/84	
				JOBCD=	ACTUAL-		
					TOTAL/FREE FLOAT = 382 / 0		
2055	2080	4	0%	RESP.= FER	Adequacy Rev. Completed by PM		
				AUX-1= 550	EARLY - 04/11/83	04/14/83	
				AUX-2= 800	LATE - 10/15/84	10/18/84	
				JOBCD= 63	ACTUAL-		
					TOTAL/FREE FLOAT = 382 / 0		
2080	2090	11	0%	RESP.= FER	Deficiency Letter Issued		
				AUX-1= 800	EARLY - 04/15/83	04/29/83	
				AUX-2= 900	LATE - 10/19/84	11/02/84	
				JOBCD= 63	ACTUAL-		
					TOTAL/FREE FLOAT = 382 / 0		
2080	3200	0	0%	RESP.= FER	Application Det. Adequate		
				AUX-1= 800	EARLY - 04/15/83	04/15/83	
				AUX-2= 2000	LATE - 02/26/85	02/26/85	
				JOBCD= 62	ACTUAL-		
					TOTAL/FREE FLOAT = 469 / 87		

SNODE	ENODE	DUR	%CP		START	FINISH	STATUS
2090	2100	62	0%	RESP.= APA	Revisions Submitted		
				AUX-1= 900	EARLY - 05/02/83	07/28/83	
				AUX-2= 1000	LATE - 11/05/84	02/04/85	
				JOBCD= 63	ACTUAL-		
					TOTAL/FREE FLOAT = 382 / 0		
2100	2120	11	0%	RESP.= FER	HA Review of Revisions Com.		
				AUX-1= 1000	EARLY - 07/29/83	08/12/83	
				AUX-2= 1200	LATE - 02/05/85	02/20/85	
				JOBCD= 63	ACTUAL-		
					TOTAL/FREE FLOAT = 382 / 0		
2100	2130	11	0%	RESP.= FER	EA Review of Revisions Com.		
				AUX-1= 1000	EARLY - 07/29/83	08/12/83	
				AUX-2= 1300	LATE - 02/05/85	02/20/85	
				JOBCD= 63	ACTUAL-		
					TOTAL/FREE FLOAT = 382 / 0		
2100	2140	11	0%	RESP.= FER	DISA Review of Revisions Com.		
				AUX-1= 1000	EARLY - 07/29/83	08/12/83	
				AUX-2= 1400	LATE - 02/05/85	02/20/85	
				JOBCD= 63	ACTUAL-		
					TOTAL/FREE FLOAT = 382 / 0		
2100	3110	11	0%	RESP.= FER	Com. Received by Project Man.		
				AUX-1= 1000	EARLY - 07/29/83	08/12/83	
				AUX-2= 1100	LATE - 02/05/85	02/20/85	
				JOBCD= 63	ACTUAL-		
					TOTAL/FREE FLOAT = 382 / 0		
2120	3110	0	0%	RESP.= FER	Linkage Only		
				AUX-1= 1200	EARLY - 08/15/83	08/15/83	
				AUX-2= 1100	LATE - 02/21/85	02/21/85	
				JOBCD=	ACTUAL-		
					TOTAL/FREE FLOAT = 382 / 0		
2130	3110	0	0%	RESP.= DUM	Linkage Only		
				AUX-1= 1300	EARLY - 08/15/83	08/15/83	
				AUX-2= 1100	LATE - 02/21/85	02/21/85	
				JOBCD=	ACTUAL-		
					TOTAL/FREE FLOAT = 382 / 0		
2140	3110	0	0%	RESP.= DUM	Linkage Only		
				AUX-1= 1400	EARLY - 08/15/83	08/15/83	
				AUX-2= 1100	LATE - 02/21/85	02/21/85	
				JOBCD=	ACTUAL-		
					TOTAL/FREE FLOAT = 382 / 0		
3110	3150	3	0%	RESP.= FER	Review of Revisions Com. by PM		
				AUX-1= 1100	EARLY - 08/15/83	08/17/83	
				AUX-2= 1500	LATE - 02/21/85	02/25/85	
				JOBCD= 63	ACTUAL-		
					TOTAL/FREE FLOAT = 382 / 0		

SNODE	ENODE	DUR	%CP			START	FINISH	STATUS
3150	3200	0	0%	RESP.=	DUM	Linkage Only		
				AUX-1=	1500	EARLY - 08/18/83	08/18/83	
				AUX-2=	2000	LATE - 02/26/85	02/26/85	
				JOBCD=		ACTUAL-		
						TOTAL/FREE FLOAT = 382 / 0		
3150	3797	0	0%	RESP.=	FER	Application Rejected by OEPR		
				AUX-1=	1500	EARLY - 08/18/83	08/18/83	
				AUX-2=	7975	LATE - 12/13/86	12/13/86	
				JOBCD=	63	ACTUAL-		
						TOTAL/FREE FLOAT = 836 / 0		
3200	3205	11	0%	RESP.=	FER	Accept. Letter Iss. to Appl.		
				AUX-1=	2000	EARLY - 08/18/83	09/01/83	
				AUX-2=	2050	LATE - 02/26/85	03/12/85	
				JOBCD=	63	ACTUAL-		
						TOTAL/FREE FLOAT = 382 / 0		
3200	3212	14	0%	RESP.=	LAB	Envir. Anal. Report Prepared		
				AUX-1=	2000	EARLY - 08/18/83	09/07/83	
				AUX-2=	2125	LATE - 02/26/85	03/15/85	
				JOBCD=	63	ACTUAL-		
						TOTAL/FREE FLOAT = 382 / 0		
3200	3400	30	0%	RESP.=	COM	Public Notice Issued		
				AUX-1=	2000	EARLY - 08/18/83	09/29/83	
				AUX-2=	4005	LATE - 04/04/86	05/15/86	
				JOBCD=	63	ACTUAL-		
						TOTAL/FREE FLOAT = 661 / 0		
3200	3505	100	0%	RESP.=	LAB	Freile. Sat&Adeq. Rev. Com.		
				AUX-1=	2000	EARLY - 08/18/83	01/12/84	
				AUX-2=	5050	LATE - 02/26/85	07/17/85	
				JOBCD=	63	ACTUAL-		
						TOTAL/FREE FLOAT = 382 / 0		
3200	3557	104	0%	RESP.=	FER	Prelim. Trans. Line Rev. Com		
				AUX-1=	2001	EARLY - 08/18/83	01/18/84	
				AUX-2=	5575	LATE - 03/12/85	08/06/85	
				JOBCD=	63	ACTUAL-		
						TOTAL/FREE FLOAT = 392 / 0		
3205	3410	21	0%	RESP.=	APA	Appl. Dis. Appl. to Rev. Agen.		
				AUX-1=	2050	EARLY - 09/02/83	10/03/83	
				AUX-2=	4100	LATE - 03/13/85	04/10/85	
				JOBCD=	63	ACTUAL-		
						TOTAL/FREE FLOAT = 382 / 0		
3212	4240	100	0%	RESP.=	LAB	Sec. of DEIS Prepared		
				AUX-1=	2125	EARLY - 09/08/83	02/01/84	
				AUX-2=	2400	LATE - 03/18/85	08/06/85	
				JOBCD=	63	ACTUAL-		
						TOTAL/FREE FLOAT = 382 / 0		

SNODE	ENODE	DUR	%CP			START	FINISH	STATUS
3400	3402	40	0%	RESP.= FER		Pub. Com.End-Inter M&M Rec.		
				AUX-1= 4005		EARLY - 07/30/83	11/27/83	
				AUX-2= 4025		LATE - 05/16/86	07/14/86	
				JOBCD= 63		ACTUAL-		
						TOTAL/FREE FLOAT = 661 / 0		
3402	3405	15	0%	RESP.= FER		Interventions Granted		
				AUX-1= 4025		EARLY - 11/30/83	12/20/83	
				AUX-2= 4050		LATE - 07/15/86	08/06/86	
				JOBCD= 63		ACTUAL-		
						TOTAL/FREE FLOAT = 661 / 0		
3405	5600	0	0%	RESP.= DUM		Linkage Only		
				AUX-1= 4050		EARLY - 12/21/83	12/21/83	
				AUX-2= 6000		LATE - 08/05/86	08/05/86	
				JOBCD=		ACTUAL-		
						TOTAL/FREE FLOAT = 661 / 279		
3410	3450	63	0%	RESP.= COM		Com. Rec. by FERC and Appl.		
				AUX-1= 4100		EARLY - 10/04/83	01/05/84	
				AUX-2= 4500		LATE - 04/11/85	07/10/85	
				JOBCD= 62		ACTUAL-		
						TOTAL/FREE FLOAT = 382 / 0		
3450	3500	42	0%	RESP.= APA *		App. Response to Agen. Com.		
				AUX-1= 4500		EARLY - 01/06/84	03/06/84	
				AUX-2= 5000		LATE - 07/11/85	09/09/85	
				JOBCD= 62		ACTUAL-		
						TOTAL/FREE FLOAT = 382 / 0		
3450	3505	0	0%	RESP.= DUM		Linkage Only		
				AUX-1= 4500		EARLY - 01/06/84	01/06/84	
				AUX-2= 5050		LATE - 07/18/85	07/18/85	
				JOBCD=		ACTUAL-		
						TOTAL/FREE FLOAT = 387 / 5		
3500	4244	0	0%	RESP.= DUM		Linkage Only		
				AUX-1= 5000		EARLY - 03/07/84	03/07/84	
				AUX-2= 2440		LATE - 12/16/85	12/16/85	
				JOBCD=		ACTUAL-		
						TOTAL/FREE FLOAT = 448 / 66		
3500	5600	227	0%	RESP.= FER		Staff Analysis Completed		
				AUX-1= 5000		EARLY - 03/07/84	01/29/85	
				AUX-2= 6000		LATE - 09/10/85	08/04/86	
				JOBCD= 62		ACTUAL-		
						TOTAL/FREE FLOAT = 382 / 0		
3505	3506	14	0%	RESP.= LAB		Labs Prep. Draft of Impact		
				AUX-1= 5050		EARLY - 01/13/84	02/01/84	
				AUX-2= 5060		LATE - 07/18/85	08/06/85	
				JOBCD= 63		ACTUAL-		
						TOTAL/FREE FLOAT = 382 / 0		

SNODE	ENODE	DUR	%CP			START	FINISH	STATUS
3506	4240	0	0%	RESP.=	DUM	Linkage Only		
				AUX-1=	5060	EARLY - 02/02/84	02/02/84	
				AUX-2=	2400	LATE - 08/07/85	08/07/85	
				JOBCD=		ACTUAL-		
						TOTAL/FREE FLOAT = 382 / 0		
3557	4240	0	0%	RESP.=	DUM	Linkage Only		
				AUX-1=	5575	EARLY - 01/19/84	01/19/84	
				AUX-2=	2400	LATE - 08/07/85	08/07/85	
				JOBCD=		ACTUAL-		
						TOTAL/FREE FLOAT = 392 / 10		
3797	7800	0	0%	RESP.=	DUM	Linkage to Project End		
				AUX-1=	7975	EARLY - 08/18/83	08/18/83	
				AUX-2=	8000	LATE - 12/13/86	12/13/86	
				JOBCD=		ACTUAL-		
						TOTAL/FREE FLOAT = 836 / 0		
4240	4244	87	0%	RESP.=	FER	DEIS Prepared		
				AUX-1=	2400	EARLY - 02/02/84	06/07/84	
				AUX-2=	2440	LATE - 08/07/85	12/13/85	
				JOBCD=	63	ACTUAL-		
						TOTAL/FREE FLOAT = 382 / 0		
4244	4245	5	0%	RESP.=	FER	DEIS Markup Rev.& Pub.		
				AUX-1=	2440	EARLY - 06/08/84	06/14/84	
				AUX-2=	2450	LATE - 12/16/85	12/20/85	
				JOBCD=	63	ACTUAL-		
						TOTAL/FREE FLOAT = 392 / 0		
4244	4601	6	0%	RESP.=	FER	Dft. Hrg. Ord. Need for Power		
				AUX-1=	2440	EARLY - 06/08/84	06/15/84	
				AUX-2=	6012	LATE - 06/13/86	06/20/86	
				JOBCD=	63	ACTUAL-		
						TOTAL/FREE FLOAT = 507 / 0		
4245	4260	9	0%	RESP.=	FER	DEIS Notice In Fed. Reg.		
				AUX-1=	2450	EARLY - 06/15/84	06/27/84	
				AUX-2=	2600	LATE - 12/23/85	01/06/86	
				JOBCD=	63	ACTUAL-		
						TOTAL/FREE FLOAT = 382 / 0		
4260	4261	28	0%	RESP.=	FER	Pub. Com. Ends-Pet.&Mat Rec.		
				AUX-1=	2600	EARLY - 06/28/84	08/07/84	
				AUX-2=	2610	LATE - 01/07/86	02/13/86	
				JOBCD=	63	ACTUAL-		
						TOTAL/FREE FLOAT = 382 / 0		
4260	4265	42	0%	RESP.=	FER	Com. Received from Rev. Agen		
				AUX-1=	2600	EARLY - 06/28/84	08/27/84	
				AUX-2=	2650	LATE - 01/07/86	02/06/86	
				JOBCD=	63	ACTUAL-		
						TOTAL/FREE FLOAT = 382 / 0		

SNODE	ENODE	DUR	%CP		START	FINISH	STATUS
4261	4263	14	0%	RESP.= FER	Intervention Granted		
				AUX-1= 2610	EARLY - 08/08/84	08/27/84	
				AUX-2= 2630	LATE - 02/14/86	03/06/86	
				JOBCD= 63	ACTUAL-		
					TOTAL/FREE FLOAT = 382 / 0		
4263	4265	0	0%	RESP.= DUM	Linkage Only		
				AUX-1= 2630	EARLY - 08/28/84	08/28/84	
				AUX-2= 2650	LATE - 03/07/86	03/07/86	
				JOBCD=	ACTUAL-		
					TOTAL/FREE FLOAT = 382 / 0		
4265	4510	49	0%	RESP.= FER	Prep. Res. to Com.& Ref. DEIS		
				AUX-1= 2650	EARLY - 08/28/84	11/06/84	
				AUX-2= 5100	LATE - 04/08/86	06/16/86	
				JOBCD= 63	ACTUAL-		
					TOTAL/FREE FLOAT = 404 / 0		
4265	4558	49	0%	RESP.= FER	ISIB Final. FEIS Text Rev.		
				AUX-1= 2650	EARLY - 08/28/84	11/06/84	
				AUX-2= 5587	LATE - 04/08/86	06/16/86	
				JOBCD= 63	ACTUAL-		
					TOTAL/FREE FLOAT = 404 / 0		
4265	5280	71	0%	RESP.= FER	FEIS Prepared		
				AUX-1= 2650	EARLY - 08/28/84	12/10/84	
				AUX-2= 2800	LATE - 03/07/86	06/16/86	
				JOBCD= 63	ACTUAL-		
					TOTAL/FREE FLOAT = 382 / 0		
4510	4515	21	0%	RESP.= FER	HA Memo of Spec. Lic. Con.		
				AUX-1= 5100	EARLY - 11/07/84	12/07/84	
				AUX-2= 5150	LATE - 08/26/86	09/24/86	
				JOBCD= 63	ACTUAL-		
					TOTAL/FREE FLOAT = 453 / 0		
4510	5280	0	0%	RESP.= DUM	Linkage Only		
				AUX-1= 5100	EARLY - 11/07/84	11/07/84	
				AUX-2= 2800	LATE - 06/17/86	06/17/86	
				JOBCD=	ACTUAL-		
					TOTAL/FREE FLOAT = 404 / 22		
4515	5747	0	0%	RESP.= DUM	Linkage Only		
				AUX-1= 5150	EARLY - 12/10/84	12/10/84	
				AUX-2= 7478	LATE - 09/25/86	09/25/86	
				JOBCD=	ACTUAL-		
					TOTAL/FREE FLOAT = 453 / 71		
4558	4560	30	0%	RESP.= FER	Trans. Line Rept.& ISIB Memo		
				AUX-1= 5587	EARLY - 11/07/84	12/20/84	
				AUX-2= 5600	LATE - 08/13/86	09/24/86	
				JOBCD= 63	ACTUAL-		
					TOTAL/FREE FLOAT = 444 / 0		

SNODE	ENODE	DUR	%CP			START	FINISH	STATUS
4558	5280	0	0%	RESP.= DUM		Linkage Only		
				AUX-1= 5587		EARLY - 11/07/84	11/07/84	
				AUX-2= 2800		LATE - 06/17/86	06/17/86	
				JOBCD=		ACTUAL-		
						TOTAL/FREE FLOAT = 404 / 22		
4560	5747	0	0%	RESP.= DUM		Linkage Only		
				AUX-1= 5600		EARLY - 12/21/84	12/21/84	
				AUX-2= 7478		LATE - 09/25/86	09/25/86	
				JOBCD=		ACTUAL-		
						TOTAL/FREE FLOAT = 444 / 62		
4601	4605	9	0%	RESP.= FER		Hearing Proc. Ordered by Com.		
				AUX-1= 6012		EARLY - 06/18/84	06/28/84	
				AUX-2= 6052		LATE - 06/23/86	07/03/86	
				JOBCD= 63		ACTUAL-		
						TOTAL/FREE FLOAT = 507 / 0		
4605	4620	22	0%	RESP.= COM		Prehearing Conf. Held		
				AUX-1= 6052		EARLY - 06/29/84	07/31/84	
				AUX-2= 6202		LATE - 07/07/86	08/05/86	
				JOBCD= 63		ACTUAL-		
						TOTAL/FREE FLOAT = 507 / 0		
4620	4630	14	0%	RESP.= FER		Discovery Period Completed		
				AUX-1= 6202		EARLY - 08/01/84	08/20/84	
				AUX-2= 6302		LATE - 08/06/86	08/25/86	
				JOBCD= 63		ACTUAL-		
						TOTAL/FREE FLOAT = 507 / 0		
4630	4631	14	0%	RESP.= COM		Admin. Hearing Conducted		
				AUX-1= 6302		EARLY - 08/21/84	09/10/84	
				AUX-2= 6377		LATE - 08/26/86	09/15/86	
				JOBCD= 63		ACTUAL-		
						TOTAL/FREE FLOAT = 507 / 0		
4631	4647	8	0%	RESP.= COM		All Initial Briefs Filed		
				AUX-1= 6377		EARLY - 09/11/84	09/20/84	
				AUX-2= 6477		LATE - 09/16/86	09/25/86	
				JOBCD= 63		ACTUAL-		
						TOTAL/FREE FLOAT = 507 / 0		
4647	4667	7	0%	RESP.= COM		All Reply Briefs Filed		
				AUX-1= 6477		EARLY - 09/21/84	10/01/84	
				AUX-2= 6677		LATE - 09/26/86	10/06/86	
				JOBCD= 63		ACTUAL-		
						TOTAL/FREE FLOAT = 507 / 0		
4667	4670	20	0%	RESP.= FER		ALJ Init. Decision Issued		
				AUX-1= 6677		EARLY - 10/02/84	10/30/84	
				AUX-2= 6702		LATE - 10/07/86	11/04/86	
				JOBCD= 63		ACTUAL-		
						TOTAL/FREE FLOAT = 507 / 0		

SNODE	ENODE	DUR	%CP		START	FINISH	STATUS
4670	4680	13	0%	RESP.= APA	All Exception Briefs Filed		
				AUX-1= 6702	EARLY - 10/31/84	11/19/84	
				AUX-2= 6802	LATE - 11/05/86	11/24/86	
				JOBCD= 63	ACTUAL-		
					TOTAL/FREE FLOAT = 507 / 0		
4680	4690	8	0%	RESP.= FER	All Reply Except. Briefs Filed		
				AUX-1= 6802	EARLY - 11/20/84	11/30/84	
				AUX-2= 6902	LATE - 11/25/86	12/05/86	
				JOBCD= 63	ACTUAL-		
					TOTAL/FREE FLOAT = 507 / 0		
4690	5690	0	0%	RESP.= DUM	Linkage Only		
				AUX-1= 6902	EARLY - 12/03/84	12/03/84	
				AUX-2= 6900	LATE - 12/08/86	12/09/86	
				JOBCD=	ACTUAL-		
					TOTAL/FREE FLOAT = 507 / 61		
5280	5290	25	0%	RESP.= FER	FEIS Mark-up Rev.& Pub.		
				AUX-1= 2800	EARLY - 12/11/84	01/16/85	
				AUX-2= 2700	LATE - 06/17/86	07/22/86	
				JOBCD= 63	ACTUAL-		
					TOTAL/FREE FLOAT = 382 / 0		
5290	5300	9	0%	RESP.= FER	FEIS Notice In Fed. Reg.		
				AUX-1= 2700	EARLY - 01/17/85	01/29/85	
				AUX-2= 3000	LATE - 07/23/86	08/04/86	
				JOBCD= 63	ACTUAL-		
					TOTAL/FREE FLOAT = 382 / 0		
5300	5350	15	0%	RESP.= FER	EA Memo of Spec. Lic. Con.		
				AUX-1= 3000	EARLY - 01/30/85	02/20/85	
				AUX-2= 3500	LATE - 09/04/86	09/24/86	
				JOBCD= 63	ACTUAL-		
					TOTAL/FREE FLOAT = 403 / 0		
5300	5600	0	0%	RESP.= DUM	Linkage Only		
				AUX-1= 3000	EARLY - 01/30/85	01/30/85	
				AUX-2= 6000	LATE - 08/05/86	08/05/86	
				JOBCD=	ACTUAL-		
					TOTAL/FREE FLOAT = 382 / 0		
5350	5747	0	0%	RESP.= DUM	Linkage Only		
				AUX-1= 3500	EARLY - 02/21/85	02/21/85	
				AUX-2= 7478	LATE - 09/25/86	09/25/86	
				JOBCD=	ACTUAL-		
					TOTAL/FREE FLOAT = 403 / 21		
5600	5601	11	0%	RESP.= FER	Draft Hear.Order Prep.on Env.		
				AUX-1= 6000	EARLY - 01/30/85	02/13/85	
				AUX-2= 6010	LATE - 08/05/86	08/19/86	
				JOBCD= 73	ACTUAL-		
					TOTAL/FREE FLOAT = 382 / 0		

SNODE	ENODE	DUR	%CP			START	FINISH	STATUS
5601	5602	10	0%	RESP.=	FER	Commission Meeting		
				AUX-1=	6010	EARLY - 02/14/85	02/28/85	
				AUX-2=	6025	LATE - 08/20/86	09/03/86	
				JOBCD=	73	ACTUAL-		
						TOTAL/FREE FLOAT = 382 / 0		
5602	5605	0	0%	RESP.=	FER	Hear. Process Ord. by Com.		
				AUX-1=	6025	EARLY - 03/01/85	03/01/85	
				AUX-2=	6050	LATE - 12/08/86	12/08/86	
				JOBCD=	73	ACTUAL-		
						TOTAL/FREE FLOAT = 446 / 0		
5602	5747	15	0%	RESP.=	FER	Dft. Power Memo. Prepared		
				AUX-1=	6025	EARLY - 03/01/85	03/21/85	
				AUX-2=	7178	LATE - 09/04/86	09/24/86	
				JOBCD=	71	ACTUAL-		
						TOTAL/FREE FLOAT = 382 / 0		
5605	5620	0	0%	RESP.=	COM	Prehear. Con. Held		
				AUX-1=	6050	EARLY - 03/01/85	03/01/85	
				AUX-2=	6200	LATE - 12/08/86	12/09/86	
				JOBCD=	73	ACTUAL-		
						TOTAL/FREE FLOAT = 446 / 0		
5620	5630	0	0%	RESP.=	FER	Discovery Period Completed		
				AUX-1=	6200	EARLY - 03/01/85	03/01/85	
				AUX-2=	6300	LATE - 12/08/86	12/08/86	
				JOBCD=	73	ACTUAL-		
						TOTAL/FREE FLOAT = 446 / 0		
5630	5637	0	0%	RESP.=	COM	Adm. Hearing Conducted		
				AUX-1=	6300	EARLY - 03/01/85	03/01/85	
				AUX-2=	6375	LATE - 12/08/86	12/08/86	
				JOBCD=	73	ACTUAL-		
						TOTAL/FREE FLOAT = 446 / 0		
5637	5647	0	0%	RESP.=	COM	All Initial Briefs Filed		
				AUX-1=	6375	EARLY - 03/01/85	03/01/85	
				AUX-2=	6475	LATE - 12/08/86	12/08/86	
				JOBCD=	73	ACTUAL-		
						TOTAL/FREE FLOAT = 446 / 0		
5647	5667	0	0%	RESP.=	COM	All Reply Briefs Filed		
				AUX-1=	6475	EARLY - 03/01/85	03/01/85	
				AUX-2=	6675	LATE - 12/08/86	12/08/86	
				JOBCD=	73	ACTUAL-		
						TOTAL/FREE FLOAT = 446 / 0		
5667	5670	0	0%	RESP.=	FER	ALJ Initial Dec. Issued		
				AUX-1=	6675	EARLY - 03/01/85	03/01/85	
				AUX-2=	6700	LATE - 12/08/86	12/08/86	
				JOBCD=	73	ACTUAL-		
						TOTAL/FREE FLOAT = 446 / 0		

SNODE	ENODE	DUR	%CP		START	FINISH	STATUS
5670	5680	0	0%	RESP.= APA *	All Exception Briefs Filed		
				AUX-1= 6700	EARLY - 03/01/85	03/01/85	
				AUX-2= 6800	LATE - 12/08/86	12/08/86	
				JOBCD= 73	ACTUAL-		
					TOTAL/FREE FLOAT = 446 / 0		
5680	5690	0	0%	RESP.= FER	All Reply Ex. Briefs Filed		
				AUX-1= 6800	EARLY - 03/01/85	03/01/85	
				AUX-2= 6900	LATE - 12/08/86	12/08/86	
				JOBCD= 73	ACTUAL-		
					TOTAL/FREE FLOAT = 446 / 0		
5690	6717	0	0%	RESP.= FER	Order Drafted by OOR		
				AUX-1= 6900	EARLY - 03/01/85	03/01/85	
				AUX-2= 7175	LATE - 12/08/86	12/08/86	
				JOBCD= 72	ACTUAL-		
					TOTAL/FREE FLOAT = 446 / 0		
5692	5694	22	0%	RESP.=	Reply Comments Due		
				AUX-1= 6920	EARLY - 04/15/83	05/16/83	
				AUX-2= 6940	LATE - 08/05/86	09/04/86	
				JOBCD= 73	ACTUAL-		
					TOTAL/FREE FLOAT = 833 / 0		
5694	5717	14	0%	RESP.= FER	Draft Power Mem. Prepared		
				AUX-1= 6940	EARLY - 05/17/83	06/06/83	
				AUX-2= 7178	LATE - 09/05/86	09/24/86	
				JOBCD= 73	ACTUAL-		
					TOTAL/FREE FLOAT = 833 / 0		
5717	5720	16	0%	RESP.= FER	PUR Memo Issued		
				AUX-1= 7178	EARLY - 06/07/83	06/28/83	
				AUX-2= 7200	LATE - 09/26/86	10/20/86	
				JOBCD= 73	ACTUAL-		
					TOTAL/FREE FLOAT = 834 / 0		
5717	5721	17	0%	RESP.= FER	Prelim. Draft of Order Prep.		
				AUX-1= 7178	EARLY - 06/07/83	06/29/83	
				AUX-2= 7210	LATE - 09/25/86	10/20/86	
				JOBCD= 73	ACTUAL-		
					TOTAL/FREE FLOAT = 833 / 0		
5720	5721	0	0%	RESP.= DUM	Linkage Only		
				AUX-1= 7200	EARLY - 06/29/83	06/29/83	
				AUX-2= 7210	LATE - 10/21/86	10/21/86	
				JOBCD= 73	ACTUAL-		
					TOTAL/FREE FLOAT = 834 / 1		
5721	6730	18	0%	RESP.= FER	Draft Order Prepared		
				AUX-1= 7210	EARLY - 06/30/83	07/26/83	
				AUX-2= 7300	LATE - 10/21/86	11/14/86	
				JOBCD= 73	ACTUAL-		
					TOTAL/FREE FLOAT = 833 / 0		

SNODE	ENODE	DUR	%CP			START	FINISH	STATUS
5747	6720	16	0%	RESP.=	FER	Power Memo Issued		
				AUX-1=	7178	EARLY - 03/22/85	04/12/85	
				AUX-2=	7200	LATE - 09/26/86	10/20/86	
				JOBCD=	71	ACTUAL-		
						TOTAL/FREE FLOAT = 383 / 0		
5747	6721	17	0%	RESP.=	FER	Prelim. Dft. of Order Prepared		
				AUX-1=	7178	EARLY - 03/22/85	04/15/85	
				AUX-2=	7210	LATE - 09/25/86	10/20/86	
				JOBCD=	73	ACTUAL-		
						TOTAL/FREE FLOAT = 362 / 0		
6717	7750	0	0%	RESP.=	FER	Init. Considered on Agenda		
				AUX-1=	7175	EARLY - 03/01/85	03/01/85	
				AUX-2=	7500	LATE - 12/08/86	12/08/86	
				JOBCD=	72	ACTUAL-		
						TOTAL/FREE FLOAT = 446 / 64		
6720	6721	0	0%	RESP.=	DUM	Linkage Only		
				AUX-1=	7200	EARLY - 04/15/85	04/15/85	
				AUX-2=	7210	LATE - 10/21/86	10/21/86	
				JOBCD=		ACTUAL-		
						TOTAL/FREE FLOAT = 383 / 1		
6721	7730	18	0%	RESP.=	FER	Draft Order Prepared		
				AUX-1=	7210	EARLY - 04/16/85	05/09/85	
				AUX-2=	7300	LATE - 10/21/86	11/14/86	
				JOBCD=	73	ACTUAL-		
						TOTAL/FREE FLOAT = 382 / 0		
6730	7750	14	0%	RESP.=	FER	Init. Considered on Agenda		
				AUX-1=	7300	EARLY - 07/27/83	08/15/83	
				AUX-2=	7500	LATE - 11/17/86	12/05/86	
				JOBCD=	72	ACTUAL-		
						TOTAL/FREE FLOAT = 833 / 451		
7730	7750	14	0%	RESP.=	FER	Init. Considered on Agenda		
				AUX-1=	7300	EARLY - 05/10/85	05/30/85	
				AUX-2=	7500	LATE - 11/17/86	12/05/86	
				JOBCD=	72	ACTUAL-		
						TOTAL/FREE FLOAT = 382 / 0		
7750	7000	5	0%	RESP.=	FER	Commission Order Issued		
				AUX-1=	7500	EARLY - 05/31/85	06/06/85	
				AUX-2=	8000	LATE - 12/08/86	12/12/86	
				JOBCD=	72	ACTUAL-		
						TOTAL/FREE FLOAT = 382 / 0		

SUSITNA PROJECT LICENSING (SCENERIO B2)

CALCULATIONS BASED ON USING ACTUAL START/FINISH DATE LOGIC AND DESIRED FINISH DATE CONTROL

TOTAL ACTUAL COST = 0
TOTAL PAYMENTS = 0

OVER / UNDER = 0

START/END DATES : 02/28/83 12/12/86
CUSTOMER : A.P.A.
DAYS PER WEEK : 5
SORT PARAMETERS = / /

PROJECT MGR : Robert A. Mohn
LAST PAYMENT DATE :
BURDEN % : 0

HOLIDAYS OMITTED

STARTS	LENGTH	DESCRIPTION
05/30/83	1	Memorial Day
07/04/83	1	July 4th
09/05/83	1	Labor Day
10/10/83	1	Columbus Day
11/11/83	1	Veteran's Day
11/24/83	1	Thanksgiving
12/26/83	1	Christmas
01/02/84	1	New Years
02/20/84	1	Washington's Birthday
05/28/84	1	Memorial Day
07/04/84	1	July 4th
09/03/84	1	Labor Day
10/08/84	1	Columbus Day
11/12/84	1	Veteran's Day
11/22/84	1	Thanksgiving
12/26/84	1	Christmas
01/01/85	1	New Years
02/18/85	1	Washington's Birthday
05/27/85	1	Memorial Day
07/04/85	1	July 4th
09/02/85	1	Labor Day
10/14/85	1	Columbus Day
11/11/85	1	Veteran's Day
11/28/85	1	Thanksgiving
12/25/85	1	Christmas
01/01/86	1	New Year
02/17/86	1	Washington's Birthday
05/26/86	1	Memorial Day
07/04/86	1	July 4th
09/01/86	1	Labor Day
10/13/86	1	Columbus Day
11/11/86	1	Veteran's Day
11/27/86	1	Thanksgiving

Alaska State Legislature

Barbara Lscher, Chairman
Mae Tischer, Vice-Chairman
Randy Phillips
Milo Fritz
Don Clocksin
Jack McBride
Mike Szymanski

Room 104
State Capitol
Juneau, Alaska 99811

Pouch V
Juneau, Alaska 99811

House of Representatives
Committee on Community & Regional Affairs

TO: Representative John Ringstad
Co-Chairman of House Resources Committee

FROM: Representative Barbara Lacher
Chair of House Community and Regional Affairs Committee

DATE: April 11th, 1983

RE: House Bill 99, Susitna Hydroelectric

The Alaska Power Authority Board of Directors has recently revised their estimated funding requirements for FY 84 in order to continue work on Federal licensing requirements for the Susitna project.

The revised estimate is $22,000,000, to be used in approximately the following proportions:

CATEGORY ITEM	Amount ($ million)
Harza-Ebasco Contract	13.5
Includes:	
Project Management and Overhead	1.225
Conceptual Design	3.150
Environmental Program	5.600
Licensing and Agency Coordination	1.200
Public Participation	.125
Logistics	2.200
Department of Fish and Game	4.0
Includes:	
Aquatic Studies - Data Collection Program	3.0
Terestrial	1.0
U.S. Department of Geological Survey	.200
Includes:	
Hydrology Data Collection	.200

Legal Costs	.200
Includes:	
Support of FERC Licensing	.200
External Review Panel	.50
Includes:	
Consulting to APA	.50
Need for Power Hearings	1.0
Includes:	
Hearings before FERC	1.0
Power Authority Personnel and Related Costs	1.750
Includes:	
Staff, etc.	1.750
Contingency	1.300
Includes:	
Miscellaneous	1.300

Design work on the project will be delayed for one year at this level of funding. The above information was obtained from Robert Mohn of Eric Yould's office, Executive Director, Alaska Power Authroity, on April 11, 1983.

Alaska State Legislature

REPRESENTATIVE
BARBARA LACHER
P.O. BOX 478
PALMER, ALASKA 99645
(907) 376-4215

WHILE IN JUNEAU
POUCH V
JUNEAU, ALASKA 99811
(907) 465-4894

House of Representatives

TO: Representative John Ringstad
Co-Chairman of House Resources Committee

FROM: Representative Barbara Lacher
Chair of House Community and Regional Affairs

DATE: April 5, 1983

RE: House Bill 99, Susitna Hydroelectric.

The Alaska Power Authority Board of Directors has recently revised their estimated funding requirements for FY 84 in order to continue work on Federal licensing requirements for the Susitna project.

The revised estimate is $22,000,000, to be used in approximately the following proportions:

- Environmental studies and activities	55%
- Engineering	10%
- Economic analysis and fiscal impact	3%
- Licensing support and agency coordination	6%
- Program management and consultants	6%
- Alaska Power authority staff	8%
- Contingency	11%

Design work on the project will be delayed for one year at this level of funding. The above information was obtained from Robert Mohn of Eric Yould's office, Executive Director, Alaska Power Authority, on April 15, 1983.

Alaska State Legislature

REPRESENTATIVE
BARBARA LACHER
P.O. BOX 478
PALMER, ALASKA 99645
(907) 376-4215

WHILE IN JUNEAU
POUCH V
JUNEAU, ALASKA 99811
(907) 465-4894

House of Representatives

TO: Representative Ringstad
Chairman of House Resources Committee

FROM: Representative Lacher
Chair of House Community and Regional Affairs

DATE: April 1, 1983

RE: HB 99 - Appropriation for Susitna Hydroelectric Project.

Alaska Power Authority has requested $47 million for FY '84 in order to continue design and studies of the Susitna Hydroelectric project. I have attached a letter from Eric Yould, Executive Director of APA, which breaks out how the appropriation will be used.

The Susitna Hydroelectric Project Draft Summary Report, prepared by APA forecasts that railbelt energy demands could double by the year 2000 ...just seventeen years from now. APA also predicts that the costs of electricity will nearly triple between 1994 and 2010, if thermal energy, which is produced by coal or gas fired plants, is selected as an alternative to hydroelectricity. This is illustrated in the attached charts and graphs, taken from APA's draft Susitna Hydroelectric Summary Report.

On the other hand, Susitna could eventually produce cost advantages as high as $5.5 billion.

In order to continue the work necessary to receive licensing from the Federal Energy Regulatory Commission, Alaska Power Authority must complete studies of the environment, of the impact of the dams on fisheries and wildlife, and meet other licensing requirements. APA will also continue with engineering and design work.

In light of the great benefits Susitna Hydropower will bring to so many Alaskans, I strongly urge your support for House Bill 99.

Alaska State Legislature

REPRESENTATIVE
BARBARA LACHER
P.O. BOX 478
PALMER, ALASKA 99645
(907) 376-4215

WHILE IN JUNEAU
POUCH V
JUNEAU, ALASKA 99811
(907) 465-4894

House of Representatives

To: House Labor & Commerce Committee
From: Representative Barbara Lacher
Date: February 21, 1983
Subject: HB 99--Appropriation for Susitna Hydroelectric Project

Alaska Power Authority has requested $47 million for FY 84 in order to continue design and studies of the Susitna Hydroelectric project. I have attached a letter from Eric Yould, executive director of APA, which breaks out how the appropriation will be used.

The Susitna Hydroelectric Project Draft Summary Report, prepared by APA, forecasts that railbelt energy demands could double by the year 2000--just seventeen years from now. APA also predicts that the costs of electricity will nearly triple between 1994 and 2010, if thermal energy, which is produced by coal or gas fired plants, is selected as an alternative to hydroelectricity. This is illustrated in the attached charts and graphs, taken from APA's draft Susitna Hydroelectric Summary Report.

On the other hand, Susitna could eventually produce cost advantages as high as $5.5 billion.

In order to continue the work necessary to receive licensing from the Federal Energy Regulatory Commission, Alaska Power Authority must complete studies of the environment, of the impact of the dams on fisheries and wildlife, and meet other licensing requirements. APA will also continue with engineering and design work.

In light of the great benefits Susitna Hydropower will bring to so many Alaskans, I strongly urge your support for House Bill 99.

HB 77

ALASKA POWER AUTHORITY

334 WEST 5th AVENUE - ANCHORAGE, ALASKA 99501

Phone: (907) 277-7641
(907) 276-0001

January 27, 1983

The Honorable Barbara Lacher
House of Representatives
P.O. Box 30
Wasilla, Alaska 99687

Dear Representative Lacher:

Through your assistant you have asked for information relating to the Alaska Power Authority's $47 million FY84 request for the Susitna project.

The basis of the estimate follows:

Item:	Amount ($ Million)
Harza-Ebasco Contract - consultant	35.5
Site explorations, logistical support, licensing support, environmental analysis, detailed engineering and design.	
Alaska Department of Fish & Game	4.0
Fish and wildlife data collection program.	
Land Analysis and Acquisition	0.3
USGS Sediment Studies	0.2
External Review	0.2
Legal Support of FERC Licensing	0.2
USF&WS Support of Environmental Program	0.1
Design Review	1.0
Construction Manager Support	2.0
Transmission Facilities Design	2.0
Power Authority Personnel and Related Costs	1.5
Total	47.0

Over the next month, the basis of this estimate will be reviewed in light of the design contract presently under negotiation with Harza-Ebasco and the current outlook for project licensing.

Sincerely,

Eric P. Yould
Executive Director

cc: Commissioner Richard Lyon
Pete McDowell
David Wozniak

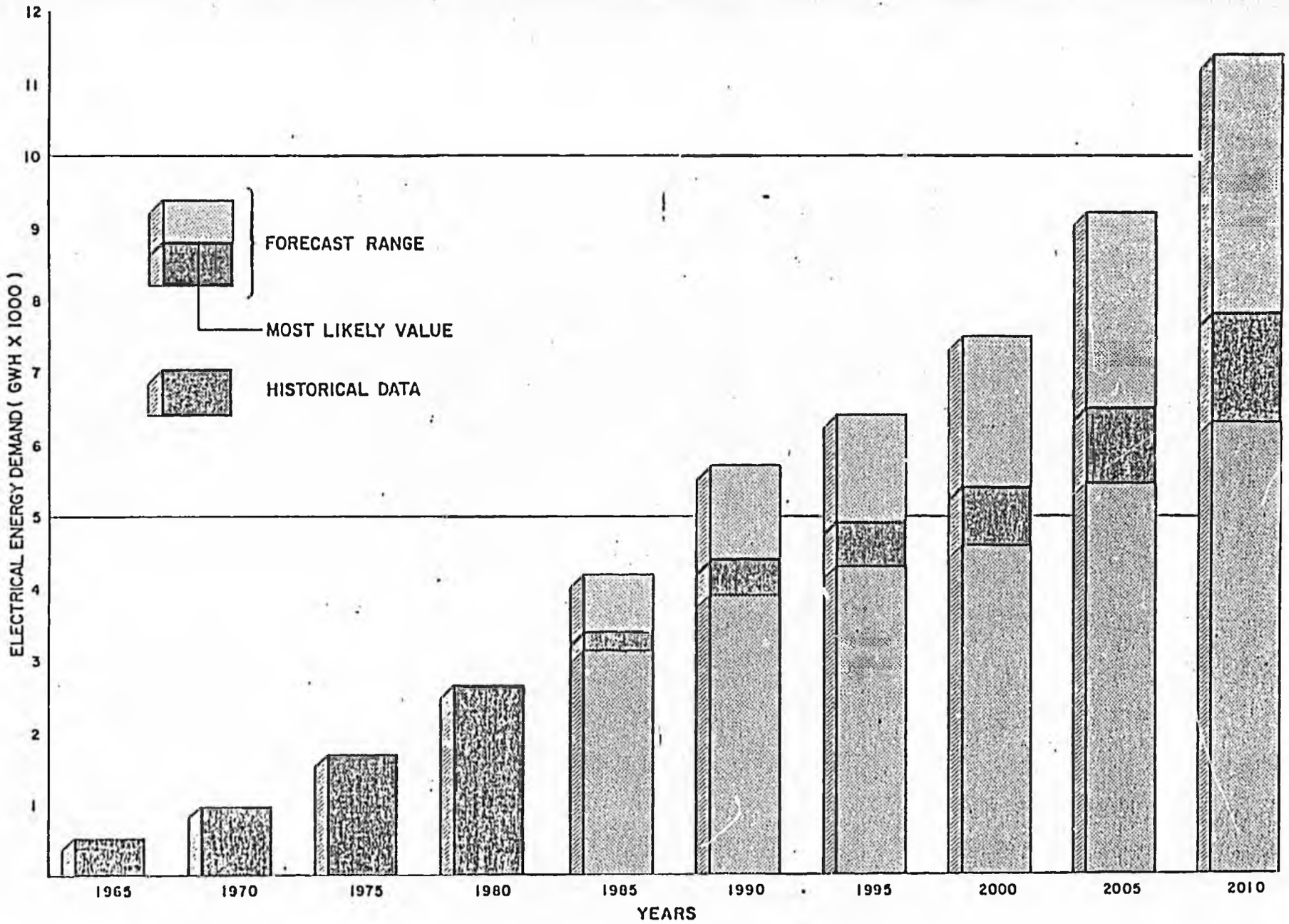
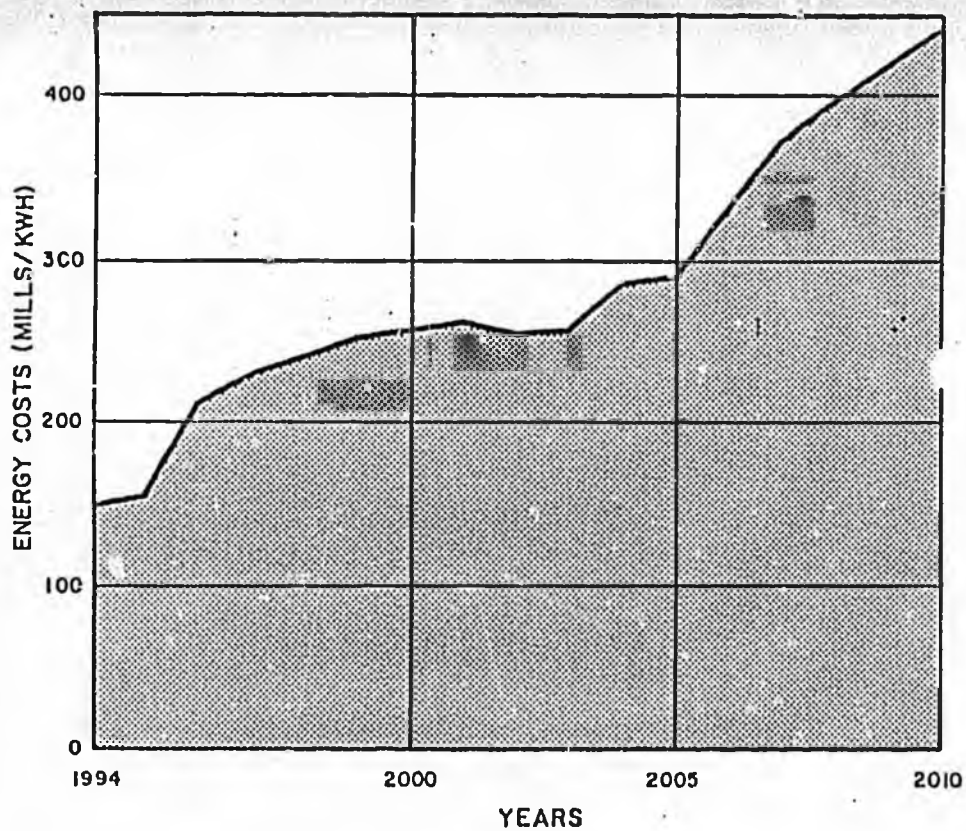
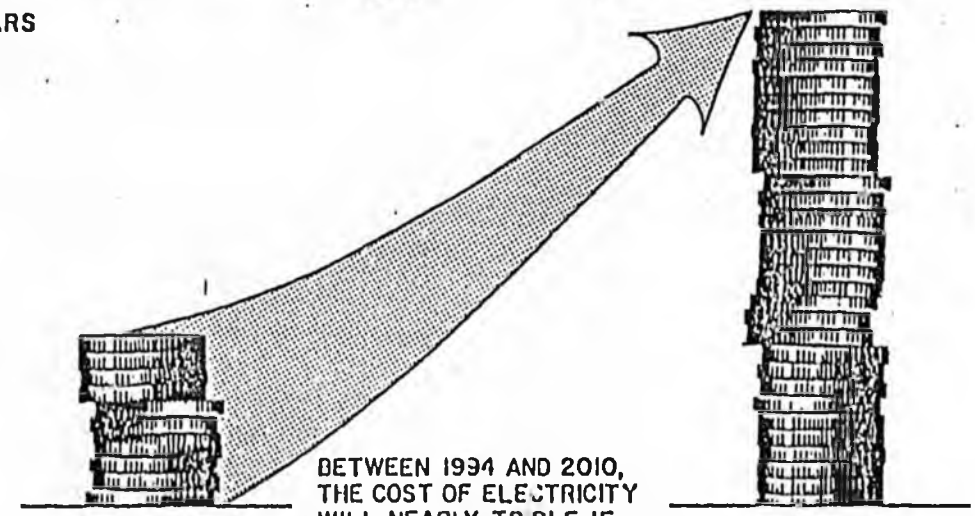


PLATE 3 | RAILBELT ENERGY DEMANDS





BETWEEN 1994 AND 2010, THE COST OF ELECTRICITY WILL NEARLY TRIPLE IF THE THERMAL ALTERNATIVE IS SELECTED

PLATE 5 | **ANNUAL COSTS - BASE CASE**

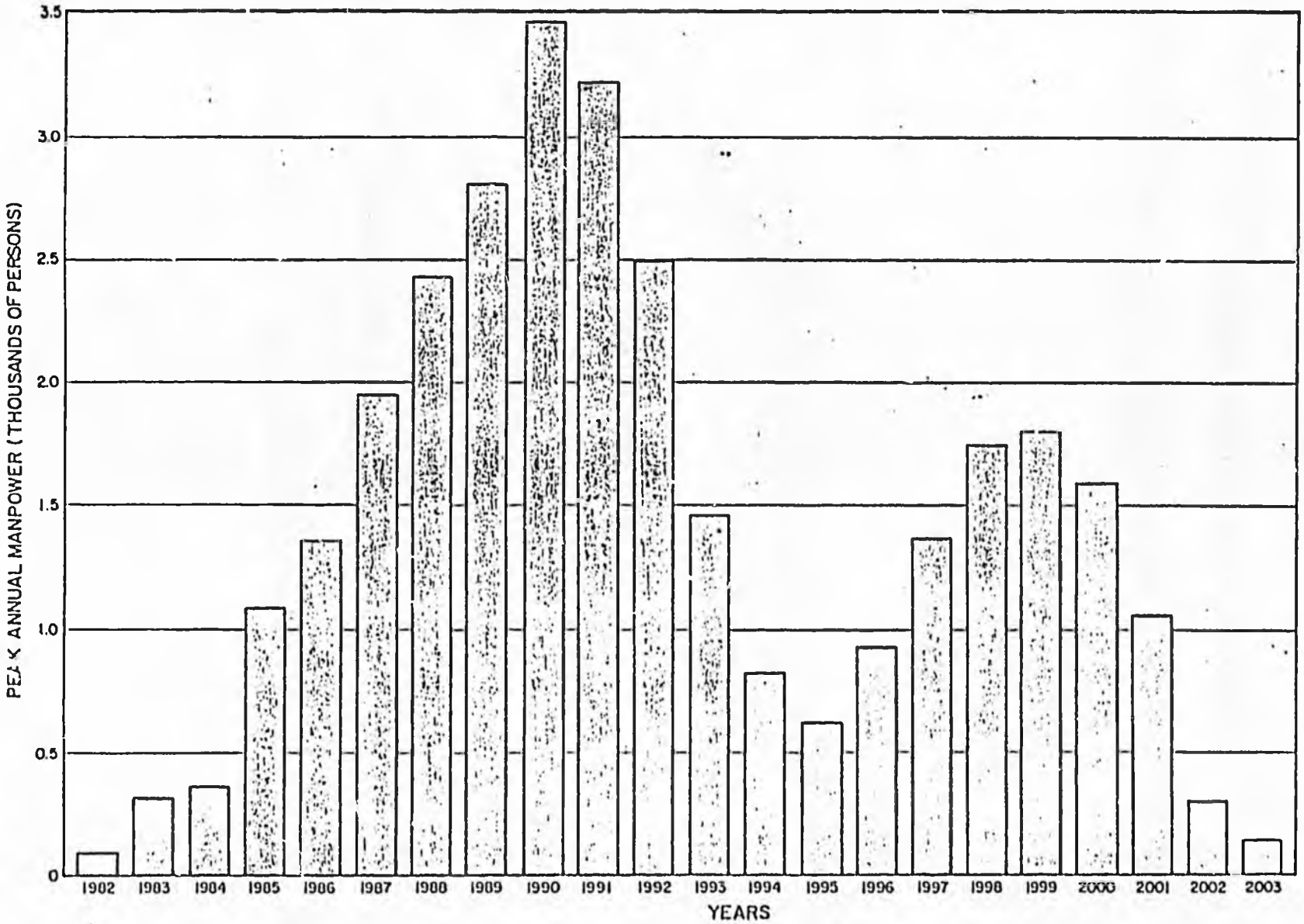
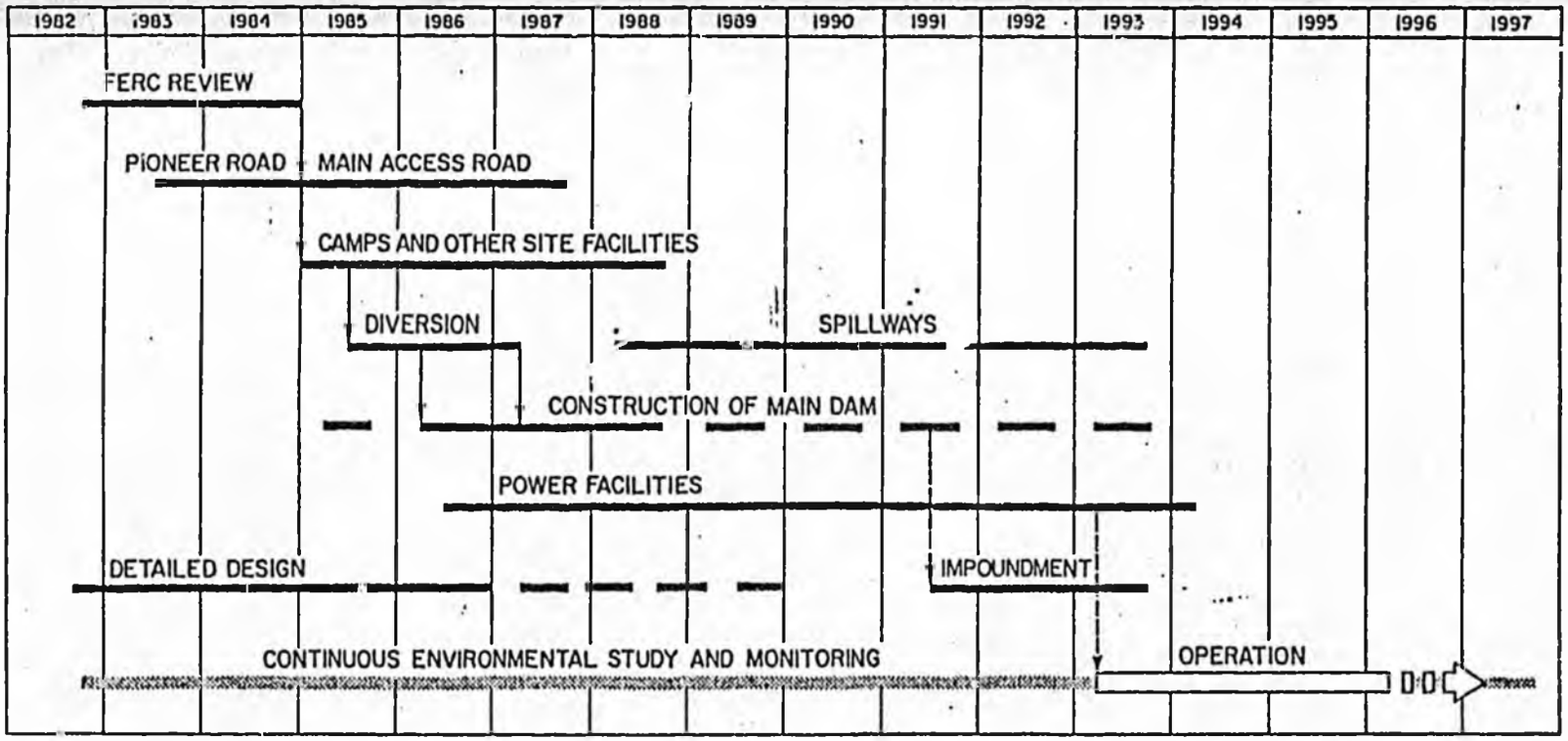


PLATE 17 | WORK FORCE

DEVIL CANYON



WATANA

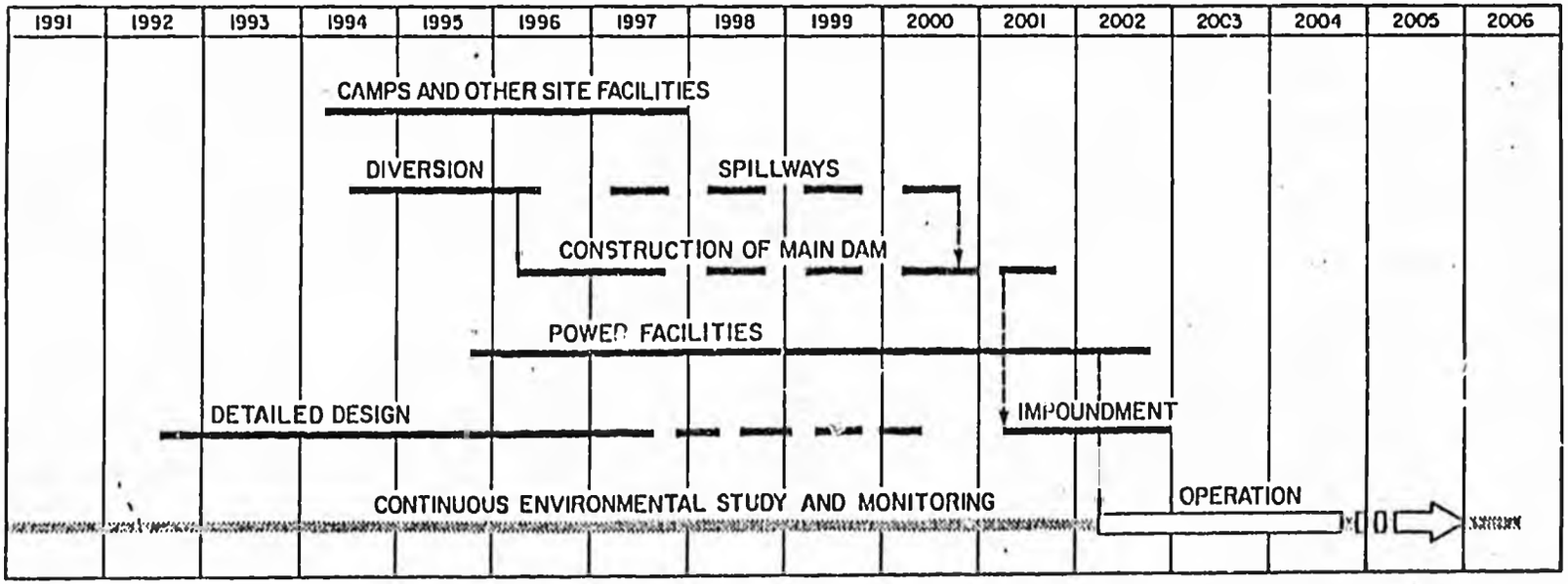


PLATE 16 | **PROJECT SCHEDULE**

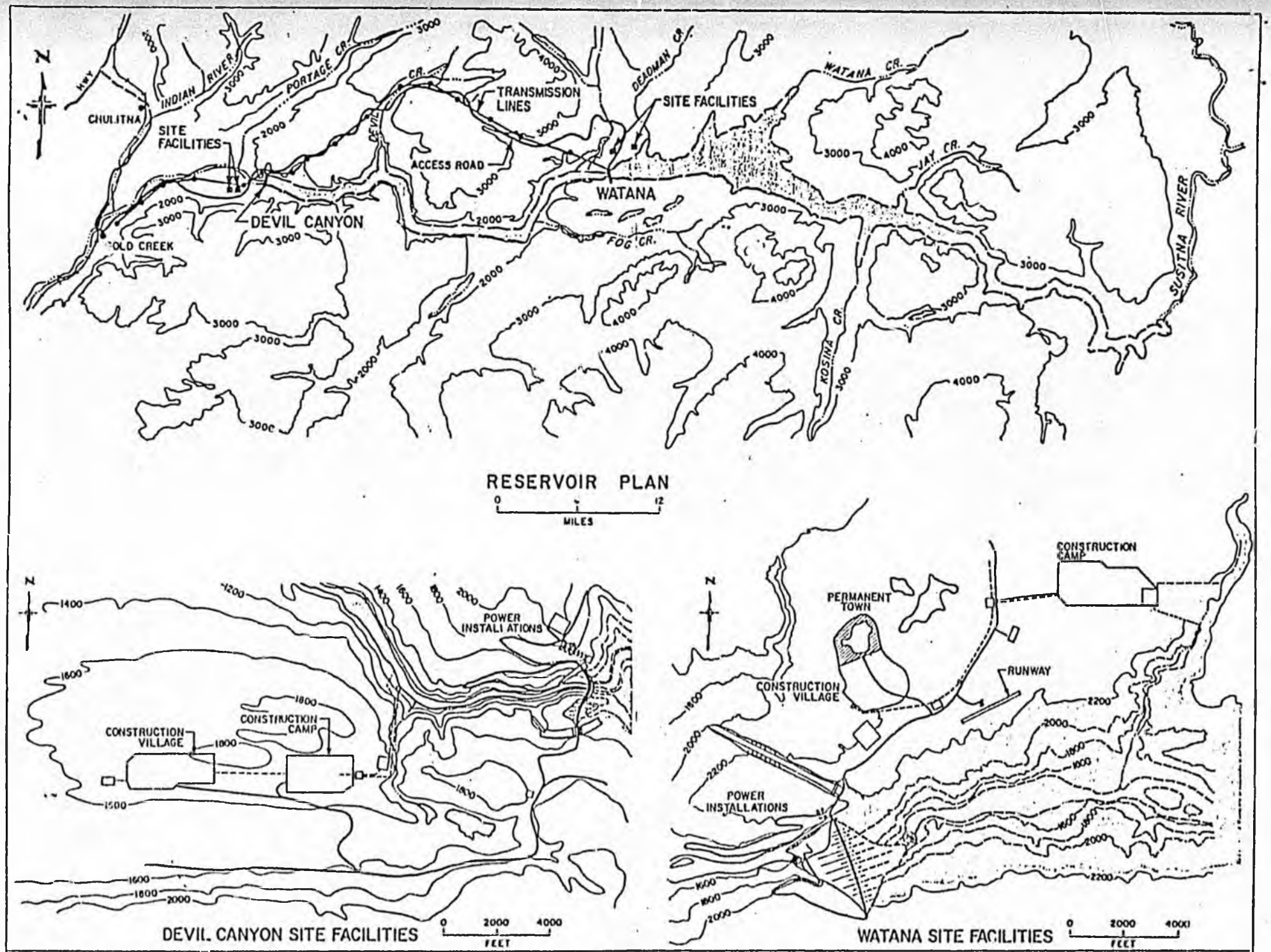


PLATE 9 | PREFERRED DEVELOPMENT PLAN

STATUS/SCOPE OF LEGISLATION

ISSUE: HB 99 Approp/APA/Susitna River Hydro Proj

SPONSORS: LACHER, HAYES TISCHER, LARSON, UEHLING

CURRENT STATUS: (Resources)

FISCAL IMPACT:

REPRESENTATIVE	A.Comm.Vote	B.Statutory/Tech.	C.Supp.-Memo	D.Opp.-Memo	E.Vote
ABOOD					
ADAMS					
BARNES					
BETTISWORTH					
BUSSEL					
CATO					
CLOCKSIN					
COWDERY	do pass				✓
DAVIS					
DUNCAN					
FLOOD					
FRITZ					
FULLER					
FURNACE	do pass				✓
GOLL					
GRUSSENDORF					
HAYES					✓
HERRMAN					
HURLBERT					
KOPONEN	No Rec.				
LACHER					✓
LARSON					✓
LINDAUER					
LISKA					
MALONE	do pass				✓
MARTN					
MCBRIDE					
MILLER					
MILLER(NP)					
PESTINGER					
PHILLIPS					
RINGSTAD	do pass				✓
SHULTZ					
SZYMANSKI					
TISCHER					✓
UEHLING	do pass				✓
VASKA					
WARD					
WENDTE	do pass				✓
ZHAROFF					

STATE OF ALASKA
FISCAL NOTE

Revision Date , 1983

I. REQUEST
Bill/Resolution No.: HCR 31
Title: River Commission
Sponsor: House Resources
Requestor: House Resources

II. FISCAL DETAIL
Agency Affected: Public Safety
Program Category Affected: Justice/NRMEC
BRU, Program of Subprogram(s) Affected: AST and FWP

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES		33.1	35.1	37.2	39.4	41.8
200 TRAVEL						
300 CONTRACTUAL		.6	.6	.7	.7	.8
400 COMMODITIES		1.0	1.1	1.1	1.2	1.3
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL OPERATING		34.7	36.8	39.0	41.3	43.9
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND		34.7	36.8	39.0	41.3	43.9
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						
STAFF MONTHS		5.6	5.6	5.6	5.6	5.6

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

Not identified.

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: Francis C. Allan / Capt. James Nutgrass Phone: 269-5691/269-5589
Division: Alaska State Troopers / Fish & Wildlife Prot. Date: 4-22-83

Approved by Commissioner: R. J. Sundberg Date: 4/27/83
Department: Public Safety

Distribution:
Original to Legislative Finance
Copy to Office of Management and Budget (for Legislature introduced bills)
Copy to Department (for Governor introduced bills)
Copy to Sponsor
Copy to Requestor (if different from Sponsor)

3/8/83

HCR31

ANALYSIS

The Division of Alaska State Troopers and Fish and Wildlife Protection have examined the "Final Statement Of Findings" of the Kenai River Task Force dated March 1983. This report recommends the following for the Department of Public Safety on page 31 of the report:

"Increase public safety patrols. Specifically, three new patrol officer positions should be created and funded; and they should be assigned to the (Kenai) River full time during June and July. Increased enforcement patrols could substantially reduce the conflicts."

While we would like to meet the recommendation of the Task Force, it is impractical to employ two full time officers all year and only work them on the Kenai River for two months. We believe that we can more economically provide a similar amount of coverage by receiving funding for additional overtime for our current staff plus some operating costs for the boats already available. These costs are summarized as follows:

	FWP	AST	DPS TOTAL
Personal Services - 500 hrs. overtime for FWP & 400 for AST @ - 76D	14,500	11,540	26,040
Benefits @ .2721	3,945	3,140	7,085
Subtotal	18,445	14,680	33,125
Contractual - Additional repair on boats/motors due to increased use	600		600
Commodities - Fuel, oil etc to operate current equipment	1,000		1,000
TOTAL	20,045	14,680	34,725

It should be noted that this fiscal note is submitted with the assumption that the River Commission will be issuing a minimum number of orders or regulations that would require direct law enforcement personnel involvement to assure that these requirements are followed. Should this not prove to be a correct assumption a substantially more sizeable fiscal impact would be required.

NOTE: 6% inflation factor has been calculated on all costs after FY'84.

ALASKA POWER AUTHORITY

TO: REPRESENTATIVE WENDTE 4/12/83

FROM: ERIC P. YOULD
Executive Director
Alaska Power Authority

SUBJECT: AS 44.83.398(b) 2

You have requested my views of proposed legislation to repeal AS 44.83.398 (b) 2. Repeal of this section is consistent with the policy of the Power Authority Board of Directors and Governor Sheffield. In fact, Governor Sheffield requested similar repeal by way of SB 168. Repeal of this section will only partially address the Utilities' and State's concerns. In my opinion while your legislative efforts are of value, the more comprehensive changes sought under SB 168 are critical to the interests of your constituents.

The following comments address AS 44.83.398(b) 2. This section will require a 10 percent return on all amounts invested in power projects if the legislature has not appropriated $5,000,000,000 to the Power Development Fund by July 1, 1986.

This legislation adversely effects the Power Authority's ability to enter into long term power sales agreements with utilities participating in the Energy Program for Alaska. Utilities cannot predict future wholesale power rates and may not be able to meet the 10 percent rate of return.

In addition, there is a serious question regarding the ability of the Power Authority to successfully complete the take out of $200 million in interim financing with long term revenue bonds if this section is retained. The investment community takes a dim view of such language due to its probable effect on power rates. Operation of the clause could escalate the wholesale power rate for purchasing utilities sufficiently to jeopardize their ability to pay for the contracted power.

Also, the Trustees for Alaska has contended that the clause is unconstitutional. Its repeal would moot that claim.

In summary, the section serves no useful purpose since the present condition of state revenues will in all likelihood not allow for a $5 billion appropriation. As such, the section is clearly detrimental to the existing projects and to the development of future power projects. It should be repealed this session.

ALASKA STATE LEGISLATURE
HOUSE OF REPRESENTATIVES
RESEARCH AGENCY

Pouch Y, State Capitol
Juneau, Alaska 99811
(907) 465-3991

April 12, 1983

MEMORANDUM

TO: Representative Ron Wendte

FROM: Jack Kreinheder JK
Research Staff

RE: Susitna "Blackmail Clause" [AS 44.83.398(b)(2)]
Research Request 83-145

Suzanne Mullen of your staff asked that we briefly explain the current effect of [AS 44.83.398(b)(2)], commonly referred to as the Susitna "blackmail clause," on the viability of the Susitna hydroelectric project and on other Alaska Power Authority projects.

As you know, the clause states that if $5 billion is not appropriated to the power development fund by July 1, 1986, the power rate for each project owned by the Power Authority will increase to a level sufficient to return to the State 10 percent of the State investment in the project each year. There has been some controversy over the definition of the term "State investment" as used in the clause, which has resulted in uncertainty over the power rates that would occur if the clause went into effect. In any case, the clause would result in a substantial increase in power rates, up to 100 percent or more for some projects. The higher rates under the clause would apply not only to current projects, but to Susitna and other future projects, as well.

The "blackmail clause" was enacted as part of SB 25 in 1981, and was intended to provide some assurance that Susitna or another large Railbelt power project would receive appropriations comparable to those made in 1980 and 1981 for power projects in other regions of the state. At that time, $5 billion was considered sufficient to pay for almost the full cost of Susitna and the other projects under development.

As a result of the sharp declines in State revenues over the last two years, the blackmail clause is now considered by the Power Authority and other experts to be an obstacle, rather than an aid, to development of Susitna and other projects. As you know, the Power Authority has introduced (through the Governor's Office) legislation to repeal the clause.

The basic problem is that falling State revenues have made it extremely unlikely, barring a complete reversal in oil price trends, that the State can afford to appropriate $5 billion for power projects by FY 86. Approximately $500 million has been appropriated for power projects to date, so that an additional $4.5 billion would have to be appropriated in the next three fiscal years to meet the requirements of the clause. The latest Department of Revenue figures (30th percentile) project about $8.8 billion in total general fund revenues from FY 84 to FY 86. At current levels, the operating budget alone would require about $5.8 billion over these three years, leaving only $3 billion for all loan and capital appropriations. Under more optimistic revenue forecasts, it would be more practical to appropriate the required $4.5 billion for power projects, but very little money would remain for other capital projects or loans.

Because it appears almost certain that the "blackmail clause" would take effect if it remains law,* the electric utilities in the Railbelt and other areas of the state have become concerned about the effect of the clause on them. The clause, as part of the Power Authority's rate statutes, must be included in every power sales contract negotiated by the Authority. Although the Authority has obtained power sales contracts for the Solomon Gulch, Terror Lake, and Swan Lake projects, the utilities involved are very concerned about the prospect that their rates for purchased power could double in three years.

The Power Authority's financial advisors also fear that the clause could affect the issuance of revenue bonds for existing and future power projects, because the bond markets could be concerned about the ability and willingness of utilities to pay the higher rates under the clause. The financial advisors have stressed the importance of having the Power Authority's first bond issues be as straightforward and risk-free as possible in order to establish a sound credit rating.

With respect to Susitna, both the Governor and the Federal Energy Regulatory Commission (FERC) have stated that construction cannot begin, nor will a FERC license be issued, until power sales agreements for Susitna power have been signed by Railbelt utilities. As mentioned earlier, the "blackmail clause" applies to future power projects, not just projects now under construction or in operation. One of the

---

* There have been questions raised about the constitutionality of the clause, and it is possible that the clause would be struck down in court. The clause is currenlty the subject of a lawsuit by the Trustees for Alaska; however, the suit has been stayed pending legislative action on the measures to repeal the clause.

largest obstacles to the successful negotiation of the Susitna power sales agreements is that the power rates for Susitna depend heavily on the level of State funding for the project, which is uncertain at this time. The clause accentuates this problem by creating the prospect that Susitna power rates could be considerably higher than estimated by recent studies.

I hope this information is useful. If you have any questions or would like additional research, please let us know.

Sec. 44.83.398. Sale of power from power project. (a) The authority shall sell power produced from power projects acquired or constructed under the energy program for Alaska. A utility that purchases power produced by a power project of the authority shall agree with the authority

(1) to give preference in the sale of power at retail to all classes of consumers of power except industrial consumers;

(2) to charge industrial consumers of power a rate determined by the authority in accordance with (d) of this section.

(b) The authority shall establish a wholesale power rate structure applicable to sales of power to its customers at the busbar of a power project as follows:

(1) The authority shall establish and maintain a separate wholesale power rate applicable to each power project that it has acquired or constructed under the energy program for Alaska, other than a project described in (f) of this section. The wholesale power rate shall be computed by the authority annually, or more frequently as may be necessary, and shall equal the rate that the authority estimates is necessary to produce revenue that is sufficient to pay

(A) operation, maintenance, and equipment replacement costs of the power project;

(B) the power project's proportionate share of the debt service on state loans and bonds for all power projects in the energy program for Alaska, determined in accordance with (g) of this section;

(C) safety inspections and investigations of the power project by the authority.

(2) If, by July 1, 1986, the legislature has not appropriated at least $5,000,000,000 to the fund, in addition to appropriations to the fund of interest earned on money in the fund, the authority shall, beginning on that date, establish and maintain a separate wholesale power rate applicable to each power project that is acquired or constructed under the energy program for Alaska. The wholesale power rate shall be computed by the authority annually, or more frequently as may be necessary, and shall be the greater of

(A) 10 percent of the amount the authority has invested in the power project, including loans and grants made by the state; or

(B) the rate that the authority estimates is necessary to produce revenue sufficient to pay

(i) operation, maintenance, and equipment replacement costs of the power project;

(ii) the power project's proportionate share of debt service on state loans and bonds for all power projects in the energy program for Alaska, determined in accordance with (g) of this section; and

(iii) safety inspections and investigations of the power project by the authority.

ALASKA STATE LEGISLATURE
HOUSE OF REPRESENTATIVES
RESEARCH AGENCY

Pouch V, State Capitol
Juneau, Alaska 99811
(907) 465-3991

January 19, 1982

MEMORANDUM

TO: Representative Don Clocksin

FROM: Jack Kreinheder
Research Staff

RE: Effect of "Susitna Blackmail Clause" on Power Rates
Research Request 82-199

You requested that we provide an analysis of the effect on electric power rates of the "Susitna Blackmail Clause" [AS 44.83.398(b)(2)], using the Alaska Power Authority's rate model, if possible. Although the Power Authority agreed to provide the analysis, a question on the meaning of the Blackmail Clause has arisen, and I am currently waiting for an Attorney General's opinion on the matter.

I received a copy of the Power Authority rate analysis of the Clause on December 17, 1982. However, it appeared to me that the Power Authority misinterpreted the meaning of the Blackmail Clause and that the resulting power rates were too high. The Power Authority obtained a legal opinion from their bond counsel, Wohlforth and Flint, which reached a different interpretation of the Clause. However, the Wohlforth and Flint opinion did not agree with my own reading of the Clause. On December 30, the Power Authority requested the Attorney General's Office to provide an opinion on the meaning of the Clause. I am still waiting for this opinion.

The controversy basically centers on two questions:

(1) whether the 10 percent return to the State under the Clause <u>includes</u> debt service and operating costs, or if these costs are to be added on in the rate calculation; and

(2) whether the term <u>"State investment"</u> as used in the Clause means <u>only State appropriations and loans</u> to power projects, or means <u>total project cost</u>, including bond proceeds or other non-State borrowings.

The Power Authority's interpretation was that the State was to receive a 10 percent return plus debt service and operating costs, and that "State investment" means State appropriations and loans.

Wohlforth and Flint concluded that the 10 percent return to the State includes debt service and operating costs, and that "State investment" means total project cost.

I agree with the Wohlforth and Flint interpretation of the 10 percent return, but the Power Authority's interpretation of "State investment" appears more accurate to me. In any case, the Attorney General's opinion should provide a final definition which can be used in calculating the power rate impact of the clause.

Attachments

Attached are two tables of power rates under the HB 9 rate structure and under the Blackmail Clause, as provided by the Power Authority. Table 1 reflects the Power Authority's interpretation of the Clause, while Table 2 shows the results of the Wohlforth and Flint interpretation. The Blackmail Clause rates are much higher (up to 50 percent more) under the Power Authority's interpretation than under Wohlforth and Flint's. Although a final analysis cannot be made until the meaning of the Clause is resolved, I thought you might like to see the difference in rates which results from the two interpretations.

Under either interpretation, the Blackmail Clause would dramatically increase power rates in 1986, particularly for the Swan Lake and Lake Tyee projects. For example, the wholesale power rate for Tyee would jump from 18.5 cents per kilowatt hour (KWH) to 42.4 cents/KWH under the Power Authority's interpretation. Under the Wohlforth and Flint definition, the rate would increase to 33.9 cents per KWH.

* * *

I hope this preliminary information is useful. I will provide a final analysis of the rate effects of the Blackmail Clause as soon as the Attorney General's Office issues an opinion defining the Clause.

JK

Attachments as stated

TABLE 1

HOUSE BILL NO. 9/SUSITNA CLAUSE COMPARISON
WHOLESALE POWER RATES AT ¢/KWH

Year End June 30	SWAN LAKE		TYEE LAKE		SOLOMON GULCH		TERROR LAKE	
	H.B.9	S.C.	H.B.9	S.C.	H.B.9	S.C.	H.B.9	S.C.
1985	14.26	37.52	15.38	42.37	12.07	16.02	-	-
1986	17.49	39.65	18.48	43.19	11.18	16.24	14.90	24.58
1987	17.46	38.56	18.31	41.08	11.11	16.47	13.68	23.15
1988	17.40	37.50	18.11	39.03	11.05	16.72	12.87	21.78
1989	17.32	36.46	17.90	37.11	10.99	16.99	11.93	20.47
1990	16.55	34.78	17.66	35.31	11.08	17.27	11.24	19.44
1991	15.99	33.35	17.07	33.83	11.38	17.58	11.09	19.13
1992	15.47	32.00	16.48	32.41	11.71	17.90	10.97	18.85
1993	14.98	30.73	15.93	31.06	12.05	18.25	10.84	18.57
1994	14.52	29.51	15.41	29.78	12.43	18.62	10.73	18.30
1995	14.08	28.36	14.92	28.57	12.83	19.02	10.62	18.04

Assumptions:

1) Debt is issued at 11% and is amortized over 35 years.

2) Bond Coverage is computed at 1.10 times level debt service.

3) H.B.9-Rates are stated "with limit", includes Bond Coverage, Debt Service only, and M&O Costs.

4) Computation of H.B.9 - on John Nuveen & Company Computer Model; see Schedules A - F, for data and analysis.

5) S.C. = SUSITNA CLAUSE; Example Computation follows:

TYEE LAKE - 1986

1) State Appropriation for Project = $82,000,000 x (10%) = $ 8,200,000

2) Amount to be long term financed = $50,000,000
Computed annual operation revenues equals (14.21¢) which includes Debt Service Component and the 1:10 Bond Coverage times the number of project firm sales which is (33,069,000 KWH)

3) ($.1421) (33,069,000 KWH) 4,699,100

4)	Annual M&O Costs which increase at a rate of 7% per annum, See Schedule "D"	1,412,000
5)	Total Computed Project Costs inclusive of M&O Costs	14,311,100
6)	To get Susitna Clause Cost of power estimate ($14,311,100 ÷ 33,069,000 KWH) =	$43.28¢/KWH

It should be noted that this format was utilized for TYEE LAKE, SWAN LAKE, SOLOMON GULCH, AND TERROR LAKE. Worksheets are attached for confirmation.

TABLE 2

HOUSE BILL NO. 9/SUSITNA COMPARISON
WHOLESALE POWER RATES AT c/KWH

Year End June 30	SWAN LAKE		TYEE LAKE		SOLOMON GULCH		TERROR LAKE	
	H.B.9	S.C.	H.B.9	S.C.	H.B.9	S.C.	H.B.9	S.C.
1986	17.49	29.17	18.48	33.87	11.18	12.93	14.90	22.22
1987	17.46	27.78	18.31	31.11	11.11	12.93	13.86	21.32
1988	17.40	26.46	18.11	28.57	11.05	12.93	12.87	20.44
1989	17.32	25.19	17.90	26.24	10.99	12.93	11.93	19.61
1990	16.55	24.00	17.66	24.10	11.08	12.93	11.24	18.81
1991	15.99	22.85	17.07	22.89	11.38	12.93	11.09	18.44
1992	15.47	21.76	16.48	21.75	11.71	12.93	10.97	18.08
1993	14.98	20.73	15.93	20.66	12.05	12.93	10.87	17.72
1994	14.52	19.74	15.41	19.62	12.43	12.93	10.73	17.37
1995	14.08	18.80	14.92	18.64	12.83	12.93	10.62	17.03

(1) PROJECT COSTS:

SWAN LAKE:	$ 98,000,000
TYEE LAKE:	$112,000,000
SOLOMON GULCH	$ 53,000,000
TERROR LAKE	$196,000,000

(2) H.B.9 Computation - John Nuveen & Company Computer Model, inclusive of Debt Service 11%/35 years; 1.10 Bond Coverage and Maintenance & Operations Cost

(3) S.C. Susitna Blackmail Clause Computation Example

Tyee Lake - 1986

Total Project Cost $112,000,000 (10%) = $\frac{\$11,200,000}{33,069,000 \text{ KWH}}$ = 33.87¢/KWH

(4) Analysis assumes no additional major Capital Expenditures

HB

115

THE LEGISLATURE OF THE STATE OF ALASKA
THIRTEENTH LEGISLATURE

H, Res

FISCAL NOTE

☒ Expenditure Type
☐ Revenue Type

I. REQUEST
Bill/Resolution No. HB 115
Title "Act Relating to Brown and Grizzly Bear"
Requested by House Resources Date

II. FISCAL DETAIL
Agency Affected Department of Public Safety
Program Category Affected Fish & Wildlife Protection
BRU, Program, Or Subprogram(s) Affected Fish & Wildlife Protection
(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		-0-	-0-	-0-		

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

No Fiscal Impact

RECEIVED
FEB 7 1983
LEGISLATIVE FINANCE

IV. DATE January 28, 1983 PREPARED BY Paul Conger Phone 465-4338
DIVISION Admin. Services Initials
DEPARTMENT OF PUBLIC SAFETY Initials

Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)

ESL

33-001 (Rev. 12/82)

OMB Reviewed by: Eric Leschever

HB

118

(9)

COMMITTEE REPORT

HOUSE

FURTHER: FINANCE

Date: 2/4/83

1/26/83

Mr. Speaker:

The Committee on RESOURCES has had HB 118

An Act relating to the brown and grizzly bear tag requirement for Alaska residents; and providing for an effective date.

under consideration and reports it back as follows:

[ ] do pass [ ] do not pass

[ ] do pass with attached amendments(s)

[X] replace with CS for HB 118 [ ] same title [X] new title

and recommends DO PASS

[ ] AND attaches a "Letter of Intent" [ ] New Fiscal Note [ ] Zero Fiscal Note Attached

[ ] reports it back without recommendation

[ ] referred to the _____ Committee

MEMBERS SIGNING DO PASS

MEMBERS HAVING OTHER RECOMMENDATIONS:

CHAIRMAN

H 60

STATE OF ALASKA
PRELIMINARY STATEMENT OF FISCAL IMPACT

Bill No: CS HB 118 (RES) Date on Bill: 2/7/83
Title: An Act relating to a Brown and Grizzly bear tag fee for a resident
Sponsor: Shultz
Requestor: House Resources

1. Estimated fiscal impacts on:

a. Expenditures:

(Thousands of Dollars)

			FY 83	FY 84	FY 85	FY 86		
Capital								
Operating								
Total			-0-	-0-	-0-	-0-		

b. Revenues:

Revenue								

2. Source of funds to offset fiscal impact of bill:

3. Assumptions:

4. Disclaimer:
This statement has not been reviewed by the OMB in the Office of the Governor. It therefore does not represent the final estimate of fiscal impact.

Prepared By: Co. Robert Stickles Phone: 269-5532
Division: Fish & Wildlife Protection Date: 2/18/83

Approved by Commissioner: [signature] Date: 2/23/83
Department: Public Safety

5. Distribution:
Original to Legislative Finance
Copy to OMB
Copy to Sponsor
Copy to Requestor

2/15/83

STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR
ROBERT J. SUNDBERG
COMMISSIONER

DEPARTMENT OF PUBLIC SAFETY
DIVISION OF FISH & WILDLIFE PROTECTION

P. O. BOX 6188, ANNEX
ANCHORAGE, ALASKA 99502

January 31, 1983

Rec'd Feb 4 '83

Represenative John Ringstad
Chairman, House Resources Committee
State Capitol
Pouch V
Juneau, AK 99811

Dear Representative Ringstad:

I would like to present the following position which the Division of Fish and Wildlife Protection, Department of Public Safety holds with regard to House Bill 118 under proposal:

HB 118 - Support

This will increase the incidental take of brown/grizzly bear in selected areas and assist in meeting species management plan.

Sincerely,

Robert J. Sundberg
Commissioner

:-L12LH

January 24, 1983

Representative Dick Schultz
State Capitol Building
Juneau, Alaska 99801

Dear Dick:

On January 5, 1983 the Tok Cutoff-Nabesna Road Advisory Committee met in a general meeting to discuss hunting regulations. There were several things discussed with two of them pertaining to you.

#1 We would like to see legislation written and passed that would control or rather stop harrassment of hunters, trappers, and fishermen. We would be able to carry on our life-style without harrassment from the "greenies".

#2 We would like to see legislation written and passed that would eliminate the $25 trophy tag for resident grizzly/brown bear hunters. We believe the State is rich enough without charging its residents a $25 fee.

Our committee will be meeting within a few weeks and correspondence from you would be appreciated. I would like to able to tell the folks something about these two items.

Good luck and if there is anything I or this committee can do to help, please let me know.

Sincerely,

Bill Ellis, Chairman
Tok Cutoff-Nabesna Rd. Advisory Committee
S. R. Box 380
Gakona, Alaska 99586
907/822-3426

P. O. Box 28
Glennallen, AK 99588
December 30, 1982

The Honorable Richard Shultz
District 17 Representative
Pouch V
Juneau, AK 99801

Dear Representative Shultz:

At the December 7, 1982 Copper Basin Fish and Game Advisory Committee meeting held in Glennallen, an in-depth discussion was held by the committee and a number of local citizens.

At that time, the focal subject of much of this discussion was of brown bear and grizzly bear predation problems and their effects on local game, people and property.

As Unit 11 and 13, in the Copper Basin, are by far the most hunted for caribou and moose, our game numbers are constantly under pressure from hunters. In addition, recent studies have shown that these two units harbor the heaviest concentration of brown bear in the state and per capita possibly the world.

As you may know, we have many adverse confrontations between people and bears each year in our area. Within a half mile of the community of Glennallen, as many as twelve bears wander freely to and from the local garbage dump at all times of the day and night. Some residents have found it necessary to maintain an all-night watch to keep their houses from entry by bears.

In view of the many problems involved with these bears, and their tremendous predation on game animals, this committee and these citizens would like to solicit your aid in the temporary removal of the required $25 brown bear tag fees. As most residents here cannot justify the $25 expenditure, we feel that the removal of these fees would allow the taking of many local bears, which are not removed because of the cost of these tags.

On behalf of the people of this community, please consider our request an urgent one and worthy of your efforts to help us in the removal of this required expenditure, which many cannot afford. Thank you for your help in this matter.

Sincerely,

COPPER BASIN FISH AND GAME ADVISORY BOARD

Michael J. Lanegan

Michael J. Lanegan
Secretary

ML/11

STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

ROBERT J. SUNDBERG
COMMISSIONER

DEPARTMENT OF PUBLIC SAFETY

DIVISION OF FISH & WILDLIFE PROTECTION

P. O. BOX 6188, ANNEX
ANCHORAGE, ALASKA 99502

February 9, 1983

Represenative John Ringstad
Chairman, House Resources Committee
State Capitol
Pouch V
Juneau, AK 99811

Dear Representative Ringstad:

I would like to present the following position which the Division of Fish and Wildlife Protection, Department of Public Safety holds with regard to the Committee Substitute for House Bill 118 under proposal:

CS HB 118 (RES) - Support

This will increase the incidental take of brown/grizzly bear in selected areas and assist in meeting species management plan.

Sincerely,

Robert J. Sundberg
Commissioner

12-L12LH

HOUSE RESOURCES COMMITTEE OBSERVER/WITNESS SIGN-UP SHEET

DATE: Feb. 4, 1983 SPONSOR: Rep. Dick Shultz

SUBJECT(S): HB 118 - brn/grizzly tag requirements

NAME	REPRESENTING	ADDRESS	PHONE	Observer	Witness	For	Against
Bob HINMAN	ADF&G	Juneau	465-4190		X	X	
Jeff Bohman	AK ENVIRONMENTAL Lobby	McKinley Park	586-2345		X		X

THE LEGISLATURE OF THE STATE OF ALASKA
THIRTEENTH LEGISLATURE

FISCAL NOTE

☐ Expenditure Type
☐ Revenue Type

I. REQUEST
Bill/Resolution No. HB 118
Title relating to the brown & grizzly bear tag requirement for AK residents, etc.
Requested by House Resources Committee Date 1/31/83

II. FISCAL DETAIL
Agency Affected N/A
Program Category Affected N/A
BRU, Program, Or Subprogram(s) Affected N/A
(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS,CLAIMS,ETC.						
TOTAL	0	0	0			

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Source)						
	0	0	0			

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						
	0	0	0			

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

RECEIVED
FEB 9 1983
LEGISLATIVE FINANCE

IV. DATE 1/31/83 PREPARED BY Col. Robert Stickles Phone 269-5532
DIVISION Fish & Wildlife Protection Initials
DEPARTMENT OF PUBLIC SAFETY Initials

Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)

33-001 (Rev. 12/82) OMB Reviewed by: Eric Laschever

Alaska Statewide
Hunters Success 1981-82 Season

Species	Resident Harvest			Non-Resident Harvest			Unknown Unsuccessful	Total hunters	Total harvest
	successful hunter	unsuccessful hunter	% of Harvest	successful hunter	unsuccessful hunter	% total harvest			
SHEEP	561	1,032	67%	278	76	33%	33	1980 2,348*	839 1,081*
BROWN BEAR	371	4,007	46%	436	551	54%		5,365	807
CARIBOU	1,886	575	91%	1,398	65	9%	29	3,953	14,813**
MOOSE	4,669	14,492	83%	627	680	12%	434	20,902 23,550*	5,296 6,099*

* Drawing data included, but lacking residency breakdown

underlined = Drawing hunters not included

** 10,919 caribou, estimated, unreported harvest

Reasoning behind the proposed CS for HB 118

The committee substitute is very simply better language, that gives the Board of Game the option of lifting the $25 tag fee, should they decide it is in the best interest of resource management to do so.

The language is also more consistent with that used for the same purpose regarding musk oxen tags, in AS 16.05.340(a)(18)(B).

THE LEGISLATURE OF THE STATE OF ALASKA
THIRTEENTH LEGISLATURE

FISCAL NOTE

I. REQUEST
Bill/Resolution No. Committee Substitute for House Bill 118
Title Brown and Grizzly bear tag fee for residents
Requested by House Resources Date 2/04/83

II. FISCAL DETAIL
Agency Affected Department of Fish and Game
Program Category Affected Game Resource Conservation, NRMEC
BRU, Program, Or Subprogram(s) Affected Division of Game
(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
100 PERSONAL SERVICES		0	0	0	0	0
200 TRAVEL		0	0	0	0	0
300 CONTRACTUAL		0	0	0	0	0
400 COMMODITIES		0	0	0	0	0
500 EQUIPMENT		0	0	0	0	0
600 LAND & STRUCTURES		0	0	0	0	0
700 GRANTS,CLAIMS,ETC.		0	0	0	0	0
TOTAL		0	0	0	0	0

FUNDING (Thousands of Dollars)

GENERAL FUND		0	0	0	0	0
FEDERAL FUNDS		0	0	0	0	0
OTHER (Specify Source)		0	0	0	0	0

POSITIONS

FULL TIME		0	0	0	0	0
PART TIME		0	0	0	0	0
TEMPORARY		0	0	0	0	0

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

This proposal would result in a reduction of fish and game tag receipt revenues ranging from zero to $4,000. No other fiscal impact.

At Resources Committee meeting of 2/04/83, ADF&G indicated the impact would be zero.

IV. DATE February 4, 1983 PREPARED BY John Ringstad, Chairman
AGENCY
PHONE

Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)

33-001 (Rev. 12/82)

STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

Robert J. Sundberg
Commissioner

DEPARTMENT OF PUBLIC SAFETY

DIVISION OF FISH & WILDLIFE PROTECTION

P. O. BOX 6188, ANNEX
ANCHORAGE, ALASKA 99502

January 27, 1983

Representative John Ringstad
Chairman, House Resources Committee
State Capitol
Pouch V
Juneau, Alaska 99811

Dear Representative Ringstad:

I would like to present the following positions which the Division of Fish & Wildlife Protection, Department of Public Safety hold with regard to the subsequent House Bills under proposal:

H.B. 5 - Neutral

This bill may prove to be detrimental to some of the smaller fishermen.

H.B. 47 - Neutral (with amendment)

Proposed Amendement:

Require all nonresidents to be guided or in the company of 2nd degree kindred.

As written the bill will invite an increase in residency falsification on hunting licenses. These are not usually identified until after the season is over and consequently the people are already out of state.

Assigning nonresidents to guides will increase control of the nonresidents. We would propose that permits be issued to the guides in the areas where the Board determines a population of animals warrants allowing nonresidents to hunt.

Nonresident aliens are already required to use a guide and since that requirement became effective enforcement problems with nonresident aliens has declined sharply.

Representative John Ringstad
Chairman, House Resources Committee

January 27, 1983

H.B. 63 - Neutral

No Comment.

H.B. 67 - (support with amendments)

Proposed Amendement:

Require a subsistence license. The applicant for the license must sign an affidavit attesting to the fact that he meets the income requirements to obtain a subsistence license and falsification of the affidavit is perjury. A very strict penalty for perjury should be established for this offense and sentencing made mandatory.

"UNENFORCEABLE AS WRITTEN"

We cannot get records from IRS to verify income and we have no way of knowing or proving the number of family members in a household.

Sincerely,

Robert J. Sundberg
Commissioner

HB

121

Susitna Hydroelectric Project

LICENSING PROCESS

The Federal Energy Regulatory Commission is charged with the responsibility of fostering the comprehensive development of the Nation's waterways consistent with public safety. The Susitna River is a public resource; therefore, the Commission must ensure that any hydroelectric development on the Susitna River is in the best interest of the public.

When the Susitna Hydroelectric Project license application is filed by the Alaska Power Authority (APA), the application is first reviewed by staff to ensure that it contains all the information necessary for the Commission to assess the project. When the application is deemed acceptable for processing by the Director, Office of Electric Power Regulation, the Commission initiates a public and agency comment period. Public notice in the Federal Register and in Alaskan newspapers will invite the public to comment on and participate in the licensing process. Federal, State, and local agencies are provided copies of the application and are asked to provide comments in their respective areas of expertise.

Concurrent with the public comment period, Commission staff experts initiate a three-pronged evaluation of the Susitna Project. Electrical engineers and economists will evaluate the adequacy of electrical load forecasts for Alaska and the need for Susitna Project power. Geologists and civil engineers will evaluate the integrity of project structures. A team of environmental scientists will prepare an environmental impact statement assessing the project's potential impacts on the Alaskan ecosystem. Upon completion of these analyses, the staff positions on need for power, project integrity, and environmental impacts may be subjected to the scrutiny of hearings before an administrative law judge. At these hearings, intervenors in the Susitna proceeding have the opportunity to support staff's analysis or present opposing positions. At the conclusion of the hearing, the administrative law judge prepares an opinion on the issues.

After the administrative law judge has rendered an initial decision, the five Commissioners will make the final decision on whether or not to issue the license for the Susitna Project and what conditions to attach to the license, if issued. If a hearing has been held, the Office of Opinions and Review, with guidance from the Commissioners, will prepare the license document. The Commissioners will review the entire record for the Susitna Project. In order for the APA to receive a license for the Susitna Project, the record must convince a majority of the Commissioners that the project is needed, that the structures will be safe, and that the environmental impacts of construction and operation will be adequately mitigated.

Alaska State Legislature

Speaker of the House of Representatives

Pouch V
State Capitol
Juneau, Alaska 99811
(907) 465-3720

Official Business

MEMORANDUM

April 6, 1983

To: Rep. John Ringstad
Co-Chairman House Resources

From: Rep. Joe Hayes
Speaker

RE: HB 120,121,122

I am expecting information relating to the Susitna legislation to be available on Friday. At this time, I would ask that only testimony be taken on this legislation and that these bills not be moved from the committee. It is my understanding this legislation will be before the committee again at that time. I am also delaying further testimony from my office on these bills until Friday when I hope to present you and the committee with a recommended course of action.

I believe further information will also be available on other pending hydro legislation such as the appropriation for Susitna, and would request that the bill remain in committee until at least such time as the information is available. I believe this will be by the end of the week.

Thanks.

HB

122

STATE OF ALASKA
PRELIMINARY STATEMENT OF FISCAL IMPACT

Bill No: HB 122 Date on Bill: 1/26/83
Title: "An Act relating to bonds issued by the Alaska Power Authority; .....
Sponsor: Hayes
Requestor: House State Affairs

1. Estimated fiscal impacts on:

a. Expenditures:

(Thousands of Dollars)

			FY 83	FY 84	FY 85	FY 86		
Capital								
Operating								
Total			0	0	0			

b. Revenues:

Revenue								

2. Source of funds to offset fiscal impact of bill:

3. Assumptions:

There is a potential obligation of the State for $5,400,000,000 to cover bonds issued by the Alaska Power Authority for acquisition and construction of the Susitna Hydroelectric Project.

4. Disclaimer:
This statement has not been reviewed by the OMB in the Office of the Governor. It therefore does not represent the final estimate of fiscal impact.

Prepared By: Robert Mohn RA Mohn Phone: 276-0001
Division: Alaska Power Authority Date: March 3, 83

Approved by Commissioner: Richard A. Lyon Date:
Department: Commerce & Economic Development

5. Distribution:
Original to Legislative Finance
Copy to OMB
Copy to Sponsor
Copy to Requestor

2/15/83

HB

130

STATE OF ALASKA
OFFICE OF THE GOVERNOR
BILL ANALYSIS

Department	Sponsor (Principal)	Bill Number
Natural Resources	Rules Committee by request	SB 102

Department Position

This bill was authored by the Department in response to requests by the Legislature and the public for a homestead program. If the State is to have a homestead program, we favor this approach.

Division Director	Date	Commissioner's Signature	Date
Tom Hawkins	2-19-83	[illegible]	2-21-83

GOVERNOR'S OFFICE USE

Comments:

☐ Position Noted	By	Date

SUMMARY

1. a) Related Bills (Similar or Conflicting	1. b) Other Agencies Affected by Bill
HB 167, HB 130 and SB 43	
2. a) Organizational Support for Bill	**2. b) Organizational Opposition to Bill**

3. Program Effects of Bill

As an option to land disposals offered under subdivision, remote parcel, homesite or agriculture, the Department would offer land disposals under the homestead provisions of this bill.

4. Fiscal Impact: ☒ None ☐ Fiscal Note Attached

5. Amendments Proposed:

To discourage speculation, require payment of 10% of appraised fair market value to the State on any subsequent conveyance within 99 years.

6. Comments:

STATE OF ALASKA
PRELIMINARY STATEMENT OF FISCAL IMPACT

Bill No: SB 102 Date on Bill: 2-1-83
Title: An act relating to homesteads and providing an effective date
Sponsor: Rules Committee
Requestor: Governor

Estimated fiscal impacts on:

a. Expenditures:

(Thousands of Dollars)

			FY 83	FY 84	FY 85	FY 86		
Capital								
Operating								
Total			-0-	-0-	-0-	-0-		

b. Revenues:

Revenue								

. Source of funds to offset fiscal impact of bill:

. Assumptions:

A homestead program would be considered by DNR as an alternative to existing land disposal programs for which we are budgeted annually. Therefore, no additional funding is requested beyond the budget appropriation.

. Disclaimer:
This statement has not been reviewed by the OMB in the Office of the Governor. It does not represent the policy of the Sheffield Administration or the final estimate of fiscal impact.

Prepared By: Sharon Barton Phone: 465-2400
Division: Commissioner's Office Date: 2-19-83
Approved by Commissioner: Nims D Arnold, Deputy Date: 2-20-83
Department: Natural Resources

. Distribution:
Original to Legislative Finance
Copy to OMB

STATE OF ALASKA

OFFICE OF THE GOVERNOR

BILL ANALYSIS

Department	Sponsor (Principal)	Bill Number
Natural Resources	Moss	SB 43

Department Position

DNR favors the provisions of the Administration homestead bill - SB 102.

Division Director	Date	Commissioner's Signature	Date
Tom Hawkins	2-22-83	[illegible] D Arnold, Deputy	2-22-83

GOVERNOR'S OFFICE USE

Comments:

☐ Position Noted	By	Date

SUMMARY

1. a) Related Bills (Similar or Conflicting	1. b) Other Agencies Affected by Bill
SB 102, HB 167 and HB 130	
2. a) Organizational Support for Bill	**2. b) Organizational Opposition to Bill**

3. Program Effects of Bill

As an option to land disposals offered under subdivision, remote parcel, homesite or agriculture, the Department would offer land disposals under the homestead provisions of this bill.

4. Fiscal Impact: ☒ None ☐ Fiscal Note Attached

5. Amendments Proposed:

Amend open filing system of disposal to aliquot part or surveyed parcel disposal.

6. Comments:

STATE OF ALASKA
PRELIMINARY STATEMENT OF FISCAL IMPACT

No: SB 43 Date on Bill: 1-18-83
e: An act granting homesteads to Alaska citizens; and providing for an effective date
nsor: Moss
estor:

Estimated fiscal impacts on:

a. Expenditures:

(Thousands of Dollars)

			FY 83	FY 84	FY 85	FY 86		
pital								
perating								
tal			-0-	-0-	-0-	-0-		

b. Revenues:

evenue								

Source of funds to offset fiscal impact of bill:

Assumptions: A homestead program would be considered by DNR as an alternative to existing land disposal programs for which we are budgeted annually - therefore, no additional funding is requested beyond the budget appropriation.

. Disclaimer:
This statement has not been reviewed by the OMB in the Office of the Governor. It does not represent the policy of the Sheffield Administration or the final estimate of fisca impact.

repared By: Sharon Barton Phone: 465-2400
ivision: Date: 2-19-83

pproved by Commissioner: Mark D Smith, Deputy Date: 2-20-83
epartment: Natural Resources

. Distribution:
Original to Legislative Finance
Copy to OMB

STATE OF ALASKA

OFFICE OF THE GOVERNOR

BILL ANALYSIS

Department	Sponsor (Principal)	Bill Number
Natural Resources	Uehling, Barnes, Cowdery etc.	HB 130

Department Position

DNR favors the pr[illegible] of SB 102.

Division Director	Date	Commissioner's Signature	Date
Tom Hawkings	2-22-83	[illegible] D Amrd, Deputy	2-22-83

GOVERNOR'S OFFICE USE

Comments:

☐ Position Noted	By	Date

SUMMARY

1. a) Related Bills (Similar or Conflicting	1. b) Other Agencies Affected by Bill
SB 102, SB 43 and [illegible] 67	
2. a) Organizational Support for Bill	**2. b) Organizational Opposition to Bill**

3. Program Effects of Bill

As an option to land disposals under subdivision, remote parcel, homesite or agriculture, the Department would offer land disposals under the homestead provisions of this bill.

4. Fiscal Impact: ☐ None ☐ Fiscal Note Attached

5. Amendments Proposed:

Reduce maximum acreage offered under agricultural program to 160 acres, reduce maximum non-agricultural land to 40 acres. Eliminate clearing requirement on non-agricultural land.

6. Comments:

STATE OF ALASKA
PRELIMINARY STATEMENT OF FISCAL IMPACT

l No: HB 130 Date on Bill: 1-26-83
le: An act relating to homestead entry; and providing for an effective date.
nsor: Uehling, Barnes, Cowdery, Flood and Ward
uestor:

Estimated fiscal impacts on:

a. Expenditures:

(Thousands of Dollars)

			FY 83	FY 84	FY 85	FY 86		
apital			-0-	-0-	-0-	-0-		
perating			-0-	-0-	-0-	-0-		
otal			-0-	-0-	-0-	-0-		

b. Revenues:

evenue								

Source of funds to offset fiscal impact of bill:

. Assumptions: A homestead program would be considered by DNR as an alternative to existing land disposal programs for which we are budgeted annually. Therefore, no additional funding is requested beyond the budget appropriation.

4. Disclaimer:
This statement has not been reviewed by the O B in the Office of the Governor. It does not represent the policy of the Sheffield Administration or the final estimate of fisca impact.

Prepared By: Sharon Barton Phone: 465-2400
Division: Commissioner's Office Date: 2-19-83

Approved by Commissioner: MK Robert O Arnold, Deputy Date: 2-20-83
Department: Natural Resources

5. Distribution:
Original to Legislative Finance
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STATE OF ALASKA
OFFICE OF THE GOVERNOR
BILL ANALYSIS

Department	Sponsor (Principal)	Bill Number
Natural Resources	Tischer, Bettisworth, Bussell, Etc	HB 167

Department Position

The Department does not favor a homestead program by staking. We recommend the provisions of SB 102.

Division Director	Date	Commissioner's Signature	Date
Tom Hawkins	2-22-83	Robert D Arnold Deputy	2-22-83

GOVERNOR'S OFFICE USE

Comments:

☐ Position Noted	By	Date

SUMMARY

1. a) Related Bills (Similar or Conflicting	1. b) Other Agencies Affected by Bill
SB 102, HB 130 and SB 43	
2. a) Organizational Support for Bill	**2. b) Organizational Opposition to Bill**

3. Program Effects of Bill

As an option to land disposals offered under subdivision, remote parcel, homesite or agriculture, the Department would offer land disposals under the homestead provisions of this bill. Because of high costs involved in cadastral survey required by this bill, total acreage offered by DNR under a given land disposal appropriation would be reduced.

4. Fiscal Impact: ☒ None ☐ Fiscal Note Attached

5. Amendments Proposed:

Amend staking requirement to aliquot parcel or surveyed parcel disposal. Increase clearing requirement to 25% on agricultural land. To discourage speculation, require payment of 10% of appriased fair market value to the State on a subsequent conveyance within 99 years.

6. Comments:

STATE OF ALASKA
PRELIMINARY STATEMENT OF FISCAL IMPACT

l No: HB 167 Date on Bill: 2-7-83
le: An act relating to homesteads; and providing for an effective date.
nsor: Tischer, Bettisworth, Russell, Fritz, Liska, Schultz, Ward and Szymanski
uestor:

Estimated fiscal impacts on:

a. Expenditures:

(Thousands of Dollars)

			FY 83	FY 84	FY 85	FY 86		
pital								
perating								
tal	-0-		-0-	-0-	-0-	-0-		

b. Revenues:

evenue								

Source of funds to offset fiscal impact of bill:

Assumptions:

A homestead program would be considered by DNR as an alternative to existing land disposal programs for which we are budgeted annually. Therefore, no additional funding is requested beyond the budget appropriation.

. Disclaimer:
This statement has not been reviewed by the OMB in the Office of the Governor. It does not represent the policy of the Sheffield Administration or the final estimate of fisca impact.

repared By: Sharon Barton Phone: 465-2400
ivision: Commissioner's Office Date: 2-19-83

pproved by Commissioner: Robert D Smith, Deputy Date: 2-20-83
epartment: Natural Resources

. Distribution:
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Specific Comparisons

HB 167/HB 130

Findings (A)

Neither House Bill contains a findings section.

Land Identification (B)

The main difference in the two bills is HB 167 specifically directs that the Commissioner shall designate land and make it available for homestead entry. HB 130 does not.

HB 167 also requires a cadastral survey to establish section corners to be paid for by the state, requires public notice and denies any preference rights such as length of residency, veteran, etc.

Qualifications for Applicants (C)

HB 167 requires staking of the parcel which can be up to 160 acres and requires that entry permits be let out on a first come first serve basis. HB 130 requires applicants to be qualified under (AS 38.05.057) the lottery program or (AS 38.05.077) the remote parcel disposal procedures. HB 130 also disqualifies a person who has leased a remote parcel, or applied for a homestead entry within the previous 8 years.

HB 167 prohibits the conveyance of a permit in any manner except by testate or interstate succession. HB 130 does not address conveyance. HB 167 requires a specific fee of $500.00 for applicants of which $400.00 is refundable after meeting all other patent requirements. HB 130 simply states that a fee may be charged. HB 167 also requires a commitment from the applicant that he or she agrees to all conditions necessary for patent.

Revocation of Permit (D)

HB 167 spells out specific prohibited actions that must not take place or the state may condemn and the property revert to state ownership in 90 days.

Those conditions are:

1) an assignment, conveyance, or other transfer of the permit;

2) failure of the permitee to submit a plat of survey to the director within 18 months after issuance of the permit;

3) failure to erect a dwelling or to clear the land in the time required under AS 38.09.040(a), except that if the director finds that the dwelling or clearing has been nearly completed and progress toward completion is being made at the expiration of the time required, the director may extend the time required for completion for not more than one year;

4) failure to brush the boundaries of the parcel within one year.

HB 130 also requires compliance with specific criteria and authorizes the A.G. to eject the homestead applicant if called on by the director to do so. The required criteria is as follows:

1) occupies the land for a total of 35 months;

2) erects a habitable dwelling;

3) clears and prepares for cultivation not less than

   (A) one-fourth of the land entered if the land is limited to agricultural use; or

   (B) one-eighth of the land entered if the land is not limited to agricultural use;

4) brushes the boundaries of the homestead entry and maintains the brushed boundaries so that they are easily visible from the ground;

5) causes a survey of the homestead entry to be made that is acceptable to the director.

   (b) The director shall require an applicant for homestead entry to submit proof necessary to establish compliance with the requirements of (a) of this section. An applicant is not required to submit proof under (a)(4) or (5) of this section if the land comprising homestead entry has been surveyed.

   (c) As used in this section, "habitable dwelling"

      (1) means a permanent dwelling of not less than 200 square feet and its fixtures and facilities;

      (2) does not include a mobile home unless it is permanently attached to a permanent foundation.

   (d) A person who has applied or received state land under this chapter is not eligible for a state loan under AS 03.10 for the habitable dwelling or the clearing of the land required under this section.

HB 130 also states that a person who has received state land under a homestead provision is not eligible for a state loan until patent is received.

Patent Requirements

HB 130

1) occupies the land for a total of 35 months;

2) erects a habitable dwelling;

3) clears and prepares for cultivation not less than

   (A) one-fourth of the land entered if the land is not limited to agricultural use; or

   (B) one-eighth of the land entered if the land is not limited to agricultural use;

4) brushes the boundaries of the homestead entry and maintains the brushed boundaries so that they are easily visible from the ground;

5) causes a survey of the homestead entry to be made that is acceptable to the director.

   (b) The director shall require an applicant for homestead entry to submit proof necessary to establish compliance with the requirements of (a) of this section. An applicant is not required to submit proof under (a)(4) or (5) of this section if the land comprising homestead entry has been surveyed.

   (c) As used in this section, "Habitable dwelling"

      (1) means a permanent dwelling not less than 200 square feet and its fixtures and facilities;

      (2) does not include a mobile home unless it is permanently attached to a permanent foundation.

   (d) A person who has applied or received state land under this chapter is not eligible for a state loan under AS 03.10 for the habitable dwelling or the clearing of the land required under this section.

HB 167

Sec. 38,09.040. ISSUANCE OF PATENT. (a) The director shall issue a patent to homestead entry land if the permit holder for that parcel

   (1) resides on the homestead entry land for not less than five months a years for five years;

   (2) completes an approved survey of the land within 18 months after issuance of the permit;

(3) erects, within three years after the date of issuance of the homestead entry permit, a habitable, permanent, single-family dwelling on the homestead; for the purposes of this paragraph, a mobile home is not a permanent dwelling unless it is placed on and attached to a permanent foundation;

(4) clears five percent of the land within five years after the issuance of the homestead entry permit; for the purposes of this paragraph, land used for improvements is considered to be cleared;

(5) brushes the boundaries of the parcel within one year after issuance of the permit.

Municipal Considerations

HB 167 allows potential municipal and borough land to be designated for homestead land and also prevents those entities from selecting those lands already designated as homestead lands. HB 167 also exempts homestead entry land from local platting, recording, or subdivision requirements established under AS 29.33 and AS 40.15 unless it is subdivided in the future.

HB 130 requires that the Commissioner of DNR consult with a municipal assessor before determining the purchase price of land located in the municipality.

Authorization of Regulations

HB 167 gives authority to commissioner to adopt regulations for implementing homestead provisions. HB 130 does not address regulation authority.

Definitions

HB 167
Sec. 38.09.900 DEFINITIONS. In this chapter

(1) "commissioner" means the commissioner of natural resources;

(2) "director" means the director of the division of land and water management in the Department of Natural Resources;

(3) "Habitable dwelling" means a dwelling of a permanent nature, together with fixtures and facilities, including sanitary facilities, required by law or customary in the vicinity of the land made available for homestead entry;

(4) "resident" means a person who has resided in the state for at least one year, does not claim residence in another state, and shows by all attending circumstances an intent to make this state the person's permanent residence.

STATE OF ALASKA
PRELIMINARY STATEMENT OF FISCAL IMPACT

Bill No: CSHB 130 Date on Bill: 24 March 1983
Title: An act relating to homesteads
Sponsor: Uehling
Requestor: Resources Committee

1. Estimated fiscal impacts on:

a. Expenditures:

(Thousands of Dollars)

			FY 83	FY 84	FY 85	FY 86		
Capital				-0-	-0-	-0-		
Operating				-0-	-0-	-0-		
Total				-0-	-0-	-0-		
					-0-	-0-		

b. Revenues:

Revenue				-0-	-0-	-0-		

2. Source of funds to offset fiscal impact of bill:

Existing program budget for land offering program.

3. Assumptions:

Given the anticipated high cost of implementing and administering this program, due to potential difficulties with adjudication and inspection of staking programs, the Department's other land offering programs will be reduced.

4. Disclaimer:
This statement has not been reviewed by the OMB in the Office of the Governor. It therefore does not represent the final estimate of fiscal impact.

Prepared By: Ned Farquhar Phone: 465-2400
Division: Commissioner's Office Date: 28 March 1983

Approved by Commissioner: Mike D Arnold, Deputy Date: 28 March 1983
Department: Natural Resources

5. Distribution:
Original to Legislative Finance
Copy to OMB
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2/15/83

HOUSE RESOURCES COMMITTEE OBSERVER/WITNESS SIGN-UP SHEET

DATE: 3-28-83 SPONSOR: Rep. Rick Uehling

SUBJECT(S): HB 130 Homesteads

NAME	REPRESENTING	ADDRESS	PHONE	Observer	Witness	For	Against

HOUSE RESOURCES COMMITTEE OBSERVER/WITNESS SIGN-UP SHEET

DATE: March 21, 1983 SPONSOR: Rep. Rick Uehling

SUBJECT(S): HB 130 Worksession: relating to homesteads

NAME	REPRESENTING	ADDRESS	PHONE	Observer	Witness	For	Against
Andrew W Pekovich	Dept. of Nat. Resc.	230 S. Franklin St. Room 4 Olen Rok. Iowa	465-3400		X		

HOUSE RESOURCES COMMITTEE OBSERVER/WITNESS SIGN-UP SHEET

DATE: March 14, 1983 SPONSOR:

SUBJECT(S): HB 130 Work Session

NAME	REPRESENTING	ADDRESS	PHONE	Observer	Witness	For	Against
Sherrod Barton	DNR	Juneau AK	465-2400	✓	✓ - if necessary		
Dick LeFebvre	DNR	"	"	✓	✓ if necessary		
Jay Nelson	Ak Env. Lobby	6th St Juneau	586-2345	✓			
Margie Gibson	Friends of the Earth	1069 W 6th Anch 99501	272-7335	✓			

HOMESTEAD

Re: Staking Requirements

Typical Arguments Against:

1) Staking method is very inefficient and leaves scattered parcels of land undeveloped.

-- WHY IS THAT A PROBLEM? AREN'T GREEN BELTS SOMETHING MANY PEOPLE (AND GOVERNMENT ENTITIES) ARE CONSTANTLY STRIVING TO INCLUDE IN EVERY LAND USE MANAGEMENT PROGRAM?

-- IN ADDITION, IT'S IMPORTANT TO REMEMBER THAT IF THERE IS A BETTER USE FOR THAT "UNDEVELOPED" LAND -- SOMEONE WILL SEE IT AND WILL PUT IT INTO ACTION (IF PERMITTED BY THE GOVT.) OTHERWISE IT'S PROBABLY BETTER LEFT IN ITS NATURAL STATE.

2) Staking is too expensive due to adjudicating overlapping claims.

-- EMPHASIZE THAT AN INDIVIDUAL APPLYING FOR A HOMESTEAD ENTRY PERMIT SHOULD HAVE A WAITING PERIOD (POSSIBLY 18 MONTHS - THE TIME REQUIRED FOR THE SURVEY) WHERE HE IS TENTATIVELY APPROVED FOR A HOMESTEAD ENTRY PERMIT FOR THAT PARCEL OF LAND. HE MAY GO AHEAD AND START MAKING IMPROVEMENTS ON THE LAND, BUT THEY ARE AT HIS OWN RISK DURING THE FIRST 18 MONTHS. AFTER 18 MONTHS, THE DEPT. WOULD HAVE VERIFIED HIS CLAIM AND EITHER DETERMINED THERE WAS NO CONFLICT WITH ANOTHER CLAIM AND THUS AUTHORIZED HIS PERMIT, OR THEY WOULD HAVE DENIED IT.

By Mae Fischer

3/14

Bradley
6/3/83.

Original sponsors: Uehling, Tischer,
Barnes, et al

IN THE HOUSE BY THE RESOURCES COMMITTEE

SENATE CS FOR CS FOR HOUSE BILL NO. 130 (Resources)

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTEENTH LEGISLATURE - FIRST SESSION

A BILL

For an Act entitled: "An Act relating to homesteads; and providing for an effective date."

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

* Section 1. AS 38 is amended by adding a new chapter to read:

CHAPTER 09. HOMESTEAD ACT.

Sec. 38.09.010. DESIGNATION OF LAND FOR HOMESTEAD ENTRY. (a) The commissioner shall designate and make available for homestead entry state land, including land classified for agricultural use. State land made available for homestead entry under this chapter shall be distributed throughout the state.

(b) The commissioner shall complete a cadastral survey of homestead entry land that establishes a control point monument not less than each two miles along section line boundaries before designating the state land for homestead entry.

(c) Notice of the designation and offering of land for homestead entry shall be given by the commissioner under AS 38.05.345.

(d) Land designated for homestead entry is not subject to a preference right under AS 38.05.

(e) The commissioner shall prescribe a homestead entry procedure for each area designated under (a) of this section. The homestead entry procedure shall establish

(1) the minimum distance between homestead entries in the area;

(2) the dimensions, configuration, orientation or other

design requirements for a homestead entry in the area;

(3) a description of land within the area that may not be included in a homestead entry;

(4) a requirement that a landmark, monument or other point be used as a point of reference for the measurement of distances within an area;

(5) a specification of the type of stakes to be used to mark the corners of a homestead entry;

(6) the time within which a homestead entry must be staked.

(f) The commissioner shall establish the maximum size of a homestead entry that may be selected in each area designated under (a) of this section except that the commissioner may not permit an entry on more than

(1) 160 acres of land classified for agricultural use; or

(2) 40 acres of land not classified for agricultural use.

Sec. 38.09.020. HOMESTEAD ENTRY PERMITS. (a) A homestead entry permit entitles an applicant to enter land within an area designated under AS 38.09.010 and to survey, occupy, and improve the land in order to qualify for a patent under this chapter.

(b) An applicant for a homestead entry permit shall personally stake the corners and flag the boundaries of the land entered in accordance with AS 38.09.010 and shall personally file with the commissioner a description of the land entered. A homestead entry shall be described by aliquot parts, unless otherwise permitted by the Commissioner.

Sec. 38.09.030. QUALIFICATION FOR HOMESTEAD ENTRY. (a) An applicant for a homestead entry permit shall

(1) submit proof acceptable to the commissioner that the applicant is at least 18 years of age and has been a resident of the state for not less than one year immediately before the date of appli-

cation;

(2) pay a fee of $5 per acre according to the description provided by the applicant;

(3) agree to comply with the requirements of AS 38.09.050;

(4) certify that the corners of the land entered have been staked and the boundaries have been flagged;

(5) assume full responsibility for the accuracy of the description of the land filed with the commissioner under AS 38.09.-020(b).

(b) An applicant may not hold more than one homestead entry permit at one time and may not receive a patent to more than one homestead entry in a lifetime, except as provided in subsection (c).

(c) The homestead entry permit may not be assigned, conveyed, or in any manner transferred except

(1) by testate or intestate succession;

(2) to a spouse during marriage;

(3) by order of a court as part of a divorce settlement;

(4) to either a member of the immediate family or a grantee of the applicant in the case of an extreme emergency or illness which disables the applicant.

Sec. 38.09.040. REVOCATION OF ENTRY PERMITS. (a) A homestead entry permit may be revoked by the commissioner for any substantial breach of the permit conditions or the requirements of this chapter, including

(1) an assignment, conveyance, or transfer of the permit not authorized under AS 38.09.030(c);

(2) failure of the permit holder to submit a plat of survey to the commissioner within two years after the issuance of the permit or under (b) of this section;

(3) failure of the permit holder to erect a dwelling in the time required under AS 38.09.050(a), except that if the commissioner finds that the dwelling has been nearly completed and progress toward completion is being made at the expiration of the time required, the commissioner may extend the time required for completion for not more than one year;

(4) failure to brush the boundaries of the land within 90 days after issuance of the homestead entry permit;

(5) failure to clear and either put into production or prepare for cultivation 25 percent of the land classified for agricultural use within five years after the issuance of the permit.

(b) If the commissioner determines that a permit holder has made a good faith effort to obtain a plat of survey, the commissioner may extend the time required for completion of the plat of survey for not more than three years after the issuance of the permit.

(c) If a homestead entry permit is revoked under (a) of this section, improvements or personal property upon the land shall be managed under AS 38.05.090 and the state land remains available for homestead entry under this chapter.

Sec. 38.09.050. ISSUANCE OF PATENT. (a) The commissioner shall issue a patent to homestead entry land if the permit holder

(1) resides and lives on the homestead entry land for not less than 25 months within five years after the issuance of the homestead entry permit;

(2) completes an approved survey of the land within two years after the issuance of the permit or under AS 38.09.040(b);

(3) erects a habitable, permanent dwelling on the homestead within three years after the issuance of the homestead entry permit;

(4) brushes the boundaries of the land within 90 days after

the issuance of the permit;

(5) clears and either puts into production or prepares for cultivation 25 percent of the land classified for agricultural use within five years after issuance of the permit.

(b) Nothing in this chapter prohibits a homestead entry permit holder from residing in a temporary dwelling on the homestead before erection of the permanent dwelling.

(c) The commissioner may reserve or exclude from a patent easements or rights-of-way for roads, trails, trap lines, public access ways, utility corridors, and transportation facilities.

Sec. 38.09.060. MARKING BOUNDARIES. If it is impractical to brush the boundaries of a homestead entry, an applicant shall flag the boundaries.

Sec. 38.09.070. PRIORITY OF APPLICATIONS. The commissioner shall issue a homestead entry permit to the first applicant for land to comply with AS 38.09.020(b).

Sec. 38.09.080. LAND WITHIN MUNICIPALITIES. (a) If a municipality has filed a selection of state lands under AS 29.18.201 - 29.18.213 with the commissioner, the state lands selected may not be designated for homestead entry; if the commissioner determines that land selected by a municipality is not available for patent to the municipality under AS 29.18.201 - 29.18.213, the state land is available for designation by the commissioner for homestead entry under AS 38.09.010.

(b) The disposal of homestead entry land is subject to local platting, recording, or subdivision requirements established under AS 29.33 and AS 40.15.

Sec. 38.09.090. PURCHASE. If an applicant complies with the requirements of AS 38.09.050(a)(2) and (4) and pays to the commission-

er an amount equal to five percent of the fair market value within two years of the issuance of an entry permit, an applicant may purchase the land under AS 38.05.065. The purchase price is the fair market value of the land at the issuance of the entry permit as determined by the commissioner.

Sec. 38.09.100. LESSEES OF REMOTE PARCELS. (a) A lessee of a remote parcel under AS 38.05.077 may elect to obtain title to the remote parcel under AS 38.09.050. If a lessee of a remote parcel elects to obtain title under AS 38.09.050, the effective date of this act shall be considered the date of the issuance of the homestead entry permit.

(b) Except as provided in (a) of this section, nothing in AS 38.09 affects the rights and obligations of lessees of remote parcels under AS 38.05.077.

Sec. 38.09.110. REGULATIONS. The commissioner shall adopt regulations to implement this chapter.

Sec. 38.09.900. DEFINITIONS. In this chapter

(1) "brush" means to clear a swath along the boundary lines of a homestead entry so that the boundary lines may be identified from the ground;

(2) "commissioner" means the commissioner of natural resources;

(3) "habitable dwelling" means a dwelling of a permanent nature, together with fixtures and facilities, including sanitary facilities, required by law or customary in the vicinity of the land made available for homestead entry;

(4) "permanent dwelling" does not include a mobile home unless it is placed on and attached to a permanent foundation;

(5) "resident" means an individual who has resided in the

state for one year, does not claim residence in another state, and shows by all attending circumstances an intent to make this state the individual's permanent residence.

* Sec. 2. AS 38.05.077 and 38.05.078 are repealed.

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

Original sponsors: Uehling, Tischer, Barnes, et al

IN THE HOUSE BY THE RESOURCES COMMITTEE

SENATE CS FOR CS FOR HOUSE BILL NO. 130 (Resources)

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTEENTH LEGISLATURE - FIRST SESSION

A BILL

For an Act entitled: "An Act relating to homesteads; and providing for an effective date."

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

* Section 1. AS 38 is amended by adding a new chapter to read:

CHAPTER 09. HOMESTEAD ACT.

Sec. 38.09.010. DESIGNATION OF LAND FOR HOMESTEAD ENTRY. (a) The commissioner shall designate and make available for homestead entry state land, including land classified for agricultural use. State land made available for homestead entry under this chapter shall be distributed throughout the state.

(b) The commissioner shall complete a cadastral survey of homestead entry state land before designating the state land for homestead entry. No portion of any land available for homestead entry shall be located greater than one mile from a survey control monument.

(c) Notice of the designation and offering of land for homestead entry shall be given by the commissioner under AS 38.05.345.

(d) Land designated for homestead entry is not subject to a preference right under AS 38.05.

(e) The commissioner shall prescribe a homestead entry procedure for each area designated under (a) of this section. The homestead entry procedure shall establish

(1) the minimum distance between homestead entries in the area;

(2) the dimensions, configuration, orientation or other

design requirements for a homestead entry in the area;

(3) a description of land within the area that may not be included in a homestead entry;

(4) a requirement that a landmark, monument or other point be used as a point of reference for the measurement of distances within an area;

(5) a specification of the type of stakes to be used to mark the corners of a homestead entry;

(6) the time within which a homestead entry must be staked.

(f) The commissioner shall establish the maximum size of a homestead entry that may be selected in each area designated under (a) of this section except that the commissioner may not permit an entry on more than

(1) 160 acres of land classified for agricultural use; or

(2) 40 acres of land not classified for agricultural use.

Sec. 38.09.020. HOMESTEAD ENTRY PERMITS. (a) A homestead entry permit entitles an applicant to enter land within an area designated under AS 38.09.010 and to survey, occupy, and improve the land in order to qualify for a patent under this chapter.

(b) An applicant for a homestead entry permit shall personally stake the corners and flag the boundaries of the land entered in accordance with AS 38.09.010 and shall personally file with the commissioner a description of the land entered. A homestead entry shall be described by aliquot parts, unless otherwise permitted by the Commissioner.

Sec. 38.09.030. QUALIFICATION FOR HOMESTEAD ENTRY. (a) An applicant for a homestead entry permit shall

(1) submit proof acceptable to the commissioner that the applicant is at least 18 years of age and has been a resident of the state for not less than one year immediately before the date of appli-

cation;

(2) pay a fee of $5 per acre according to the description provided by the applicant;

(3) agree to comply with the requirements of AS 38.09.050;

(4) certify that the corners of the land entered have been staked and the boundaries have been flagged;

(5) assume full responsibility for the accuracy of the description of the land filed with the commissioner under AS 38.09.-020(b).

(b) An applicant may not hold more than one homestead entry permit at one time and may not receive a patent to more than one homestead entry in a lifetime, except as provided in subsection (c).

(c) The homestead entry permit may not be assigned, conveyed, or in any manner transferred except

(1) by testate or intestate succession;

(2) to a spouse during marriage;

(3) by order of a court as part of a divorce settlement;

(4) to either a member of the immediate family or a grantee of the applicant in the case of an extreme emergency or illness which disables the applicant.

Sec. 38.09.040. REVOCATION OF ENTRY PERMITS. (a) A homestead entry permit may be revoked by the commissioner for any substantial breach of the permit conditions or the requirements of this chapter, including

(1) an assignment, conveyance, or transfer of the permit not authorized under AS 38.09.030(c);

(2) failure of the permit holder to submit a plat of survey to the commissioner within two years after the issuance of the permit or under (b) of this section;

(3) failure of the permit holder to erect a dwelling in the time required under AS 38.09.050(a), except that if the commissioner finds that the dwelling has been nearly completed and progress toward completion is being made at the expiration of the time required, the commissioner may extend the time required for completion for not more than one year;

(4) failure to brush the boundaries of the land within 90 days after issuance of the homestead entry permit;

(5) failure to clear and either put into production or prepare for cultivation 25 percent of the land classified for agricultural use within five years after the issuance of the permit.

(b) If the commissioner determines that a permit holder has made a good faith effort to obtain a plat of survey, the commissioner may extend the time required for completion of the plat of survey for not more than three years after the issuance of the permit.

(c) If a homestead entry permit is revoked under (a) of this section, improvements or personal property upon the land shall be managed under AS 38.05.090 and the state land remains available for homestead entry under this chapter.

Sec. 38.09.050. ISSUANCE OF PATENT. (a) The commissioner shall issue a patent to homestead entry land if the permit holder

(1) resides and lives on the homestead entry land for not less than 25 months within five years after the issuance of the homestead entry permit;

(2) completes an approved survey of the land within two years after the issuance of the permit or under AS 38.09.040(b);

(3) erects a habitable, permanent dwelling on the homestead within three years after the issuance of the homestead entry permit;

(4) brushes the boundaries of the land within 90 days after

the issuance of the permit;

(5) clears and either puts into production or prepares for cultivation 25 percent of the land classified for agricultural use within five years after issuance of the permit.

(b) Nothing in this chapter prohibits a homestead entry permit holder from residing in a temporary dwelling on the homestead before erection of the permanent dwelling.

(c) The commissioner may reserve or exclude from a patent easements or rights-of-way for roads, trails, trap lines, public access ways, utility corridors, and transportation facilities.

Sec. 38.09.060. MARKING BOUNDARIES. If it is impractical to brush the boundaries of a homestead entry, an applicant shall flag the boundaries.

Sec. 38.09.070. PRIORITY OF APPLICATIONS. The commissioner shall issue a homestead entry permit to the first applicant for land to comply with AS 38.09.020(b).

Sec. 38.09.080. LAND WITHIN MUNICIPALITIES. (a) If a municipality has filed a selection of state lands under AS 29.18.201 - 29.18.213 with the commissioner, the state lands selected may not be designated for homestead entry; if the commissioner determines that land selected by a municipality is not available for patent to the municipality under AS 29.18.201 - 29.18.213, the state land is available for designation by the commissioner for homestead entry under AS 38.09.010.

(b) The disposal of homestead entry land is subject to local platting, recording, or subdivision requirements established under AS 29.33 and AS 40.15.

Sec. 38.09.090. PURCHASE. If an applicant complies with the requirements of AS 38.09.050(a)(2),(4)+(5) and pays to the commission-

er an amount equal to five percent of the fair market value within two years of the issuance of an entry permit, an applicant may purchase the land under AS 38.05.065. The purchase price is the fair market value of the land at the issuance of the entry permit as determined by the commissioner. A patent to land purchased under this subsection and issued under AS 38.09.050 shall contain the following conditions:

(1) the land may not be sold, leased, otherwise conveyed before five years after the date that the patent is issued except under the provisions of AS 38.09.030(c); and

(2) the land may not be subdivided before five years after the issuance of patent.

Sec. 38.09.100. LESSEES OF REMOTE PARCELS. (a) A lessee of a remote parcel under AS 38.05.077 may elect to obtain title to the remote parcel under AS 38.09.050. If a lessee of a remote parcel elects to obtain title under AS 38.09.050, the effective date of this Act shall be considered the date of the issuance of the homestead entry permit.

(b) Except as provided in (a) of this section, nothing in AS 38.09 affects the rights and obligations of lessees of remote parcels under AS 38.05.077.

Sec. 38.09.110. REGULATIONS. The commissioner shall adopt regulations to implement this chapter.

Sec. 38.09.900. DEFINITIONS. In this chapter

(1) "brush" means to clear a swath along the boundary lines of a homestead entry so that the boundary lines may be identified from the ground;

(2) "commissioner" means the commissioner of natural resources;

(3) "habitable dwelling" means a dwelling of a permanent nature, together with fixtures and facilities, including sanitary facilities, required by law or customary in the vicinity of the land made available for homestead entry;

(4) "permanent dwelling" does not include a mobile home unless it is placed on and attached to a permanent foundation;

(5) "resident" means an individual who has resided in the

state for one year, does not claim residence in another state, and shows by all attending circumstances an intent to make this state the individual's permanent residence.

*Sec. 2. AS 38.04.020(d)(1) is amended to read:

(1) land suitable for [remote parcels] homestead disposal;

*Sec. 3. AS 38.04.020(e)(1) is amended to read:

(1) for survey and disposal of land proposed to be made available for [remote parcel] homestead staking, with the general location of the land;

*Sec. 4. AS 38.04.020(g)(1) is amended to read:

(g) After July 1 of each year, the commissioner shall direct the expenditure of money appropriated for the disposal of land in response to requests made under (e) and (f) of this section for the following:

(1) Land designated as suitable for [remote parcel] homestead disposal shall be classified and surveyed under AS 38.04.005--38.04.910 and AS 38.05.005--38.05.370 and made available for staking and lease under [AS 38.05.077] AS 38.09.

*Sec. 5. AS 38.05.057(f) is amended to read:

(f) If only one application for a parcel is received, the commissioner shall offer the parcel to the applicant who applied for the parcel if the applicant is qualified to participate in the lottery. If more than one application is received for a parcel [, or if more applications are received for the right to select a remote parcel offered under AS 38.05.077 than the number of remote parcels authorized,] the commissioner shall select the applicant who is entitled to receive a conveyance of the land by lottery. If the commissioner does not receive an application for a parcel of state land or if a purchaser fails to sign a lease agreement or contract of sale, the parcel shall be offered to the first eligible person to apply for the parcel. If the parcel was designated as a homesite and offered to the public under AS 38.05.047(f), the parcel shall be disposed of under the terms required by AS 38.08.010--38.08.120.

*Sec. 6. AS 38.05.067(e) is amended to read:

(e) This section does not apply to the sale of state land under AS 38.04.020(g)(2) [,AS 38.05.077, and 38.05.078] and AS 38.09.

*Sec. 7. AS 38.05.077 and 38.05.078 are repealed.

*Sec. 8. Section 1 of this Act takes effect immediately in accordance with AS 01.10.070(c).

*Sec. 9. Sections 2,3,4,5,6, and 7 of this Act take effect July 1, 1984.

STATE OF ALASKA
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

M E M O R A N D U M April 20, 1983

SUBJECT: Homesteads
[CSHB 130(Finance)]

TO: Representative Rick Uehling

FROM: Richard A. Bradley
Legislative Counsel B

You have requested a sectional analysis of the above described bill.

As a preliminary matter, I must advise you that a sectional analysis or summary of a bill should not be considered an authoritative interpretation of the bill; the bill itself is the best statement of its contents. For a full explanation of any point, please consult the bill itself; if you would like an interpretation of the bill as it may apply to a particular set of circumstances, please address a specific request to this office.

Sec. 1 establishes a new chapter, AS 38.09.

Sec. 10 provides for the designation of the land for homestead entry.

Sec. 10(a) directs the commissioner to classify and make available for homestead entry state land. The subsection also directs that the land be made available throughout the state though later sections acknowledge the apparent fact that certain areas of the state (southeastern, Kodiak, the Prince William Sound areas and perhaps the areas around the state's larger municipalities) may have relatively little land, particularly if it is taken up in 160 acre segments.

Sec. 10(b) provides that a cadastral survey will be completed before the land is made available for homestead entry. As I understand the concepts in sec. 10(b), the outer boundaries of the parcel of land made available by the state for entry (in this sense, the "parcel" is the entire contiguous tract

of state land designated for homestead entry) will contain "control points" which will assist the entrymen in describing the land. I confess that if more than that is implied in the concept of a "control point," I do not understand what is meant; the term is used in surveying to indicate a reference point for other descriptions.

Sec. 10(c) provides that the standard notice requirements found at AS 38.05.345 will be used to give the public notice of the sale.

Sec. 10(d) provides that preference rights are not available. I understand that preference rights include discounts (see AS 38.05.058) and veteran's preferences.

Sec. 20 deals with the homestead entry permit.

Sec. 20(a) provides that the entry permit entitles an applicant to enter land within the designated parcel and then to "survey, occupy, and improve" the land in order to qualify for patent.

Sec. 20(b) requires an entryman to stake the corners and to flag the boundaries.

Somewhat as an aside, note that the entrymen is required to stake, flag, and brush the land -- in that order. The concept of staking seems clear; an entrymen must stake before filing for the land with the commissioner. Sec. 20(b). "Staking" occurs at the corners of the entry. I gather that the latest form of staking includes dropping a dart-like device from a helicopter; the dart will typically imbed itself in the land and become a "stake."

The concept of "flagging" is useful when brushing is not practical; see sec. 60. It is assumed that flagging will occur when land without trees is entered. I may say that I argued against retaining the phrase "and flag the boundaries of the land entered" on page 1, line 28 simply because if the land can be brushed, sec. 60 says that there is no point to the flagging.

"Brushing" also seems clear; it involves the removal of trees so that a visible boundary is established. As I understand the bill, the brushing is measured on the ground; see sec. 900(1). The alternative is to require that brushing be visible from the air.

Returning to the bill, sec. 20(b) requires the applicant to stake and flag the boundaries and then file the application containing the description of land with the commissioner. The section provides that an entry "may not exceed 10 percent of the total acreage of a parcel of state land made available for disposal after the effective date of this Act." This provision permits the commissioner to make land go further in areas where state land is determined to be scarce. And the subsection also says that the entry may not be for less than 2 1/2 acres (or more than 160 acres). The land is also required to be "described by aliquot parts"; as I understand this requirement, the land must be described by reference to section fractions such as N1/2, SE1/4, and the like.

Sec. 30 relates to qualification for homestead entry.

Sec. 30(a) provides that an applicant for an entry permit shall

> submit proof that an applicant is 18 years of age and a one year resident of the state (sec. 30(a)(1));
>
> pay a $5 per acre filing fee based on the description of the applicant; unlike earlier versions of the bill, it is no longer refundable (sec. 30(a)(2);
>
> agree to comply with requirements for patent under sec. 50 (sec. 30(a)(3);
>
> certify that the corners have been staked and the boundaries flagged (sec. 30(a)(4);
>
> assume full responsibility for the accuracy of the description offered (sec. 30(a)(5).

Sec. 30(b) limits an entryman to one permit at a time though more than one permit in a lifetime is permitted if 160 acres under this chapter have not been obtained.

Sec. 30(c) provides that the entry permit is not assignable except

> by testate succession (by a will or estate plan) or by intestate succession (inheritance by operation of law) (sec. 30(c)(1));

to a spouse during marriage (sec. 30(c)(2);

as a part of a divorce settlement order by a court (sec. 30(c)(3);

to either a member of the immediate family or, "in the case of extreme emergency or illness which disables the grantee," to a grantee selected by the applicant (sec. 30(c)(4).

Sec. 40 permits the revocation of entry permits.

Sec. 40(a) provides that an entry permit may be revoked by the commissioner for "any substantial breach of the permit conditions" or the "requirements of this chapter. The section then specifies a number of explicit requirements permitting cancellation:

an assignment, conveyance, or other transfer of the permit (to the extent not permitted under sec. 30(c) (sec. 40(a)(1);

failure of the permit holder to submit a plat of survey within two years of the issuance of the permit (sec. 40(a)(2);

failure of the permit holder to erect a dwelling within three years of the issuance of the permit except that the commissioner may extend the time required to complete the dwelling of it is substantially completed (sec. 40(a)(3);

failure to brush the boundaries within 90 days after issuance of the permit (sec. 40(a)(4).

Sec. 40(b) permits the improvements and personal property on the land to be managed under AS 38.05.090 if the permit is revoked.

Sec. 50 permits the issuance of the permit.

Sec. 50(a) is largely the reciprocal of sec. 40(a). Thus a patent shall issue if the permit holder

resides and lives on the entry land for not less than 25 months within five years from the issuance of the permit (sec. 50(a)(1);

completes an approved survey within two years of the issuance of the permit (sec. 50(a)(2);

erects a habitable, permanent dwelling on the homestead within three years of the issuance of the permit (sec. 50(a)(3);

brushes the boundaries within 90 days of the issuance of the permit (sec. 50(a)(4).

Sec. 50(b) permits a permit holder to reside in a temporary residence on the entry before the permanent dwelling is completed.

Sec. 50(c) permits the commissioner to "reserve or exclude from a patent easements or rights-of-way for roads, trails, registered trap lines, public access ways, utility corridors, and transportation facilities." The term "registered trap lines" is interesting; as I understand it, legislation may be pending that would result in "registered trap lines." At this time, however, no such legal concept exists. See the definition at sec. 900(5).

Sec. 60 relates to the marking of boundaries. If it is impractical to brush boundaries, they shall be flagged. I would expect regulations to flesh out what is only hinted at here.

Sec. 70 deals with the priority of applications; the commissioner is directed to issue an entry permit to the first applicant to comply with sec. 20(b) (which means staking the corners, flagging the boundaries, and filing with the commissioner).

Sec. 80(a) permits use of land within municipalities that would otherwise be eligible for borough or city selection.

Sec. 80(b) provides that entries are subject to "local platting, recording, or subdivision requirements under AS 29.33 and AS 40.15."

Sec. 900 establishes definitions. The terms "brush", "habitable dwelling", "permanent dwelling", "registered trap lines", and "resident" are defined.

Sec. 2 establishes an immediate effective date.

If I may be of further assistance, please advise.

RAB:ljb
15/025

Summary of Teleconference

Topic: Homesteading

March 3, 1983

Homesteading in General

Nearly all participants enthusiastically supported the concept of a homestead program. The overriding reason seems to be in keeping with the Article VIII, Sec. 1 & 2 of our Constitution:

ARTICLE VIII
NATURAL RESOURCES

> SECTION 1. It is the policy of the State to encourage the settlement of its land and the development of its resources by making them available for maximum use consistent with the public interest.
>
> SECTION 2. The legislature shall provide for the utilization, development, and conservation of all natural resources belonging to the State, including land and waters, for the maximum benefit of its people.

In short, participants seem to agree that Alaskan residents should have the opportunity to own land and determine for themselves what the use and lifestyle is appropriate on that land.

Stipulations

Overall, the testimony seemed to indicate that 160 acres was an acceptable parcel size, and that a reasonable portion of that acreage should be cleared.

a) SURVEYING - Yes, an accurate survey should be required, but it should not cost prohibitive. State funded surveys for major control points such as section corners would help reduce costs. Also, either loans, or additional time to complete survey requirements would help.

b) HABITABLE DWELLING - Yes, a permanent habitable dwelling should be required.

c) ACCESS - This topic of discussion came up repeatedly. First, their needs to be accessible to homesteads via rights-of-way preferably along section lines. Secondly, homesteads should not block public

access to streams, lakes, or public lands. Lastly, access to one's homestead should not be hindered by other homestead selections.

d) STAKING - Yes, their should be traditional staking requirements and boundary lines should be brushed and reasonably marked.

e) ENTRY - Participants, overall, did not support the lottery or auction approach to disposal and mentioned several times that HB 130 was not acceptable because it too closely resembled current land disposal programs. A traditional (select your own ground, stake it, and file for an entry permit) approach appears to have the strongest support.

f) CLEARING REQUIREMENTS - Nearly everyone felt that some clearing was reasonable, but many participants stressed that it should be a reasonable requirement Not one that adds extreme expense, but rather a "sweat equity" for the homestead entree.

g) OCCUPANCY - Again, most people favored occupancy requirements with the stipulation that homesteaders be required to make their home on the selection for a reasonable portion of 5 to 7 yrs. Suggestions varied, but an average of 5 mos. a year seemed to prevail.

h) OWNERSHIP - Nearly all participants wished to obtain a "fee simple" title or patent to the homestead selection upon fulfillment of requirements. Many expressed a desire for more sub-surface rights and water rights, in addition to surface ownership.

i) AGRICULTURE USE - Overal participants did not favor stipulations for Agriculture. Citing existing Ag programs and the need for homesteading, not necessarily small farm projects, those testifying seemed to stress the need for people to determine what use they had for their 160 acres. Most testimony indicated that on good land, some form of agriculture would be desireable, but it should not be made conditional by the state.

j) PRIOR LAND HOLDERS - Several participants expressed the need to let people who have participated in previous land programs also have the opportunity to homestead, as it was not available before.

k) LOANS - Many participants felt that loans should be available to offset expenses incurred while fulfilling homestead requirements.

Other Suggestions:

a) SPECIAL EXCEPTIONS - One participant raised the issue of handicapped residents who may need special provisions to compete in the program. Veteran benefits were also cited by this individual.

b) TRADITIONAL ACCESS - Trails, traplines and traditional routes of access should be maintained if at all possible.

c) RESIDENCY - Most participants support the 1 year residency requirement, however, some felt that a longer term should be required (Constitutionally that would present the district possibility of a court challenge).

d) ABANDONED ENTRIES - Should revert back to the state.

e) MUNICIPAL CONSIDERATIONS - Should meet local municipal requirements for zoning and platting.

f) SUBDIVIDING - It was suggested that a turn limit be set before sale or subdividing can occur.

g) ADDITIONAL OCCUPANCY TIME - Two participants felt that homesteaders should live the greater portion of at least one year out of the total required on the homestead entry.

h) SPOUSES - One person suggested that marriage should not prohibit two individuals from each filing separate homesteads.

Alaska State Legislature

BETTYE FAHRENKAMP, Chairman
ROBERT H. ZIEGLER, SR., Vice Chairman
DICK ELIASON
PAUL FISCHER
VIC FISCHER
BOB MULCAHY
ARLISS STURGULEWSKI

POUCH V
STATE CAPITAL
JUNEAU, ALASKA 99811
(907) 465-3834
(907) 465-3835

Senate

Committee on Resources

June 10, 1983

Memo

To: Senate Resources Committee Members

From: Senate Resources Committee Staff

Subject: Draft CS for CSHB 130, Homesteads

The attached draft amends CSHB 130 to address several of the comments received from the DNR, from the North Star Borough, from Tanana Chiefs Conference and citizens. The draft contains the following changes:

-----It specifically would require DNR to provide lands classified for agriculture among the areas identified for homestead entry. Ag lands could be larger parcels (up to 160 acres), would require a 25% clearing and preparation for cultivation in addition to the other "sweat equity" requirements, and under existing statute only ag rights patent would be issued.

-----It would change the maximum acreage available for homestead staking for non-ag lands from 160 acres to 40 acres.

-----It would give DNR the latitude similar to current remote parcel statute to specify staking conditions, parcel spacing, acreage, etc.

-----Applicants would be limited to one homestead per lifetime rather than 160 acres per lifetime as in House bill.

-----The remote parcel program would be repealed and most of the relevant requirements and benefits rolled into the homestead program. As such homestead entrymen could elect within two years to purchase parcel for fair market value with terms under existing law and do a survey similar to existing remote parcel rather than prove up through sweat equity requirements. Both systems could work on the same areas open for staking. Current remote parcel lessees could elect to obtain patent through sweat equity requirements of homestead program.

-----The time to complete a survey by entrymen could be administratively extended from two to three years if a good-faith effort to obtain a survey has been made.

-----To facilitate individual surveys and avoid staking errors, DNR is required to monument along all section lines every two miles in homestead areas. The House bill only required exterior boundary monumentation.

REMAINING QUESTIONS, OPTIONS

-----Adoption of this legislation would set up different "sweat equity" requirements as are now required under the "homesite" program. Other out-of-sync homesite requirements include 3-year residency. Perhaps now, but certainly during the interim we should look at either the possibility of rolling in the "homesite" program or bringing the homesite requirements into conformance with this legislation and court rulings.

-----Surveying represents a significant cost to DNR. The more surveying that is done, the more state expense is incurred. But the less surveying of staking areas that is done, the more likelihood of staking errors, confusion and higher survey costs for individuals. Thus, compromises are necessary and alternatives exist on the amount of pre-surveying that might be required of DNR for homestead parcel areas.

-----Repeal of the Remote Parcel program may cause confusion or hard feelings on the part of the public who may have wanted to enjoy some aspect of that program such as the 5 and 10-year leasing option prior to patent. An option would be to keep this program on the books and let DNR have the ability to continue to use it if necessary.

-----There are several other sections of Title 38 which deal with DNR's making land available in various program including remote parcels, lotteries, and homesites. There is an obvious need to go back and review the statutes to see if any new program such as homesteading is properly or appropriately considered with other programs.

-----DNR has suggested that if homestead lands are made available in accessible popular areas, a land "stampede" may result with considerable confusion and overlapping staking. It might be helpful to give DNR authority or a directive to conduct a lottery to determine the number of stakers who would be permitted to enter a staking area.

-----This CS would limit homesteads to one per lifetime. It would be possible for persons to have one homestead, one homesite and other lands. The question of limiting total "sweat equity" patents might be considered.

-----The remote parcel program currently has a stipulation that a parcel can't be sold or subdivided for 10 years after receiving patent. A similar limitation might be considered for homestead patents.

MEMORANDUM State of Alaska

TO: The Honorable John Ringstad
Co-chairman, House Resources Committee
Alaska House of Representatives

DATE: March 4, 1983

FILE NO:

TELEPHONE NO: 465-2400

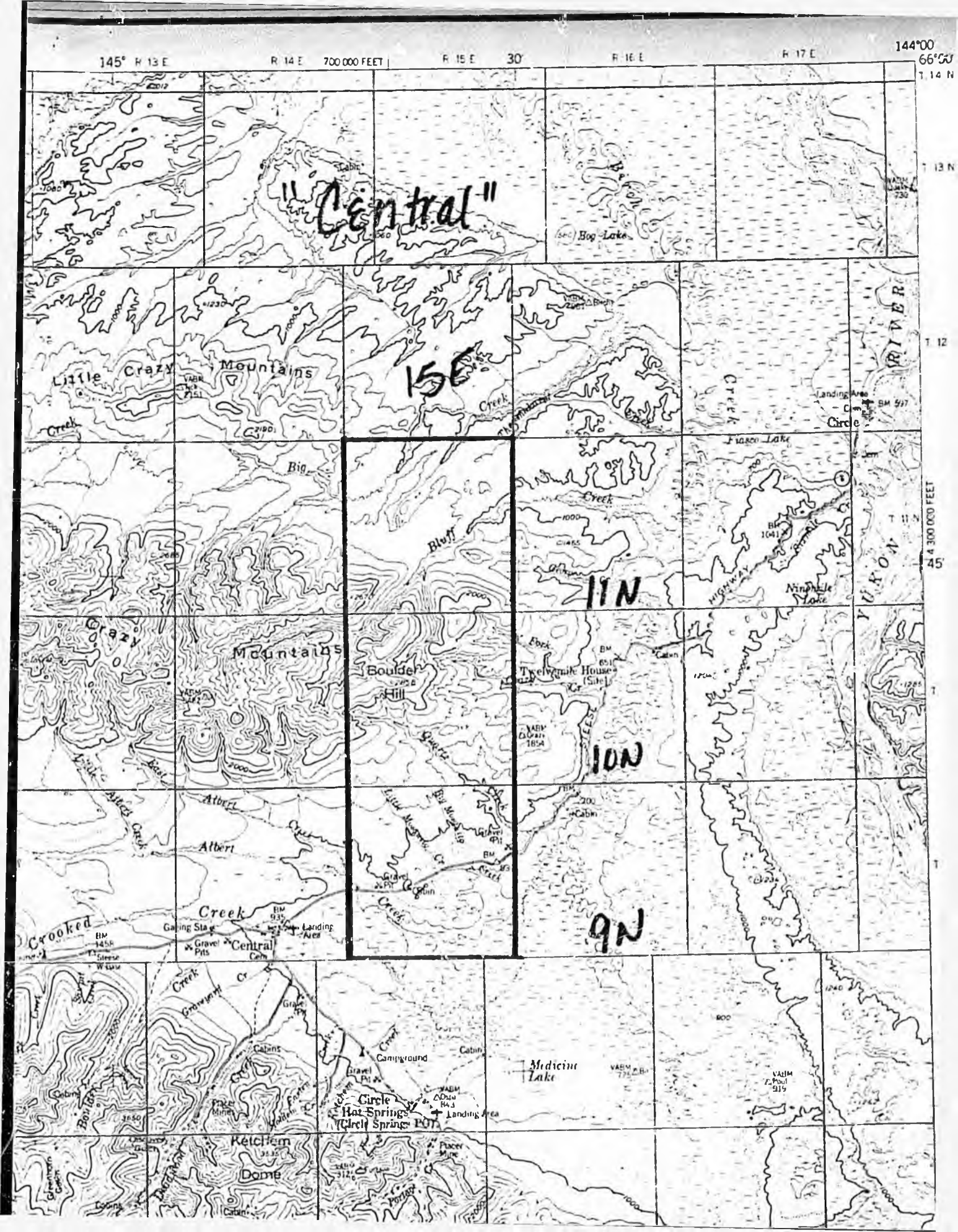
FROM: Sharon Barton
Special Assistant
Department of Natural Resources

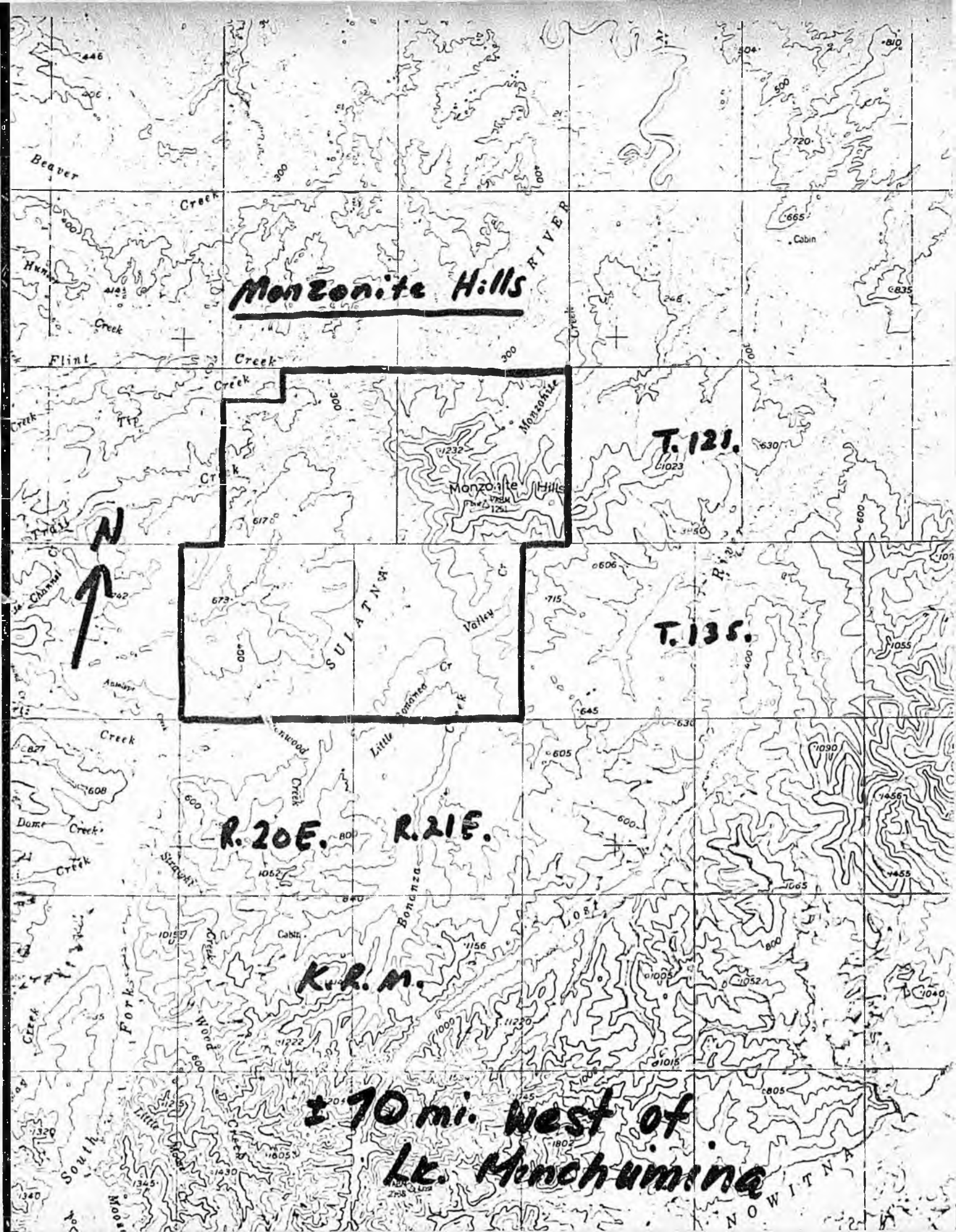
SUBJECT: Homestead program

In the last hearing on the homestead bill, the House Resources Committee requested maps of the kinds of areas which DNR would consider for homesteading. I have attached copies of quad maps indicating such areas in northcentral and southcentral Alaska. Please understand that these are only "representative" areas - no decision has been made as to the final disposition of these lands nor is this a complete listing of such lands.

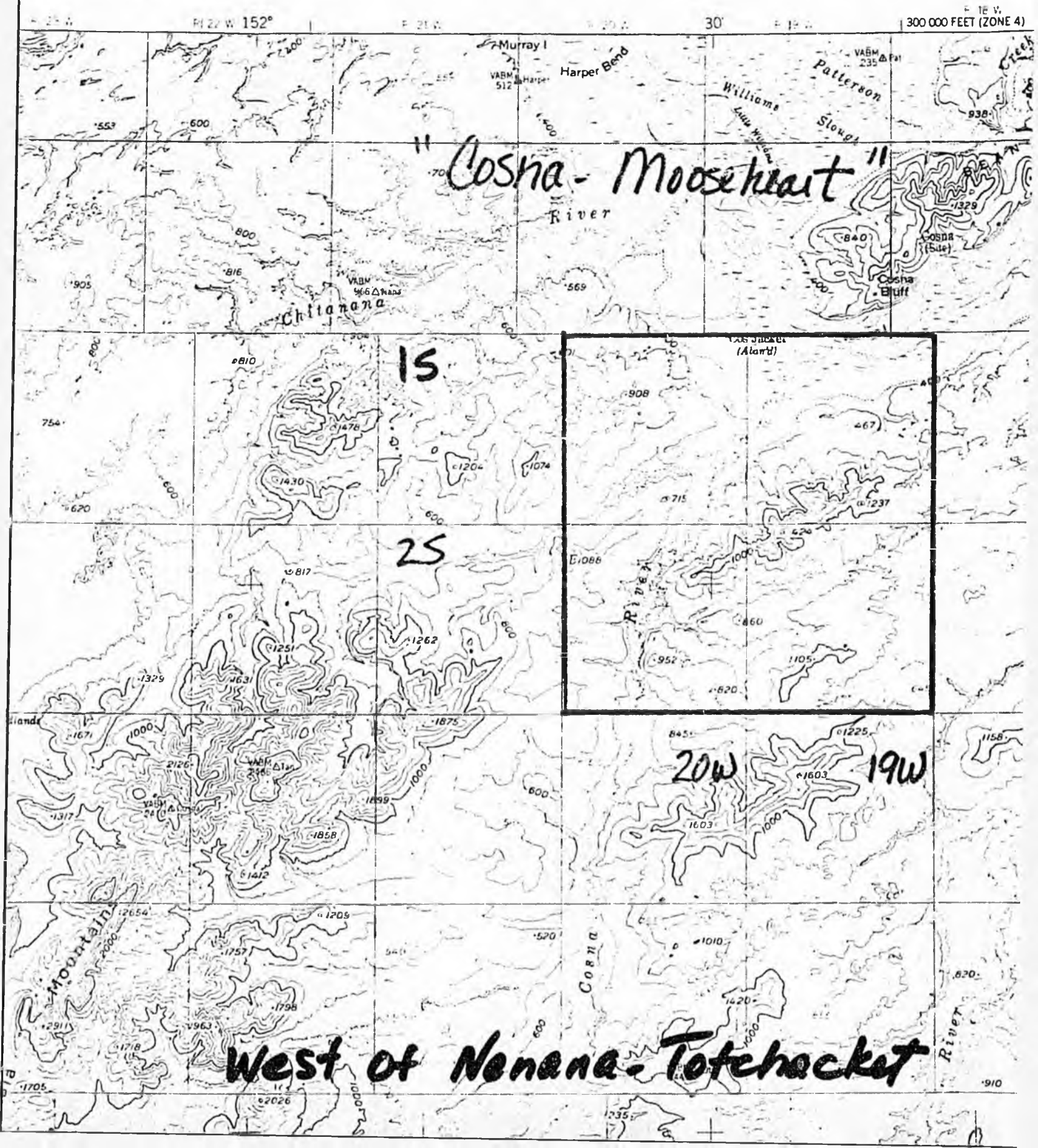
In response to a second question, DNR would attempt to offer approximately 10-15,000 acres per year for homesteading given the current level of the land disposal program.

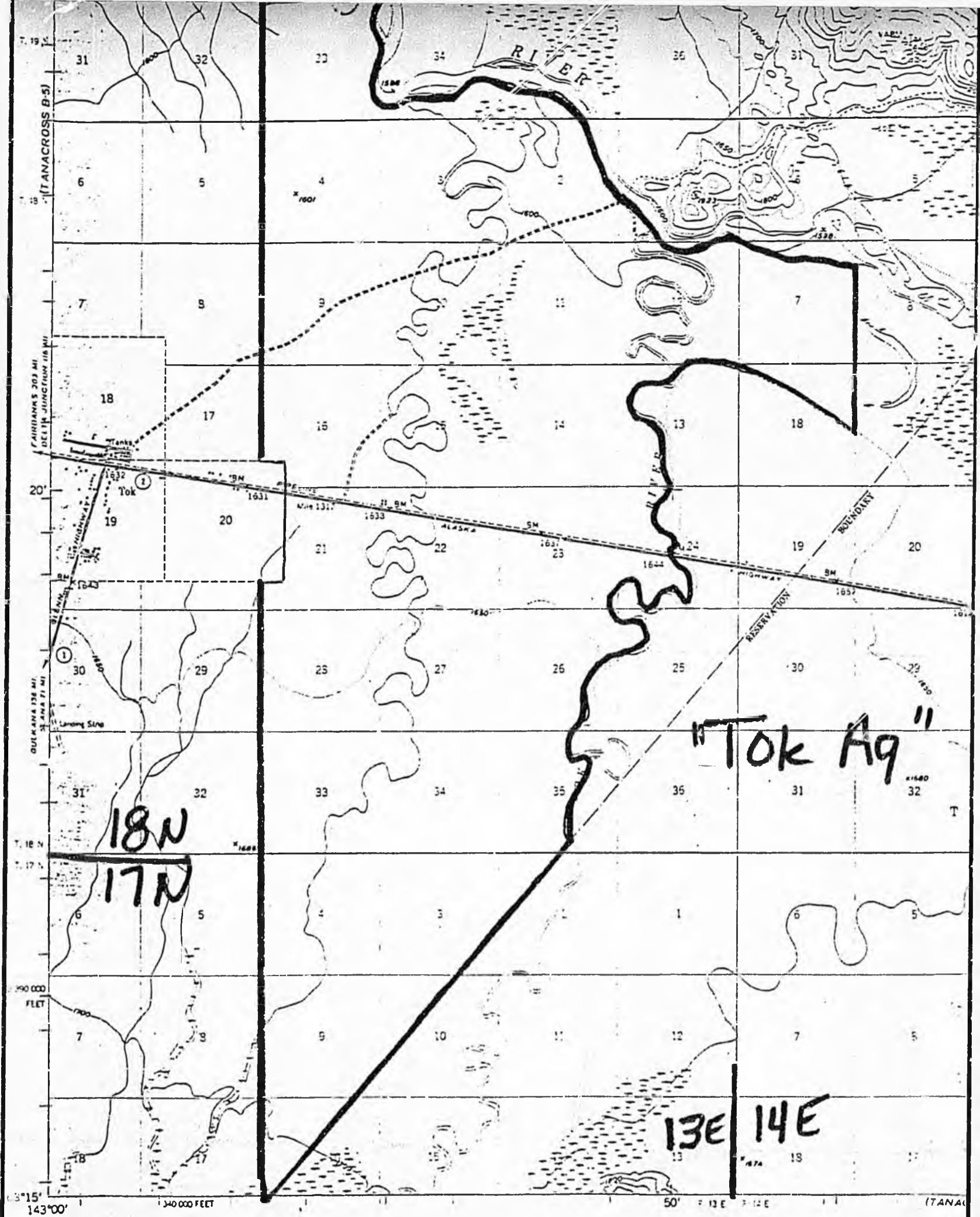
Attachments


145° R 13 E
R 14 E
700 000 FEET
R 15 E
30'
R 16 E
R 17 E
144°00'
66°30'
T 14 N
T 13 N
T 12
T 11 N
T 10 N
T 9 N
4 300 000 FEET
45'
"Central"
Bog Lake
Little Crazy Mountains
15E
Big Bluff Creek
Circle
Fraser Lake
Ninemile Lake
YUKON RIVER
11N
Crazy Mountains
Boulder Hill
Twelvemile House (Site)
10N
Albert Creek
Crooked Creek
Gaging Station
Gravel Pits
Central
Landing Area
9N
Cabins
Campground
Medicine Lake
Circle Hot Springs (Circle Springs P.O.)
Placer Mine
Ketchem Dome


Monzonite Hills
T. 12S.
T. 13S.
R. 20E.
R. 21E.
K.R.M.
± 70 mi. West of
Lt. Minchumina
N
Beaver
Creek
Flint
Creek
Monzonite
Hills
SULATNA
Valley
Cr
Little
Bonanza
Creek
Dome
Creek
Cabin
Fork
South
Moose
NOWITNA
RIVER

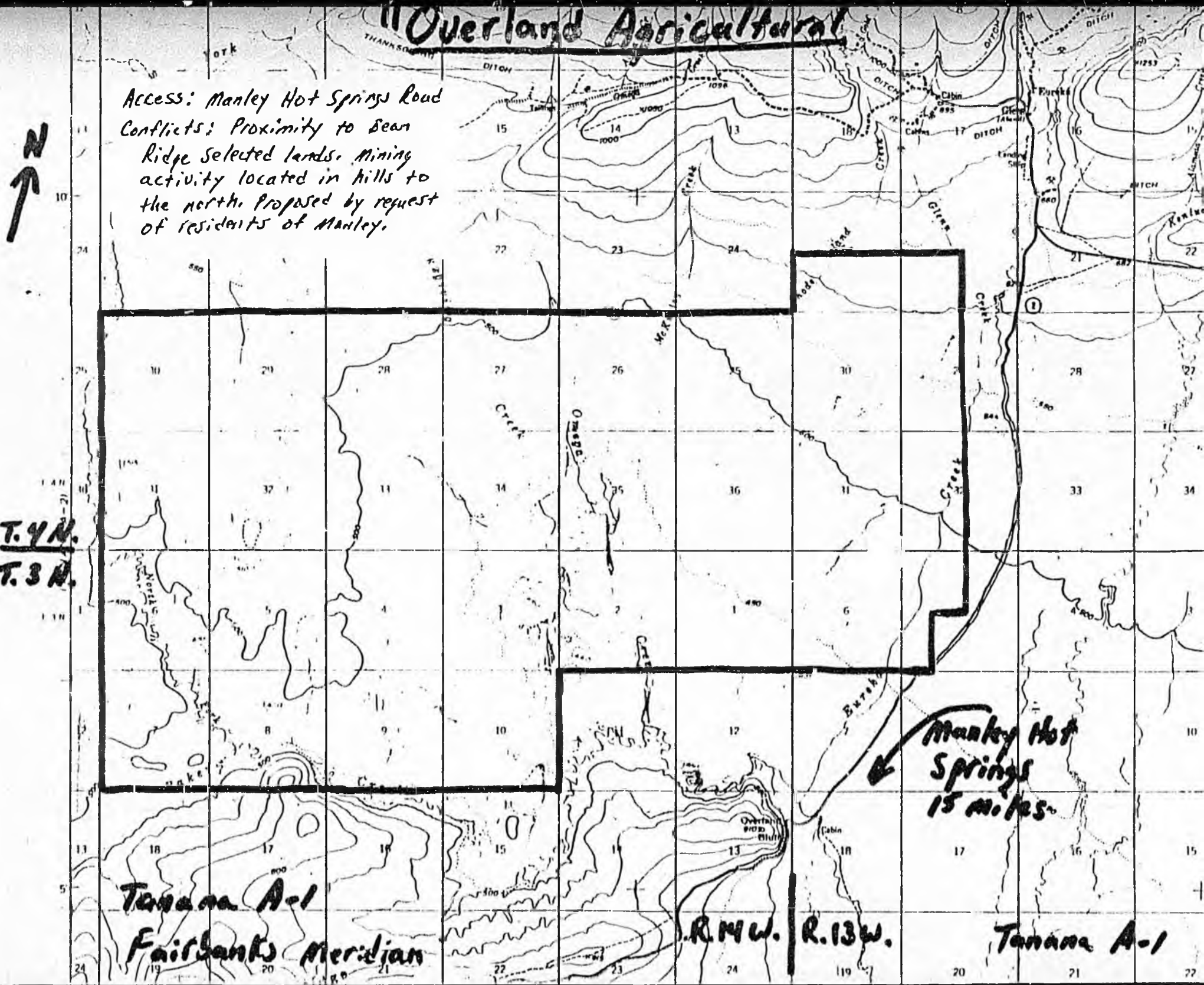
KANTISHNA RIVER

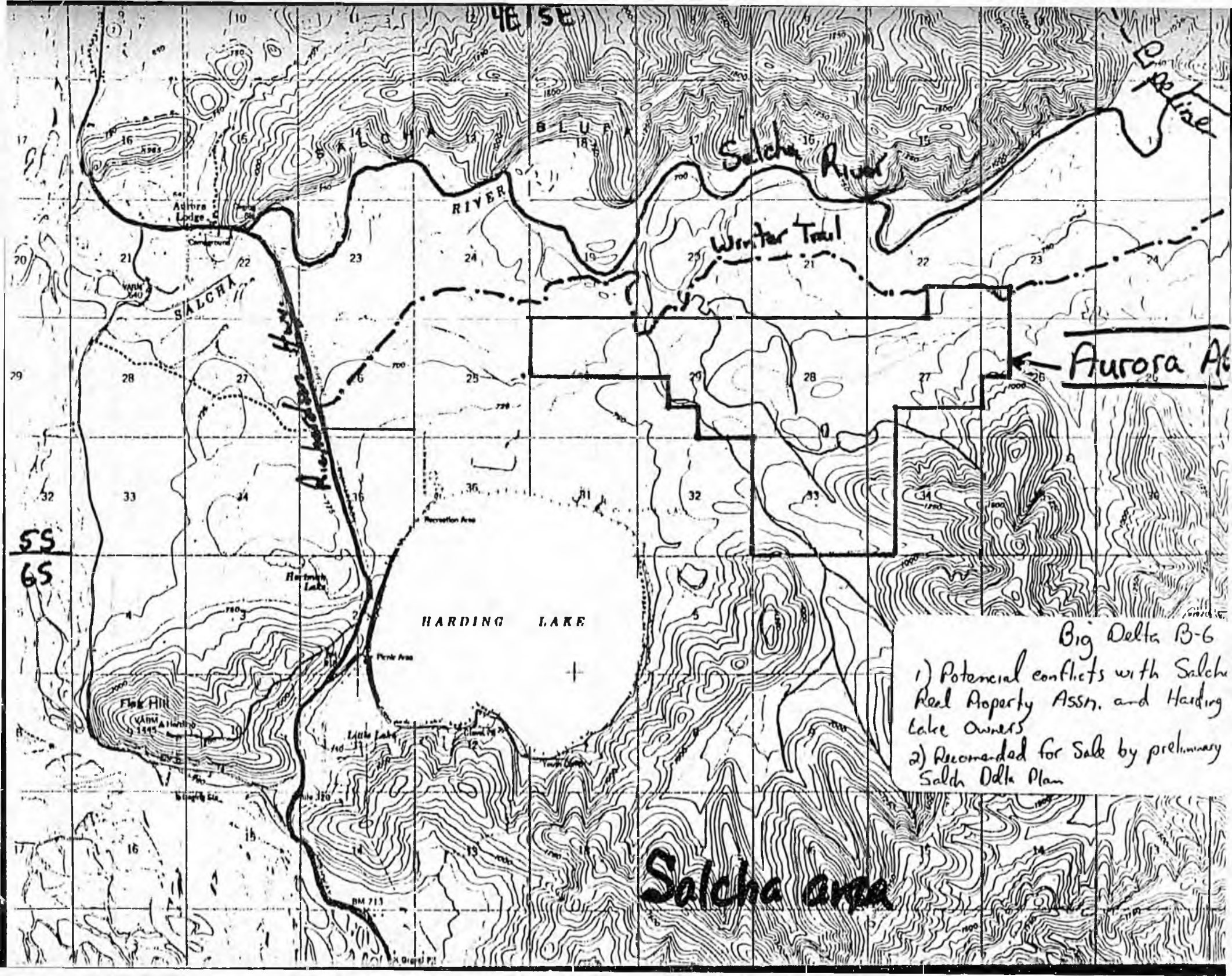


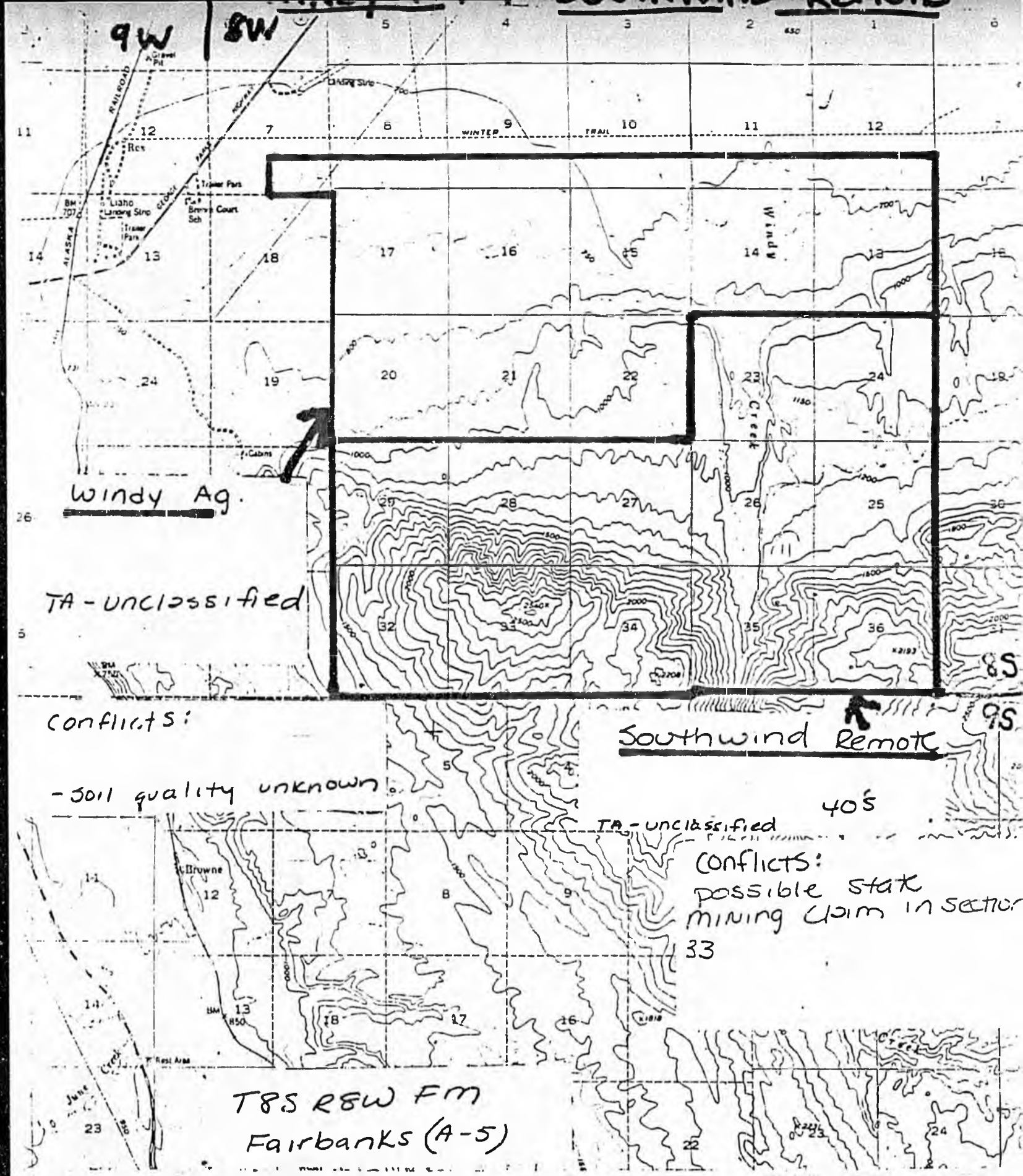

"Tok Ag"
18N
17N
13E
14E
Tok
RIVER
ALASKA HIGHWAY
RESERVATION BOUNDARY
(TANACROSS B-5)
FAIRBANKS 203 MI
DELTA JUNCTION 118 MI
GULKANA 138 MI
TANANA 71 MI
T. 19 N
T. 18 N
T. 17 N
390 000 FEET
340 000 FEET
143°00'
50'
Mapped, edited, and published by the Geological Survey
Control by USGS and USC&GS

Overland Agricultural

Access: Manley Hot Springs Road
Conflicts: Proximity to Bean Ridge selected lands. Mining activity located in hills to the north. Proposed by request of residents of Manley.




46 5E
SALCHA
BLUFF
RIVER
Salcha River
Winter Trail
Aurora A
Richardson Hwy
HARDING LAKE
Recreation Area
Picnic Area
Flat Hill
Little Lake
Salcha area
55
65
Big Delta B-6
1) Potencial conflicts with Salcha Real Property Assn. and Harding Lake Owners
2) Recomended for Sale by preliminary Salcha Delta Plan


9W
8W
Windy Ag.
TA - unclassified
Conflicts:
- soil quality unknown
Southwind Remote
TA - unclassified
40's
Conflicts:
possible state
mining claim in section
33
T8S R8W FM
Fairbanks (A-5)
8S
9S

Clear area

3/1

① Map 1
Delta Creek - Delta Salcha
Nenana - To
Deshka Flats

Cosna - Moosehead
Tok -

Kuskokwim - Bethel
- all state Lands

② Fur Farmers
Permit ?

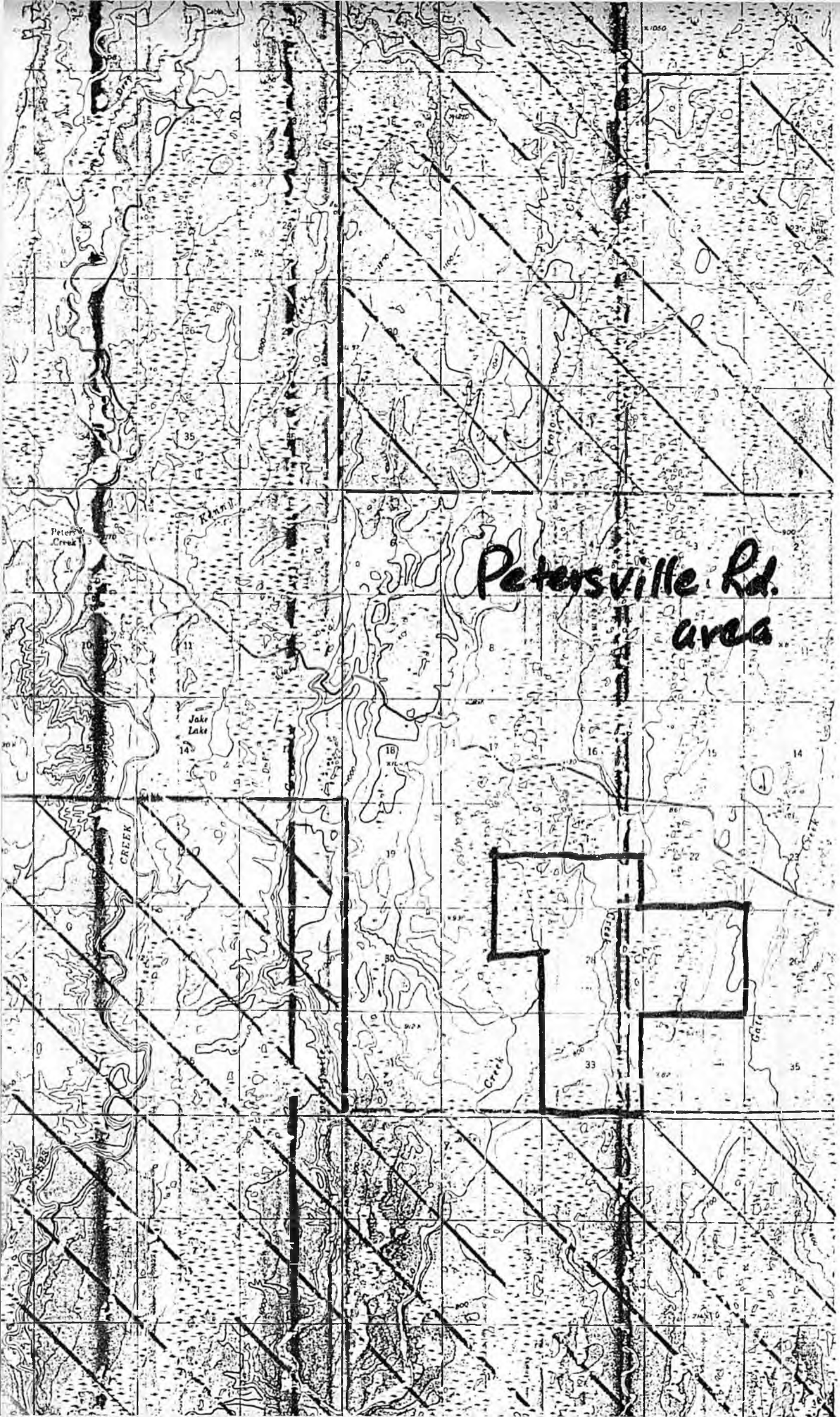
③ Tom Apr 15th
Jim Larson - tribes & Bob Peterson (goit)
Loyd Lowman - Management funds
Copeland extended 2 wks (DRD) also SE Planner
Van Horn - Donna Lane to DRD)
① Lisch - ② Goldberg - go
Bill wright - Curtis 10
Don Young - Dwan Vol dangerous
③ Thompson -
Steve Mack - Tanke - DGGS

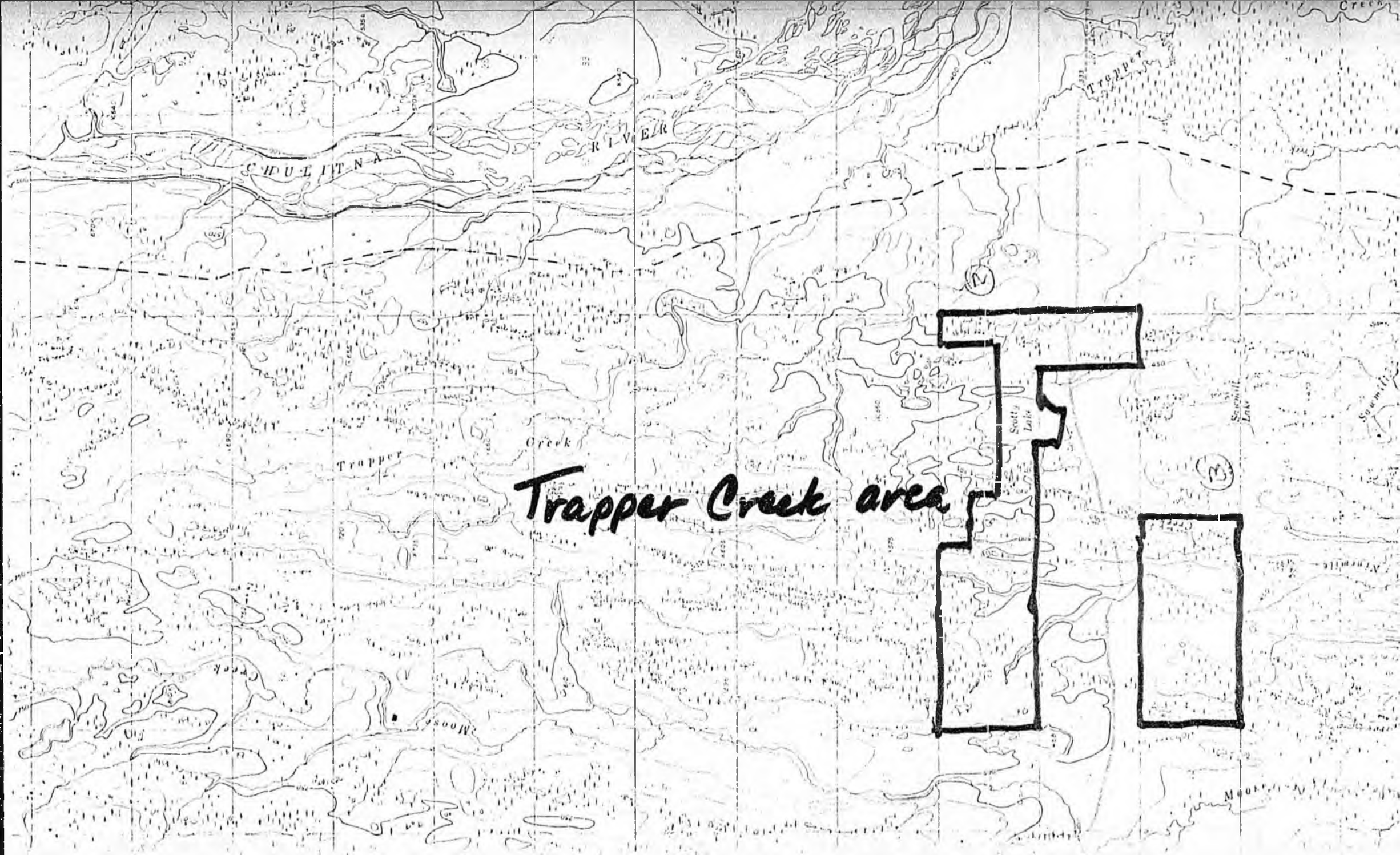
④ Johnson - Wigwam / Pedro / Shelter
Talk to Tom

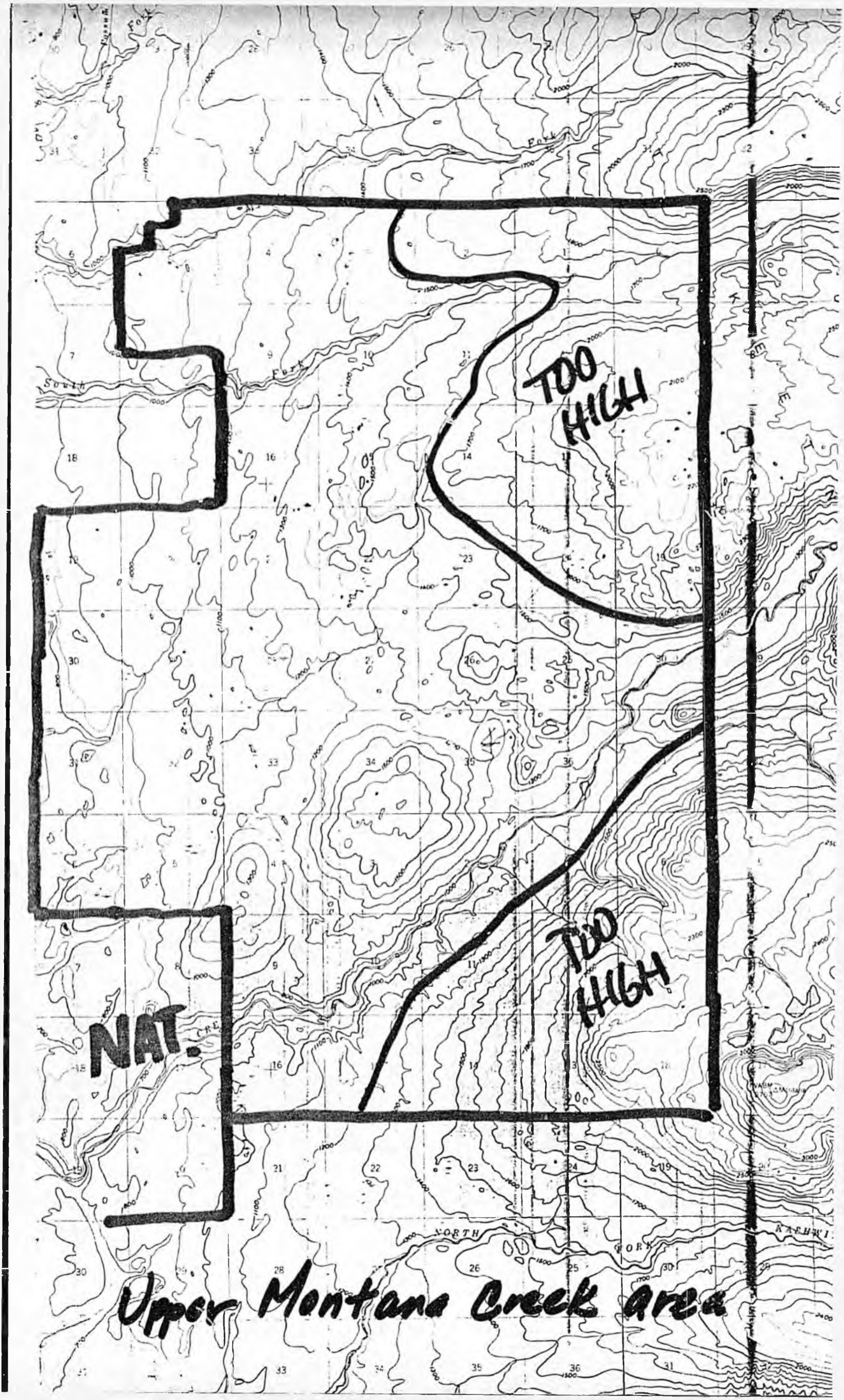
⑤ Weekly reports to Barnet - use to show doing a lot

3 PM daily - call from Tuesday to Barnet

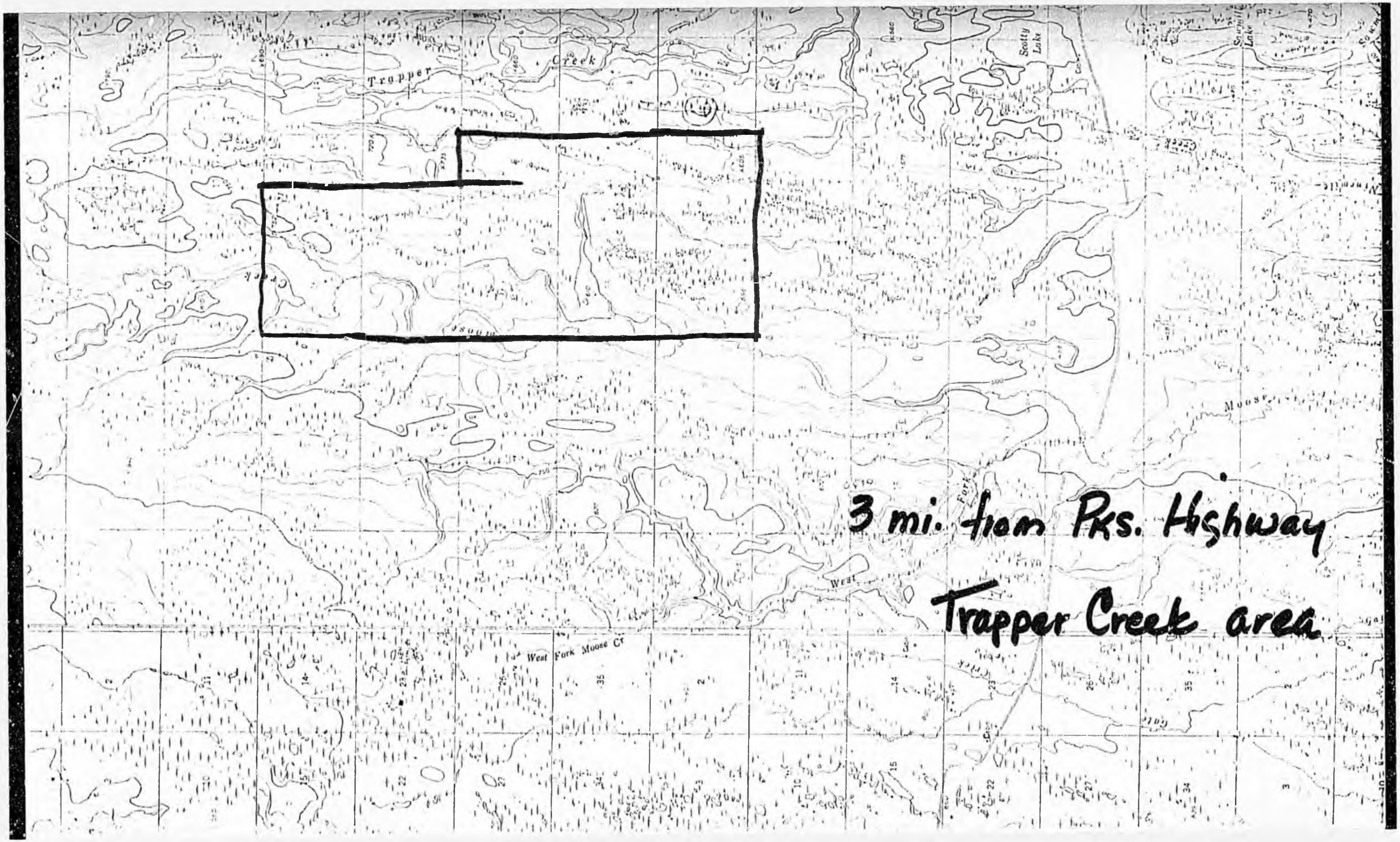
- Wed Common Law
- Thurs Kenai


Petersville Rd.
area
Jake
Lake
CREEK
Creek
Gale
Creek


Trapper Creek area
CHULITNA
RIVER
Trapper
Creek
Scotty Lake
Sawmill Lake
Sawmill
Moose
Mountain


TOO HIGH
TOO HIGH
NAT.
South Fork
Fork
NORTH FORK
Upper Montana Creek area

Schneider Lake
KAHLTNA
PEBNOTE
Schneider Lk
area
R 8 W
40
ITYONEK D-21
626000m E.
R 7 W
SCALE 1:63360
0
1
2
3
4 MILES


Trapper
Creek
Scotty Lake
Moose
West
Fork
West Fork Moose Cr
3 mi. from Pks. Highway
Trapper Creek area

Effect of amendment. — The 1977 amendment rewrote this section.

Editor's note. — Section 12, ch. 138, SLA 1977, provides; "CONVERSION OF LEASES. The provisions of secs. 9-11 of this Act are applicable to state leases which are in existence on or before the effective date of this Act if a lessee under a lease elects, in writing, to be bound by this Act. When a lessee elects to be bound by the provisions of this Act, the state shall enter into a new lease with the lessee for a term equal to the remaining period of the original lease which is being terminated that is consistent with the provisions of this Act. However, for purposes of determining the annual rent by the state, the fair market value of the property which is used to establish the fixed base annual rent for the initial period of the lease may not exceed the fair market value as it was last appraised on or before January 1, 1975, brought forward to January 1, 1976, at the rate of 10 per cent per year, or, if the lease was entered into after January 1, 1975, on the basis of the fair market value at the time the lease was entered into."

Section 13, ch. 138, SLA 1977, provides; "The provisions of sec. 12 of this Act expire January 1, 1979."

Quoted in Alyeska Ski Corp. v. Holdsworth, Sup. Ct. Op. No. 406 (File No. 620), 426 P.2d 1006 (1967).

Sec. 38.05.087. Forest Service permittees' leasing preference. (a) Before offering to the public any land for lease which is subject to a valid existing United States Forest Service permit in effect in a state-selected area at the time the area was patented to the state, the director shall offer the land for leasing to the permittee at not less than its fair appraised market value before offering it to the general public.

(b) When not in conflict with this section, other provisions of §§ 70 — 105 of this chapter apply to leases under this section. (§ 1 ch 26 SLA 1963)

Sec. 38.05.090. Removal or reversion of improvements upon termination of leases. (a) Improvements owned by a lessee on state land shall, within 60 days after the termination of the lease, be removed by him if removal will not cause injury or damage to the land. The director may extend the time for removing improvements in cases where hardship is proven. The retiring lessee or permittee may, with the consent of the director, sell his improvements to the succeeding lessee or permittee.

(b) If improvements or chattels, or both, having an appraised value exceeding $10,000 as determined by the director are not removed within the time allowed, the improvements or chattels or both shall, upon notice to the lessee, be sold at public sale under the direction of the director. The proceeds of sale inure to the lessee who placed the improvements or chattels on the land after paying to the state all rents due and expenses incurred in making the sale. If there are no other bidders at the sale, the director may bid in the name of the state. The bid money shall be taken from the fund to which the land belongs and the fund shall receive all money or other value subsequently derived from the sale or leasing of the improvements or chattels. The state acquires all the rights that any other purchaser could acquire by reason of the purchase.

(c) If improvements or chattels, or both, having an appraised value of $10,000 or less, as determined by the director, are not removed within the time allowed, they revert to the state and absolute title vests in the

state. The preference right lessees of grazing or forest lands may follow the provisions for removal of improvements upon termination of the lease as authorized in the cancelled federal lease or permit.

(d) Improvements of the lessee which have become fixtures of the land shall be purchased by the subsequent purchaser or lessee of the land if the improvements were authorized in the former lease or by permit from the director. Upon the termination of a lease, and at additional times which may be necessary, the value of the authorized fixtures remaining on the land shall be set by agreement between the former lessee and the director or, if agreement cannot be reached, by an independent appraisal made at cost to the former lessee.

(e) A notice or offer by the state to sell or lease formerly leased land shall state

(1) the value of the authorized fixtures remaining on the land;

(2) that the purchaser or lessee will be required, as a condition of the sale or lease, to purchase the fixtures from the former lessee for an amount equal to the value specified. (§ 4 art V ch 169 SLA 1959; § 12 ch 61 SLA 1960; § 5 ch 74 SLA 1961; am § 1 ch 140 SLA 1966

Legislative committee report. — For report on ch. 140, SLA 1966 (HCSCSSB 280), see 1966 House Journal, p. 1026.

Cited in Swindel v. Kelly, Sup. Ct. Op. No. 812 (File Nos. 1416, 1418), 499 P.2d 291 (1972).

C.J.S. reference. — 73 C.J Lands § 23.

Sec. 38.05.095. Subleases. A lessee may sublease or assigr or portion of it upon which he has a lease if, after applicat director, the director issues a permit. The director may issu if he finds that it is in the best interests of the state to do s V ch 169 SLA 1959)

Sec. 38.05.100. Renewal of lease.
Repealed by § 15 ch 257 SLA 1976.

Editor's note. — The repealed section derived from § 6, art. V, ch. 169, SLA 1959; § 1, ch. 77, SLA 1966.

Legislative committee report. — For report on ch. 77, SLA 1966, see 1966 House Journal, p. 896

Sec. 38.05.102. Lessee preference. If land within a leasehold created under §§ 70 — 100 of this chapter is offered for sale or long-term lease at the termination of the existing leasehold, the director may, if he finds that it is in the best interest of the state, allow the holder in good standing of that leasehold to purchase or lease the land for the amount of the high bid received at public auction. (§ 2 ch 36 SLA 1976; § 7 ch 257 SLA 1976)

Revisor's note (1976). — AS 38.05.102 was added by both § 2, ch. 36, SLA 1976, and § 7, ch. 257, SLA 1976. Since the two acts appear to be inconsistent, and ch. 36 is superseded by ch. 257, only the later enactment has been given effect here.

Alaska State Legislature

BETTYE FAHRENKAMP, Chairman
ROBERT H. ZIEGLER, SR., Vice Chairman
DICK ELIASON
PAUL FISCHER
VIC FISCHER
BOB MULCAHY
ARLISS STURGULEWSKI

POUCH V
STATE CAPITAL
JUNEAU, ALASKA 99811
(907) 465-3634
(907) 465-3835

Senate

Committee on Resources

June 13, 1983

Memo

To: Senate Resource Committee Members

From: Senate Resources Committee Staff

Subject: Proposed CS for CSHB 130, Homesteads

Attached is a proposed CS which we will be considering today at 3:00pm. This bill contains several changes from the draft which was handed out on June 10. The additional changes are marked with an asterisk below.

The proposed Committee CS makes the following changes from the House CS:

---Would require DNR to provide lands classified for agriculture in addition to other lands made available for homestead entry. Ag lands could be larger parcels (up to 160 acres), would require a 25% clearing and preparation for cultivation in addition to the other "sweat equity" requirements, and under existing statute only ag rights patent would be issued.

---Would change the maximum acreage available for homestead staking for non-ag lands from 160 acres to 40 acres.

---Would give DNR latitude similar to current remote parcel statute to specify staking conditions, parcel spacing, acreage, etc.

---Applicants would be limited to one homestead per lifetime rather than 160 acres per lifetime as in House CS.

---The remote parcel program would be repealed and most of the relevant requirements and benefits rolled into the homestead program. Current remote parcel lessees would be protected and would also have the option of obtaining patent through sweat equity requirements of homestead program.

---Like remote parcel program homestead entry stakers would have the option of purchasing parcels at fair market value if they elect to within two years of staking and meet survey, brushing, and clearing requirements (ag only).

* ---If land purchased within two years, patent would contain condition that land not be sold or subdivided within 5 years of patent.

---The time to complete a survey by entrymen could be administratively extended from two to three years if a good-faith effort to obtain a survey has been made.

---To facilitate individual surveys and avoid staking errors, DNR is required to monument no less than one mile from each homestead entry available for staking. The House bill only required exterior boundary monumentation.

* ---Sections 2-6 were added to the draft CS to conform other sections in Title 38 to the repeal of the remote parcel program. Where applicable, references to remote parcels or to the statute sections were substituted with references to homesteads and its statute chapter.

* ---Section 9 on page 8 was added to have the repeal of the remote parcel program and other statute references take effect July 1, 1984 rather than immediately with the homestead program. The purpose is to permit the DNR time to continue to offer remote parcel lands before the homestead program can be implemented.

AMENDMENT

One optional amendment is attached which would authorize the DNR to conduct a lottery to limit the number of stakers permitted to go out and stake in a certain area.

Senate Resources Committee
June 13, 1983

OPTIONAL AMENDMENT FOR SENATE RESOURCES COMMITTEE CS FOR CSHB 130

On page 2, between lines 15 and 16, add an additional subsection (g):

" (g) The commissioner may limit the number of persons permitted to stake homestead entries within an area designated under (a) of this section by a lottery of qualified applicants. "

RATIONALE

If homestead land were opened for staking in an accessible or other desireable location, there may be a "land rush" of hundreds of stakers attempting to stake land. This could result in confusion, overlapping staking and disorderly staking patterns. The amendment would allow the commissioner to limit the total number of potential stakers permitted to go out in an area when the commissioner determines that many more stakers may be present than available homestead parcels. On the other hand, the amendment would permit the commissioner greater latitude over the program and limit the opportunities of individuals to "compete" for lands.

HB

139

IDENTIFICATION		
BILL NAME "An Act providing a penalty for violation of a law or regulation relating to bees and beekeeping equipment."	BILL NUMBER HB 139	
	DATE INTRODUCED 1/28/83	
	RELATED BILLS PENDING	
SPONSOR(S) Rep. Malone and Rep. Phillips	REFERRALS	

INITIAL RESEARCH	
INITIAL SUMMARY COMPLETED	LEGAL DIVISION SUMMARY
	DEPT OF LAW SUMMARY
SPONSOR CONTACTED FOR BACKUP MATERIALS	FISCAL NOTE
AGENCY RESPONSE	OTHER INTERESTED LEGISLATORS NOTIFIED

BACKGROUND RESEARCH	
SIMILAR BILLS INTRODUCED IN PREVIOUS LEGISLATURES	OTHER STATE OR FEDERAL PRECEDENTS, REGULATIONS, ETC
RESPONSES FROM INTERESTED PERSONS AND/OR GROUPS	

HEARING PREPARATION	
CHAIRMAN BRIEFED	DATE & PLACE SET February 21, 1983
STAFF MEMO TO COMMITTEE	TELECONFERENCE
BACKGROUND MATERIAL DISTRIBUTED	PSA/PRESS RELEASE
LIST OF WITNESSES	SUGGESTED AMENDMENTS/CS DRAFTED

HOUSE RESOURCES COMMITTEE OBSERVER/WITNESS SIGN-UP SHEET

DATE: FEB. 21. 1983 SPONSOR: REP. HUGH MALONE

SUBJECT(S): HB 139: Provide penalty/violate/bees/equip.

NAME	REPRESENTING	ADDRESS	PHONE	Observer	Witness	For	Against
None							

Edmund K Knutsen
Box 1525
Soldotna, Ak 99669
Feb. 4, 1983

Representative Hugh Malone
Pouch V
Juneau, Ak 99811

Dear Hugh,

I want to thank you personally for the quick response to the problems in Beekeeping.

I have read the copy of HB 139 and think it is what we need. I also called Dave Tozier and John Cramer and they both were pleased about the bill. Dave was going to call others in the Fairbanks area.

Please let us know when the hearings are scheduled.

Thank you for your interest in Alaska Beekeeping.

Sincerely,

Ed. Knutsen.

Ed Knutsen

Introduced: 1/28/83
Referred: Resources and Finance

1 IN THE HOUSE BY MALONE AND PHILLIPS

2 HOUSE BILL NO. 139

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act providing a penalty for violation of a law or
7 regulation relating to bees and beekeeping equip-
8 ment."

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

10 * Section 1. AS 03.47 is amended by adding a new section to read:

11 Sec. 03.47.035. PENALTY. A person who violates this chapter or
12 a regulation adopted under this chapter is guilty of a class B misde-
13 meanor.

AS 03. = Agriculture & Animals Statutes
03.47 = ~~Beekeeping and~~
Bees and Beekeeping Equipment

(2) class B felonies, which characteristically involve conduct resulting in less severe violence against a person than class A felonies, aggravated offenses against property interests, or aggravated offenses against public administration or order;

(3) class C felonies, which characteristically involve conduct serious enough to deserve felony classification but not serious enough to be classified as A or B felonies;

(4) class A misdemeanors, which characteristically involve less severe violence against a person, less serious offenses against property interests, less serious offenses against public administration or order, or less serious offenses against public health and decency than felonies;

(5) class B misdemeanors, which characteristically involve a minor risk or physical injury to a person, minor offenses against property interests, minor offenses against public administration or order, or minor offenses against public health and decency;

(6) violations, which characteristically involve conduct inappropriate to an orderly society but which do not denote criminality in their commission.

(b) The classification of each felony defined in this title, except murder in the first and second degree, sexual assault in the first degree, and kidnapping, is designated in the section defining it. A felony under Alaska law defined outside this title for which no penalty is specifically provided is a class C felony.

(c) The classification of each misdemeanor defined in this title is designated in the section defining it. A misdemeanor under Alaska law defined outside this title for which no penalty is provided is a class A misdemeanor. (§ 10 ch 166 ALS 1978; am §§ 9, 10 ch 143 SLA 1982)

Effect of amendments. — The 1982 amendment inserted "sexual assault in the first degree" in the first sentences of subsections (a) and (b) and in the introductory language of the second sentence of subsection (a).

NOTES TO DECISIONS

Applied in State v. Clayton, Sup. Ct. Op. No. 1734 (File No. 3983), 584 P.2d 1111 (1978).

Quoted in Griffith v. State, Ct. App. Op. No. 71 (File No. 5914), 641 P.2d 228 (1982).

Sec. 12.55.035. Fines. (a) Upon conviction of an offense, a defendant may be sentenced to pay a fine as authorized in this section or as otherwise authorized by law. In determining the amount and method of payment of a fine, the court shall take into account the financial resources of the defendant and the nature of the burden its payment will impose. No defendant may be imprisoned solely because of inability to pay a fine.

(b) Upon conviction of an offense, a defendant who is not an organization may be sentenced to pay, unless otherwise specified in the provision of law defining the offense, a fine of no more than

(1) [Effective until January 1, 1983] $75,000 for murder in the first or second degree, sexual assault in the first degree, or kidnapping;

[Effective January 1, 1983] $75,000 for murder in the first or second degree, sexual assault in the first degree, kidnapping, or misconduct involving a controlled substance in the first degree;

(2) $50,000 for a class A, B, or C felony;

(3) $5,000 for a class A misdemeanor;

(4) $1,000 for a class B misdemeanor;

(5) $300 for a violation.

(c) Upon conviction of an offense, a defendant that is an organization may be sentenced to pay a fine not exceeding the greater of

(1) $100,000; or

(2) an amount which is three times the pecuniary gain realized by the defendant as a result of the offense.

(d) If a defendant is sentenced to pay a fine, the court may grant permission for the payment to be made within a specified period of time or in specified installments. (§ 12 ch 166 SLA 1978; am § 17 ch 45 SLA 1982; am § 26 ch 143 SLA 1982)

Sec. 12.55.135. Sentences of imprisonment for misdemeanors. (a) A defendant convicted of a class A misdemeanor may be sentenced to a definite term of imprisonment of not more than one year.

(b) A defendant convicted of a class B misdemeanor may be sentenced to a definite term of imprisonment of not more than 90 days unless otherwise specified in the provision of law defining the offense.

(c) A defendant convicted of assault in the fourth degree committed in violation of the provisions of an order issued under AS 09.55.600 or 09.55.610 shall be sentenced to a minimum term of imprisonment of 20 days. The execution of sentence may not be suspended and probation or parole may not be granted until the minimum term of imprisonment has been served. Imposition of sentence may not be suspended, except upon condition that the defendant be imprisoned for no less than the minimum term of imprisonment provided in this section, and the minimum sentence provided for in this section may not be otherwise reduced. (§ 12 ch 166 SLA 1978; am § 2 ch 139 SLA 1980; am § 22 ch 59 SLA 1982; am § 13 ch 61 SLA 1982; am § 31 ch 143 SLA 1982)

HB

148

TABLE 4
FARM USE LAND ASSESSMENT

FY 82 PROGRAM SUMMARY BREAKDOWN MUNICIPALITY	NUMBER OF APPLICANTS	NUMBER OF ACRES	FULL AND TRUE LAND VALUE	TOTAL DEFERRED VALUE	TOTAL DEFERRED TAX
ANCHORAGE, MUNICIPALITY OF	5	124.31	$ 2,607,800	$ 1,802,088	$ 13,364.58
FAIRBANKS NORTH STAR BOROUGH	17	2,839.48	2,965,125	2,517,950	$ 14,144.82
HAINES BOROUGH	1	14.09	54,250	40,650	$ 234.72
KENAI PENINSULA BOROUGH	18	3,790.24	5,415,250	3,239,350	$ 13,072.78
KODIAK ISLAND BOROUGH	2	324.44	107,079	85,662	$ 471.13
MATANUSKA-SUSITNA BOROUGH	72	12,104.43	18,503,840	12,909,740	$100,961.28
STATEWIDE TOTAL	115	19,196.99	$29,653,344	$20,595,440	$142,249.31
AVERAGE PER APPLICANT	1	167.0	$ 257,855	$ 170,091	$ 1,236.95
AVERAGE PER ACRE			$ 1,544	$ 1,073	$ 7.41
SEVEN-YEAR SUMMARY OF PROGRAM PERFORMANCE					
FISCAL YEAR 1976	91	18,759	9,279,400	6,140,300	77,805
FISCAL YEAR 1977	84	15,970	13,783,182	11,552,062	99,170
FISCAL YEAR 1978	86	15,467	13,807,490	11,373,877	118,616
FISCAL YEAR 1979	87	13,562	17,283,615	15,328,994	140,092
FISCAL YEAR 1980	108	16,412	19,705,705	18,338,680	145,129
FISCAL YEAR 1981	116	17,666	22,997,524	20,348,079	178,714
FISCAL YEAR 1982	115	19,197	29,653,344	20,595,440	142,249

Source: Alaska Taxable, Department of Community and Regional Affairs

Hearing
We - Feb 23
Fri - FEB 18 1983
Statewide tele
3:15

Star Rte
Hazelton, Alaska 99607
February 14, 1983

Mr. Eastman Tucker
House of Representatives
Juneau, Alaska 99801

Dear Mr. Tucker,

We back your agricultural bill to buy up farm land threatened by developers. It is a most timely bill.

We also feel that the Agricultural Revolving Loan Fund should be kept under the Division of Agriculture.

Sincerely yours,

Marvil and Beulah Olson

HB148
C&RA&RC

FEB 9 1983

Alaska Environmental Lobby, Inc.

419 6th Street, Suite 328 Juneau, Alaska 99801 907-586-2345

Good Question + file w/ Bill

February 7, 1983

Honorable Barbara Lacher
State Capitol
Pouch V
Juneau, Alaska 99811

Dear Representative Lacher,

On behalf of the Alaska Environmental Lobby we would like to express our support for your recent introduction of HB-148, "An Act relating to the preservation of agricultural land; and providing for an effective date."

As you know the loss of farmland to urbanization represents a major environmental concern throughout the United States. Your bill seems to provide a creative and workable solution to the continuing loss of high quality agricultural areas in Alaska.

We will be contacting you in person sometime in the near future to discuss some aspects of HB-148 and how we might assist you in securing passage of some form of this legislation.

For your information the Alaska Environmental Lobby represents 13 environmental organizations with a combined membership of several thousand members. Throughout the session we will be following issues of concern to the Alaska Environmental community.

If you have any questions about the environmental aspects of this or other legislative issues, feel free to contact us at our Juneau office.

Sincerely,

Jeff Bohman
Volunteer

Jay W. Nelson
Jay Nelson
Executive Director

ALASKA CENTER FOR THE ENVIRONMENT • ALASKA CHAPTER, SIERRA CLUB • DENALI CITIZENS COUNCIL • FRIENDS OF THE EARTH
SOUTHEAST ALASKA CONSERVATION COUNCIL • NORTHERN ALASKA ENVIRONMENTAL CENTER • KENAI CONSERVATION COUNCIL
NATIONAL AUDUBON SOCIETY • NATIONAL WILDLIFE FEDERATION • SITKA CONSERVATION SOCIETY • LYNN CANAL CONSERVATION

STATE OF ALASKA
THE LEGISLATURE
LEGISLATIVE AFFAIRS AGENCY

file w/ Bill

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

MEMORANDUM April 12, 1983

SUBJECT: Preservation of agricultural land (CSHB 148 (C&RA))

TO: Representative Barbara Lacher

FROM: Richard A. Bradley B
Legislative Counsel

You have requested a sectional analysis of the above described bill. You have also asked that I comment on a particular set of circumstances.

As a preliminary matter, I must advise you that a sectional analysis or summary of a bill should not be considered an authoritative interpretation of the bill; the bill itself is the best statement of its contents. For a full explanation of any point, please consult the bill itself.

I. Sectional Analysis.

Sec. 1 of the bill establishes a new chapter at AS 03.07 relating to "preservation of agricultural land.

Sec. 10(a) provides that the director [of agriculture] may acquire an "agricultural preservation easement" in certain privately owned agricultural land.

Sec. 10(b) requires the privately owned agricultural land to meet the requirements of AS 03.07.020. It also requires the state land to be exchanged to be classified for a purpose consistent with the exchange.

Sec. 10(c) requires the land offered to have the same monetary value as the land to be exchanged; an exchange with the transfer of money to equal the difference in value is permitted.

Sec. 10(d) provides that the director may not acquire an easement or exchange state land "except to preserve the agricultural use of the land."

Sec. 10(e) establishes public notice requirements for the acquisition of an easement or exchange. It also provides that the basic documents involved in the acquisition of the easement or the exchange remain public documents.

Sec. 10(f) provides that the operation of the chapter is "voluntary." A parcel may be considered for exchange only on the application of the owner of the land. And after the exchange or acquisition, the owner may not be required to carry out affirmative "agricultural activities" so long as the land is not subdivided or used for "residential, commercial, or industrial purposes or activities which are not related to agricultural uses."

Sec. 10(g) provides that the director may not use funds appropriated from the general fund of the state for the purpose of implementing AS 03.07 unless the appropriation is "specifically stated to be for that purpose." Funds from other sources may be used.

Sec. 20 describes the land eligible for agricultural preservation. It must be privately owned. The soil under no less than 40 percent of the surface of the parcel must meet stated standards established by the U. S. Soil Conservation Service. It is also required to be either (1) a parcel not less than 40 acres in cultivation or farm use; or (2) a parcel not less than 20 acres in cultivation or farm use which is adjacent to an established farm or farms totalling no less than 40 acres that has been in operation as a farm for no less than 10 years.

Sec. 30 establishes priority districts for the situation where the director does not have adequate funds to purchase easements in all offered land. Five levels of priority are established.

Sec. 40 establishes criteria for the selection of land within a single priority district. Five levels of criteria are offered.

Sec. 50 relates to agricultural land within a municipality. It requires the director to consider "any comprehensive plan or ordinances of the municipality on municipal farmland

preservation priorities adopted by the municipality" before making an allocation of "easement money" to a farmland preservation priority district within the municipality. Before making the allocation, the director shall also consider recommendations from the municipality regarding priorities.

Sec. relates to the acquisition of the easement or the exchange. Sec. 60(a) requires that an offer from a private land owner for participation under this chapter be in writing.

Sec. 60(b) requires the owner to specify the price at which the owner will agree to the sale. Also required is a complete description of land and an appraisal in support of the price.

Sec. 60(c) requires the director to respond within 30 days on the "sufficiency of the offer." This apparently relates to the the extent to which an offerer has fully complied with the specific requirements of sec. 60(b). If insufficient, the director must specify the area of the insufficiency and give 30 days for compliance. If the compliance is made within the 30 days after notification by the director, the "land is determined to qualify as land that meets the requirements of AS 03.07.020." Note an unstated requirement: that the land also meets acreage requirements.

Sec. 60(d) requires notification to a municipality of the determination made under (c). The municipality may request reconsideration. If reconsideration is requested, the director shall hold a public hearing in the municipality before an offer to sell or exchange is given to the owner. The municipality may appeal an adverse decision to the commissioner.

Sec. 70 provides that the director may accept the offer to buy or exchange land or make a counter-offer. The section appears to contain some awkward language; it provides that "The director may accept the offer . . . or may make a counter offer . . . within 90 days after <u>approval of the landowner's offer to sell or exchange an agricultural preservation easement</u>." I suspect that the emphasized phrase should rather read: "a determination of eligibility for exchange or sale of an easement under AS 03.07.060." Another unstated requirement is likely to be that the priority districts have been established; an eager owner may

move too fast for the time threshold established in the bill.

The section gives an owner of land 30 days for a response to the offer or counter offer of the director.

Sec. 80(a) provides that the maximum valuation of an easement acquired under this chapter is either (1) the asking price or (2) the difference between the fair market value of the land and the agricultural value of the land, -- whichever is less.

Sec. 80(b) requires the director to use appraisals by qualified appraisers, a defined term.

Sec. 90(a) outlines uses of the land under an agricultural preservation easement. Five broad uses are permitted.

Sec. 90(b) provides that the establishment of an agricultural preservation easement does not grant a member of the public access to the property or affect existing easements, rights-of-way, or rights of access that did not exist before. And "residential subdivision and the removal from the land of minerals or materials [which usually means gravel] for commercial purposes are not permitted."

Sec. 100 establishes definitions. While they are somewhat technical, they do not require review in this analysis. Among the terms defined are "agricultural operations", "agricultural preservation easement", "agricultural use", "agricultural value", "development rights", "fair market value", "qualified appraiser", and "residential subdivision". As suggested at the beginning of this memorandum, "director" means the director of agriculture in the Department of Natural Resources.

Sec. 2 amends AS 29.53.035(a); the amendment specifically provides that

> The owner of farm land subject to this subsection who grants an agricultural preservation easement under AS 03.07 may not be required to reimburse the state under this subsection for revenue loss.

The section amended generally permits land not subject to an agricultural preservation easement to receive tax protection so long as it is used for farm purposes. The section

requires a certain reimbursement to the state for its payments of municipal taxes if it is subdivided.

Sec. 3 amends AS 29.53 to provide that land receiving protection under AS 03.07 shall be assessed on the basis of value as farm land.

Sec. 4 conforms AS 38.05.345 to the amendments to the amendments made in this section; sec. 345 relates to notice to the public on the disposition of state land.

Sec. 5 requires a report by the commissioner of natural resources on six aspects of the implementation of AS 03.07.

Alaska State Legislature

REPRESENTATIVE
BARBARA LACHER
P.O. BOX 478
PALMER, ALASKA 99645
(907) 376-4215

WHILE IN JUNEAU
POUCH V
JUNEAU, ALASKA 99811
(907) 465-4894

House of Representatives

M E M O R A N D U M

TO: HOUSE RESOURCES COMMITTEE

FROM: REPRESENTATIVE LACHER

SUBJECT: HB 148

DATE: April 9, 1983

Several questions were raised in regard to the intent of HB 148 in its first hearing in the House Resources Committee on March 30, 1983. I would like to take this time to address these issues in turn.

Concern was expressed as to the extent to which this bill effects areas of the state other than the Mat-Su valley. In other words, is this a Mat-Su bill? Agricultural lands are endangered throughout the state. Farmer's Loop Road in Fairbanks was mostly farms, and is now predominantly subdivided. A 160 acre dairy farm, also in Fairbanks, is subdivided and partially developed. The Bench area in Homer was originally all farmland, while today there are but a few small farm acres left due to subdivisions. Several farmers from the Bench area testified in the teleconference held on this bill in the C&RA Committee, earlier this session. The rate of subdivision is best documented for the Mat-Su area, where about 1,000 acres per year are being subdivided. The Department of Agriculture has not been keeping records for other regions of the state, but the absence of these records should not be interpreted as an indication that this is only a Mat-Su phenomena.

The $77,000.00 fiscal note attached to this bill has been questioned for its reasonableness. On this note, Sharon Barton of the DNR testified, in the 3/30/83 hearing, that "...were HB 148 to pass it would not be a Department priority and that the funds provided in the bill would be spent for staff work on other priority projects." It should be pointed out that the legislative <u>intent</u> and <u>direction</u> of this bill is quite clear. The DNR should be reminded of the consequences of intentional failure to comply with legislative direction. The $77,000 fiscal note, provided by the DNR, is quite reasonable. It is intended to cover the costs of administrating the <u>enabling</u> legislation of HB 148. The administration of HB 148 will not require two full time staff positions. Most assessment valuations conducted under this program would be contracted to private assessors or use present state employee assessors.

These expenses would probably not total the $77,000 provided in the fiscal note. HB 148 is enabling legislation and therefore the fiscal note does not provide funds for the acquisition of any agricultural preservation easements. These funds must be specifically designated and appropriated by the legislature.

HB 148 does not mandate that the DNR, Division of Agriculture purchase all property submitted for purchase by the program; nor does this legislation mandate that the Director or Commissioner purchase at any price. The State's liability in regard to questionable land valuations is guarded on two counts. First, the bill requires the use of an assessor (member of the organizations or a state employed assessor). Secondly there is no obligation stipulated in the bill that the Department purchase all submitted purchase applications.

Some members of this legislative body have raised questions as to the status of agriculture in Alaska and its overall value to the state as a whole. One could equally ask if Alaska is a forestry state, a fishing state, a trapping state, a mining state, a tourism state, and so on. The answer to all of these questions is an obvious yes. Alaska is a diverse state with multiuse lands and many growing and developing industries. The relevant question here is what does and will Alaskan agriculture do for Alaskans. Quite simply, farmland in Homer, Delta, Fairbanks, and Mat-Su is capable of providing employment and food for many thousands of Alaskans at a lower price than the same commodity shipped up from the lower 48.

The Workman, Arobio and Gasbarro report [An Examination of A Development Rights Purchase Program For Alaskan Agricultural Lands; January, 1979, DNR] noted that some small Alaskan farms are currently underproductive due to the impending threat of development. The report argued that these farmers were holding off from necessary investments into more productive equipment, etc., in the anticipation that they will be driven out of business and are therefore keeping their losses at a minimum. The effects of passage of HB 148 on this trend would be an obvious reversal. A second factor which has been a drawback for smaller Alaskan farms has been the absence of a well-developed transportation and marketing infrastructure. As the Workman, Arobio and Gasbarro report indicates, were state support of this industry given to the smaller produce, dairy and potatoe farmers then the inducement to develop this industry and the necessary infrastructure would follow within the private sector.

It is ironic that the state is currently spending millions of dollars to develop new agricultural lands while we're building subdivisions on existing farmlands that happen to be the best in the state. Most of these farms have been productive for years (see attached statistics); but the pressure of high prices offered by developers is causing a loss of these lands at the same historical moment that the state is investing in the clearing and development of new agricultural lands and grain terminals for the storage and export of the anticipated production.

An identical bill has been sponsored on the Senate side by Representative Moss; this is SB 237.

TABLE 1

TOTAL VALUE OF AGRICULTURAL PRODUCTION AND SALES
(In Thousands of Dollars)
1959-1977

Year	Value of Production	Sales	Used on Farm	Percent of Production Sold
1959	$4,978	$3,443	$1,535	69
1960	5,517	4,004	1,513	73
1961	5,651	4,426	1,225	78
1962	5,781	4,394	1,387	76
1963	5,451	4,056	1,395	74
1964	5,860	4,453	1,407	76
1965	5,518	4,283	1,235	78
1966	5,560	4,315	1,245	78
1967	5,524	4,023	1,501	73
1968	5,353	4,070	1,283	76
1969	4,574	3,505	1,069	77
1970	5,476	3,975	1,501	73
1971	5,474	3,927	1,547	72
1972	5,997	4,257	1,700	72
1973	6,987	5,142	1,845	74
1974	8,080	5,588	2,492	69
1975	9,226	6,937	2,289	75
1976	8,802	6,882	1,920	78
1977	9,777	6,914	2,863	71

SOURCES: Alaska Crop and Livestock Reporting Service; Alaska Agricultural Statistics, (Palmer: Alaska Crop and Livestock Reporting Service, 1978); Alaska Department of Economic Development, Alaska Statistical Review, (Juneau: Alaska Department of Economic Development, 1972), pp. 181-190.

TABLE 2

ESTIMATED VALUE OF PRODUCT BY AREA
(In Thousands of Dollars)
1960-1977

Year	Matanuska Valley		Tanana Valley		Kenai Peninsula		Southeast		Southwest	
	Value	%	Value	%	Value	%	Value	%	Value	%
1960	$3,663	67	$ 907	16	$ 278	5	$ 264	4	$ 272	5
1961	3,945	69	842	14	326	5	219	3	319	5
1962	3,939	68	938	16	334	5	217	3	348	6
1963	3,721	68	781	14	383	7	174	3	357	6
1964	4,017	68	872	14	333	5	156	2	458	7
1965	3,406	63	950	17	481	8	134	2	414	7
1966	3,793	69	847	12	453	8	33	1	559	10
1967	3,876	70	673	12	397	7	30	1	548	10
1968	3,021	74	399	10	159	4	8	-	483	12
1969	3,260	71	448	10	305	7	29	1	532	12
1970	4,003	73	634	12	263	5	37	1	541	10
1971	4,102	75	676	12	206	4	22	-	467	9
1972	4,615	77	917	15	219	4	14	-	231	4
1973	5,116	73	1,246	18	274	4	1	-	345	5
1974	6,181	76	1,060	13	405	5	17	-	416	5
1975	6,602	72	1,791	19	506	5	10	-	317	3
1976	6,488	74	1,532	17	407	5	9	-	365	4
1977	7,282	74	1,601	16	597	6	12	-	284	3

SOURCE: Alaska Crop and Livestock Reporting Service, Alaska Agricultural Statistics, (Palmer: Alaska Crop and Livestock Reporting Service, 1978); Alaska Department of Economic Development, Alaska Statistical Review, (Juneau: Alaska Department of Economic Development, 1972). pp. 181-190.

TABLE 1

AGRICULTURAL COMMODITIES PRODUCED - ALASKA (Selected Years)

Commodity		1960	1965	1970	1975	1979	1980
		- - - - - - - - - - thousand units - - - - - - - - - -					
				CROP PRODUCTION			
OATS FOR GRAIN	Bu.	79.8	42.0	22.5	16.8	15.6	26.1
BARLEY FOR GRAIN	Bu.	87.4	67.2	46.5	70.0	287.0	339.0
ALL SILAGE	Tons	20.2	21.7	13.6	15.2	12.4	12.4
GRAIN SILAGE	Tons	15.8	17.7	7.4	4.8	4.2	4.7
GRASS SILAGE	Tons	4.4	4.0	6.2	10.4	8.2	7.7
ALL HAY	Tons	10.5	8.8	9.4	21.4	15.8	15.0
GRAIN HAY	Tons	2.5	2.2	1.5	7.1	1.6	2.7
GRASS HAY	Tons	8.0	6.6	7.9	14.3	14.2	12.3
POTATOES	Cwt.	131.4	131.0	106.8	108.7	85.0	77.0
CABBAGE	Cwt.	3.6	3.0	3.5	3.0	4.0	4.1
LETTUCE	Cwt.	6.2	6.5	7.9	9.5	13.6	11.3
CARROTS	Cwt.	7.6	2.9	1.5	2.0	2.4	3.3
OTHER VEGETABLES	Cwt.	2.8	2.1	3.0	1.8	3.5	4.6
				LIVESTOCK AND POULTRY PRODUCTS			
EGGS	Doz.	529.8	766.7	408.0	417.0	558.0	367.0
POULTRY	Lbs.	55.0	89.0	73.0	167.0	170.0	172.0
BEEF	Lbs.	357.0	824.0	963.0	664.0	748.0	767.0
PORK	Lbs.	151.0	205.0	135.0	150.0	221.0	232.0
MUTTON	Lbs.	12.0	28.0	52.0	30.0	24.0	18.0
WOOL	Lbs.	125.0	209.0	239.0	67.0	32.0	38.0
REINDEER	Lbs.	450.0	637.0	615.0	345.0	NA	NA
		- - - - - - - - - - million units - - - - - - - - - -					
MILK	Lbs.	20.4	20.7	18.6	16.8	13.0	12.5

Source: Alaska Crop and Livestock Reporting Service 6/81.

TABLE 2

ESTIMATED VALUE OF PRODUCT BY AREA
(In Thousands of Dollars)
1960-1977

Year	Matanuska Valley		Tanana Valley		Kenai Peninsula		Southeast		Southwest	
	Value	%	Value	%	Value	%	Value	%	Value	%
1960	$3,663	67	$ 907	16	$ 278	5	$ 264	4	$ 272	5
1961	3,945	69	842	14	326	5	219	3	319	5
1962	3,939	68	938	16	334	5	217	3	348	6
1963	3,721	68	781	14	383	7	174	3	357	6
1964	4,017	68	872	14	333	5	156	2	458	7
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1972	4,615	77	917	15	219	4	14	-	231	4
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1975	6,602	72	1,791	19	506	5	10	-	317	3
1976	6,488	74	1,532	17	407	5	9	-	365	4
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SOURCE: Alaska Crop and Livestock Reporting Service, Alaska Agricultural Statistics, (Palmer: Alaska Crop and Livestock Reporting Service, 1978); Alaska Department of Economic Development, Alaska Statistical Review, (Juneau: Alaska Department of Economic Development, 1972). pp. 181-190.

AGRICULTURAL COMMODITIES PRODUCED: 1960-72

		1960	1965	1970	1972
		- - - - - thousand units - - - - -			
		CROPS			
OATS FOR GRAIN	Cwt.	25.5	13.4	7.2	4.8
BARLEY FOR GRAIN	Cwt.	42.0	32.3	22.3	24.9
GRAIN SILAGE	Tons	15.8	17.7	7.4	10.7
GRASS SILAGE	Tons	4.4	4.0	6.2	8.6
GRAIN HAY	Tons	2.5	2.2	1.5	3.0
GRASS HAY	Tons	8.0	6.6	7.9	11.5
POTATOES	Cwt.	131.4	131.0	106.8	99.0
CABBAGE	Cwt.	3.6	3.0	3.5	3.4
CARROTS	Cwt.	7.6	2.9	1.5	1.8
LETTUCE	Cwt.	6.2	6.5	7.9	6.3
OTHER VEGETABLES	Cwt.	2.8	2.1	3.0	2.2
		LIVESTOCK AND POULTRY PRODUCTS			
EGGS	Doz.	529.8	766.7	417.0	583.0
POULTRY	Lbs.	55.0	89.0	72.0	76.0
BEEF	Lbs.	357.0	824.0	963.0	691.0
PORK	Lbs.	151.0	205.0	135.0	135.0
MUTTON	Lbs.	12.0	28.0	52.0	30.0
WOOL	Lbs.	125.0	209.0	239.0	145.0
- - - - - - - -		million pounds - - - - - - - -			
MILK	Lbs.	20.4	20.7	18.6	17.6

Source: Alaska's Agriculture Potential 1974

BARLEY - ALASKA 1975-80

District	Year	Area Planted Acres	Area Harvested for Grain Acres	Yield Bu.	Production Bu. (000)	Cwt.	Value (000)
Tanana Valley	1975	300	250	21.7	5.4	2,600	23.4
	1976	157	175	34.3	6.0	2,900	26.0
	1977	1,350	1,300	47.6	61.9	29,700	240.0
	1978	2,500	2,450	33.9	83.1	39,900	310.0
	1979	4,400	4,080	45.6	186.0	89,300	536.0
	1980	12,500	10,600	29.2	309.6	148,600	904.0
Matanuska Valley	1975	1,200	1,200	52.4	62.9	30,200	255.0
	1976	1,175	1,125	54.2	61.0	29,300	235.0
	1977	1,720	1,300	49.3	64.1	30,800	239.0
	1978	1,710	1,550	43.2	66.9	32,100	260.0
	1979	2,050	1,720	58.7	101.0	48,500	325.0
	1980	1,400	900	32.7	29.4	14,100	113.0
Kenai Peninsula	1975	100	50	33.3	1.7	800	8.6
	1976	50	-	-	-	-	-
	1977	30	-	-	-	-	-
	1978	90	-	-	-	-	-
	1979	50	-	-	-	-	-
	1980	100	-	-	-	-	-
State Total	1975	1,600	1,500	47.0	70.0	33,600	287.0
	1976	1,400	1,300	51.5	67.0	32,200	261.0
	1977	3,100	2,600	48.5	126.0	60,500	479.0
	1978	4,300	4,000	37.5	150.0	72,000	570.0
	1979	6,500	5,800	49.5	287.0	137,800	861.0
	1980	14,000	11,500	29.5	339.0	162,700	1,017.0

SOURCE: Crop & Livestock Reporting Service, Alaska Agricultural Statistics

Alaska State Legislature

REPRESENTATIVE
BARBARA LACHER
P.O. BOX 478
PALMER, ALASKA 99645
(907) 376-4215

WHILE IN JUNEAU
POUCH V
JUNEAU, ALASKA 99811
(907) 465-4894

House of Representatives

TO: All House Resource Committee Members.

FROM: Representative Lacher,
Chairman of House Community and Regional Affairs.

DATE: March 30, 1983

RE: House Bill 148

The preservation of existing, productive agricultural land has come to be a recognized need in Alaska just as it has long been a recognized need in the lower 48 states. Several states have enacted programs similiar to this and, this particular legislation is patterned from one of the most successful; King County, Washington State.

In fact the state is investing millions of dollars every year to open new agricultural lands. It's difficult to imagine, with all the space that we have in Alaska, that we need to be concerned with preserving agricultural lands.

Unfortunately, the land use patterns in many parts of Alaska are results of early settlement and now towns, in the center of the best, most fertile farm lands in the state. Once these lands are developed with shopping centers and subdivisions constructed, they will never revert to farm land.

In the Mat-Su Borough an average of 1000 acres of farm land have been converted to subdivision over each of the past four years. There is more than ample room, and good ground, for construction buildings in the Borough, but limited farm land. The farm land is more desirable to subdividers because it's generally closer to existing towns and it's less expensive to prepare for building because it's already cleared.

Several other places in the state are experiencing the same undesirable losses of good farm land and people from around the state have supported the concept of saving some of these lands during statewide teleconference.

The intent of HB 148 is to permit the Director of Agriculture and the Commissioner of Natural Resources to very selectively purchase the

agricultural rights of only those lands which are of high quality farm value and are being threatened by urban sprawl such as we are now experiencing in some parts of the state. The land remains in private ownership, but can only be used for farming purposes. This selective purchase will have an important side benefit of preserving open spaces around our towns that will preserve the beauty and attractiveness we now enjoy.

Thank you for you favorable consideration of House Bill 148.

STATE OF ALASKA
THE LEGISLATURE
LEGISLATIVE AFFAIRS AGENCY

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

MEMORANDUM March 8, 1983

SUBJECT: Agricultural land amendments (CSHB 148(C&RA))

TO: Representative Don Clocksin

FROM: Richard A. Bradley
Legislative Counsel

You have requested an analysis of the amendments incorporated into the committee substitute for HB 148. If this memorandum is late, as it seems it may be at this time, I regret that.

An analysis of the changes to HB 148 follows:

As you requested, the "Legislative Findings and Declaration of Purpose" have been eliminated.

The first amendment to bill language is in Sec. 03.07.010(b). The last "if" phrase on lines 23 - 24 of page 2 of the bill is turned into subsec. (b)(1) and the concept you suggested becomes (b)(2). Your request was that concepts of (1) prior classification and (2) disposal consistent with the classification be utilized. I believe that the short phrase added as (b)(2) contains these ideas.

But note that the "director" described in the bill is not the director of the division of lands. See sec. 100(7). Rather, the director is the director of agriculture. As a result, the director carrying out these programs is not going to have supervision of the division of lands programs and the access to the state land. I believe it was for this reason that the early part of sec. 10(b) requires the permission of the commissioner for these disposals. Some coordination between divisions is required.

Your second concept dealt with notice. Rather than developing new concepts of notice, I plugged your request into existing law at AS 38.05.345, with some embellishments. In that connection, see also bill sec. 2.

Since you wished sec. 10(e) to be eliminated for other reasons, I have put the notice requirements in at sec. 10(e).

Your third request, an amendment to AS 03.07.010(d), is accomplished.

Sec. 03.07.010 is deleted, as noted earlier, and replaced with new material you requested.

Your fifth request was concerned with specific appropriations for this program. See the new sec. 10(g).

The report that you wish from the commissioner of natural resources is requested under bill section 3.

For the moment, I will pass over the request concerned with the municipal tax implications of this bill, particularly as a conforming amendment to AS 29.53.035 is concerned.

Sec. 60(b) is amended to accomplish your request.

Sec. 90(a)(2) is deleted.

The effective date clause is eliminated.

Returning to the tax implications.

I was in the process of drafting an amendment to AS 29.53.035 for addition to the bill when the computer went down. Because I had substantial problems fitting your request into sec. 35 and because I anticipated problems meeting your deadline request, I decided to omit that request, advise you why and send the bill on its way.

The portion of sec. 35 that I would amend is sec. 35(a); that subsection provides:

> (a) Farm use lands included in a farm unit and not dedicated or being used for nonfarm purposes shall be assessed on the basis of full and true value for farm use, and shall not be assessed as if subdivided or used for some other nonfarm purpose. The assessor shall maintain records valuing the farm use land for both full and true value and farm use value. Should the farm use land be sold, leased, or otherwise disposed of for uses incompatible with farm use or be converted to a use incompatible with farm use by the owner, the owner

is liable to pay an amount equal to the additional tax at the current mill levy together with eight per cent interest for the preceding seven years, as though the land had not been assessed for farm use purposes. Payment by the owner shall be made to the state to the extent of its reimbursement for revenue loss under (e) of this section for the preceding seven years. The balance of the payment shall be made to the city or borough.

As you can see, the third sentence of sec. 35(a) contemplates that it is a transaction turning the land to a use "incompatible with farm use by the owner" that triggers the repayment. As I suggested to you yesterday, if that use is consistent with agricultural use, then the argument for repayment is vitiated -- or so it seems to me.

But if you believe that such a provision is required, then I suggest the following:

(a) Farm use land that is [LANDS] included in a farm unit, [AND] not dedicated or being used for nonfarm purposes, and not subject to an agricultural preservation easement shall be assessed on the basis of full and true value for farm use, and shall not be assessed as if subdivided or used for some other nonfarm purpose. The assessor shall maintain records valuing the farm use land for both full and true value and farm use value. Should the farm use land be sold, leased, or otherwise disposed of for uses incompatible with farm use or be converted to a use incompatible with farm use by the owner, the owner is liable to pay an amount equal to the additional tax at the current mill levy together with eight per cent interest for the preceding seven years, as though the land had not been assessed for farm use purposes. Payment by the owner shall be made to the state to the extent of its reimbursement for revenue loss under (e) of this section for the preceding seven years. The balance of the payment shall be made to the city or borough.

I would then also add a new subsection to read:

(f) Farm land subject to an agricultural preservation easement shall be assessed on the basis of full and true value for farm use. The owner of the farm land subject to an agricultural preservation easement is not entitled to benefits under (a) of this section.

If I may be of further assistance, please advise.

RAB:ljb

1/016

ALASKA STATE LEGISLATURE
HOUSE OF REPRESENTATIVES
RESEARCH AGENCY

Pouch Y, State Capitol
Juneau, Alaska 99811
(907) 465-3991

February 21, 1983

MEMORANDUM

TO: Representative Barbara Lacher

FROM: Susan Brody, Director SEB

RE: Preservation of Agricultural Lands (HB 148)
Research Request 83-58

HB 148 would allow the State to purchase preservation easements on privately-owned farmland for the purpose of protecting this land from conversion to urban uses. In selling the easement to the State, the land owner would relinquish the right to develop the land for any purpose other than farm use. Bob Harris of your staff asked us to summarize the bill and to estimate the amount and cost of land eligible for State purchase of easements. He also asked us to provide any available data concerning the amount of farmland converted to other uses.

Summary of HB 148

Section 1 of the bill finds that farmland located close to urban centers in Alaska is threatened because its market value for future development exceeds its market value for farm use. The bill further finds that the acquisition by the State of preservation easements on agricultural land will help to protect this land from conversion to urban uses.

Section 2 of the bill adds a new chapter to AS 03 entitled "Preservation of Agricultural Land." The way in which the preservation easement program would operate is described briefly below.

AS 03.07.010 would authorize the State to purchase agricultural preservation easements on privately-owned farm land. It also would allow the State to exchange State land for privately-owned agricultural land or for preservation easements on that land. Any sale, exchange or donation of an easement would be voluntary on the part of the land owner. Furthermore, the owner would not be required to farm the land as long as (s)he does not use or subdivide the land for residential, commercial or industrial purposes.

Under Section .020 of the new Chapter, land would be eligible for protection if it is privately owned and the soil under at least 40 percent of the surface of the parcel is classified as classes II-IV by the U.S. Soil Conservation Service. In addition, the parcel would have to contain at least 40 acres in cultivation or farm use or, if it is adjacent to an established farm(s), would have to have no less than 20

acres in farm use or cultivation. In this latter case, the adjacent farm(s) would have to be at least 40 acres in size and have been in operation for 10 years or more.

The bill establishes a procedure for setting priorities when funds are insufficient to purchase easements on all eligible land. Section .030 would allow the Director of the State Division of Agriculture to identify farmland preservation "priority districts" and to allocate funds for purchase of easements according the following priorities:

1. farmland threatened by early conversion to subdivisions, commercial or industrial uses;

2. farmland of recognized value for tourism;

3. farmland with a history of high productivity;

4. farmland close to market; and

5. farmland within established agricultural areas.

The bill also establishes criteria to be used in acquiring easements within priority districts. Section .040 would require the State to favor those valid offers where the land is threatened, the land was used for farming in the preceding 12 months, the land will form a contiguous farming area with other acquired land, acquisition of the easement will achieve both urban separation and agricultural production, and where the offer is below appraisal.

Section .050 would require the Division Director to consider any adopted municipal plans, ordinances or recommendations relating to farmland preservation prior to allocating easement purchase funds to priority districts within municipalities.

Section .060 would specify the information which must be included by the land owner as part of an offer to sell or exchange a preservation easement. The information to be required includes a legal description of the land and a price, and may include an appraisal in support of the asking price. Within 30 days, the State would have to notify the owner of the sufficiency of the offer. If a corrected, sufficient offer is made within 30 days of the notification, the land is determined to qualify.

The Division Director also would have to notify the appropriate municipality within 30 days if any part of the qualifying land is within a municipality. In turn, the municipal government would have an additional 30 days to request that the State reconsider the determination. If there is a reconsideration request, the State would be required to hold a public hearing in the municipality.

Section .070 would establish time limits within which the State could accept offers or make counter offers.

Under the proposed program, the State could purchase an agricultural preservation easement for either the asking price or the difference between the fair market value of the land and the agricultural value of the land, whichever was less (Section .080). The value determination would be based on one or more qualified appraisals.

Section .090 of the new Chapter would define the uses permitted on land subject to an agricultural preservation easement. These permitted uses would include:

1. agricultural use of the land by the owner;

2. removal of minerals or materials from the subsurface if the land were immediately returned to a condition as favorable to agriculture as existed prior to the extraction;

3. operation of machinery used in agricultural production;

4. sale of agricultural products produced on the land;

5. construction of buildings for farming operations; however, land used for farm residences would not be allowed to exceed one acre per 40 acres of land.

Residential subdivision would not be permitted on land subject to a preservation easement. Furthermore, the acquisition of a preservation easement by the State would not grant the public a right of access or use, nor would it affect any existing easements, rights of way, or rights of access.

Farmland Converted to Other Uses

We were able to obtain data on farmland conversion for the Matanuska-Susitna Borough only. Our attempts to obtain similar data from other areas of the state, such as the Fairbanks North Star Borough, met with no success.

The table on page 4 shows the amount of farm land subject to subdivision activity in the Matanuska-Susitna Borough from 1976 to 1982. Only approved subdivisions and waivers are included. According to Borough Manager Gary Thurlow, all land was located within farms prior to subdivision, but it was not necessarily cleared land or active crop land.

Table 1
Subdivision Activity on Agricultural Lands, Mat-Su Borough
1976 - 1982

Year	Regular Subdivisions	Waivers*
1976	846 acres**	628 acres
1977	1,759 acres	357 acres
1978	483 acres	1,054 acres
1979	1,731 acres	1,717 acres
1980	978 acres	1,254 acres
1981	383 acres	417 acres
1982	679 acres	1,254 acres
Total	6,859 acres	6,681 acres

*Waivers are subdivisions where the parcels created are 5 acres or larger in size. Some of this land could continue to be farmed.
**All figures are rounded to the nearest acre.

Source: Gary Thurlow, Borough Manager, Mat-Su Borough

Amount and Cost of Land Eligible for Preservation Easements

It is difficult to estimate with any accuracy the amount of land that would be eligible for the proposed preservation easement program and the possible cost to the State of such a program. However, we have identified two sources of information upon which a very rough estimate might be based. These sources are:

- a report completed in 1979 by the University of Alaska for the Department of Natural Resources (DNR) concerning a possible development rights purchase program for agricultural land in the state; and

- data compiled by the Department of Community and Regional Affairs on participation in the farm use land assessment program established under AS 29.53.035.

University of Alaska Study. A study conducted in 1978 by the U. of A.'s Agricultural Experiment Station for DNR[1] examined the feasibility of a development rights purchase program to protect Alaska's agricultural land. As described, this program has some similarities to the preservation easements programs as proposed in HB 148. I have attached a copy of relevant sections of the report for your information (see Attachment A). A brief summary of the authors' findings follows.

The report notes that the Soil Conservation Service identified approximately 15.2 million acres of potential agricultural land throughout the state. However, much of this land is away from population centers without surface transportation access, and is in either State or federal ownership. The report also contains data on actual utilization of land for crop production (commercial vegetables, feed crops and harvested grassland) in various regions of the state.

For the period 1971-76, there was an average of about 19,270 acres being utilized for crops in the state as a whole; 29 percent of this acreage was in the Tanana Valley, 59 percent in the Matanuska-Susitna Valley, and 11 percent on the Kenai Peninsula. In 1981, according to the U.S. Department of Agriculture, the amount of land in crops had increased to about 38,000 acres. Of this, 65 percent was in the Tanana Valley, 26 percent in the Matanuska-Susitna Valley, and 5 percent on the Kenai Peninsula (see Table 2).

Table 2
Alaska Cropland Utilization

	1971-76 (avg.)	1981
Tanana Valley	5,670 acres	24,700 acres
Mat-Su Valley	11,290 acres	10,000 acres
Kenai Peninsula	2,170 acres	2,000 acres
Other	140 acres	1,300 acres
Total	19,270 acres	38,000 acres

Source: Alaska Crop and Livestock Reporting Service

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[1] William Workman, Edward Arobio, Anthony Gasbarro, An Examination of a Development Rights Purchase Program for Alaska Agricultural Lands, (Agricultural Experiment Station, University of Alaska, January, 1979)

To determine how a development rights purchase program might be applied in Alaska, the researchers for the U. of A. study mailed questionnaires to 263 agricultural landowners in various regions of the state. A total of 112 of the questionnaires were returned and used as the basis for their report. Respondents were asked to indicate their interest in selling development rights to their cleared and uncleared agricultural land. On a statewide basis, 35 percent of the respondents expressed moderate to high interest in the sale of development rights while 65 percent expressed little or no interest. Over half of the landowners moderately or highly interested in selling development rights were from the Matanuska-Susitna region.

The questionnaire also asked the respondents to place a value on the development rights for their agricultural land. First, average market values for cleared and uncleared land, as perceived by the respondents, were calculated. Average values for cleared and uncleared land ranged from $1,500 per acre in Delta to $3,900 per acre in the Fairbanks region. The weighted average cleared land value for the five regions was $3,300 per acre. Table 3 summarizes the land value information obtained from the survey. It should be remembered that these values were based on the subjective judgment of the landowner and that the data is over four years old.

Table 3

Average Perceived Land Values By Region
(Dollars per Acre)

Region	Cleared Land Value	Number of Respondents	Uncleared Land Value	Number of Respondents
Fairbanks	$3,900	13	$2,900	11
Delta	1,500	9	1,300	8
Copper River	1,900	6	900	6
Matanuska-Susitna	3,800	28	3,600	24
Kenai-Kodiak	3,700	13	3,100	13
TOTALS		69		62
Weighted Average	$3,300		$2,800	

Source: Agricultural Experiment Station, U. of A., 1979

Land owners were also asked to place a value on the development rights to their land. However, the authors of the report indicate that many of the respondents apparently did not understand how to value a development right. This, in conjunction with the small number of respondents answering this question, may mean that the values obtained are unreliable. With this cautionary note in mind, the authors' reported average development rights values in the Fairbanks, Mat-Su and Kenai-Kodiak areas ranging between $3,100 and $3,600 per acre.

Farmland Use Value Assessment Program. Data from the State's farmland use value assessment program also might be used to determine the amount of interest in, and cost of, an agricultural preservation easements program. AS 29.53.035 allows farm use land to be assessed on the basis of its value for farm use and not as if it were subdivided or used for some nonfarm purpose. The program allows the land owner to defer taxes that would otherwise be due if the land were valued at market value. If the land is converted to nonfarm uses, the owner is then liable for all the back taxes (including interest) which were deferred through the program (see Attachment B).

As with the proposed program in HB 148, participation in the use value assessment program is voluntary on the part of the land owner. Data from the Department of Community and Regional Affairs on the use value program for fiscal years 1976 through 1982 is presented in Table 4. It shows that there were 115 participants in the program statewide in FY 82, 63 percent of whom were from the Mat-Su Borough. A total of 19,197 acres were subject to farmland use value assessment in FY 82.

The column on the table entitled "total deferred value" represents the development rights value of the land; that is, the difference between the full and true value of the land and the farm use value of the land. Dividing the total statewide deferred value by the number of acres in the program yields an average development rights value of $1,073 per acre, while the statewide average full and true value is $1,545/acre. The deferred (or development rights) value equals $1,067 per acre in the Mat-Su Borough and $887 per ace in the Fairbanks North Star Borough.

These values are considerably lower than those reported in the U. of A. study discussed earlier. According to Assistant State Assessor Mike Worley, the values may not reflect current market conditions as land in some boroughs has not been revalued for several years. Steve Van Sant, the Mat-Su Borough assessor, reports that they are currently in the process of reviewing farmland values as part of their revaluation process. He reported the most current range of values to Mike Worley for typical farms in the borough.

According to Mr. Van Sant, the full market value of a typical 80 acre farm in an outlying area of the borough would be about $3,000 an acre, while a larger 300 acre farm would be valued closer to $1,000/acre. However, it is important to remember that there are many variables involved in determining the market value of any particular piece of property--water availability, topography, distance to urban areas, etc. Mr. Van Sant also reported to Mike Worley that the farm use value of a typical farm currently tends to be from 20 to 50 percent of its full market value.

Possible Costs of a Preservation Easements Program. Given the quality of available data, it is not possible to estimate accurately the cost to the State of a preservation easements program. However, we have computed two very rough estimates for you which may assist you in evaluating the cost of the proposed program.

If all those farmland owners currently participating in the State's use value assessment program were to participate in the preservation easement program, the cost to the State would be roughly $21 million. In FY 82, the use value assessment program included 19,197 acres of farmland. Multiplying this acreage by the total deferred value (see Table 4) of this land yields a cost of approximately $20.6 million.

Farmland in the Mat-Su Borough is being converted to subdivisions at a rate of roughly 1,000 acres per year (see Table 1). It would cost the State roughly $1.1 million at a minimum to purchase preservation easements on 1,000 acres of Mat-Su Valley farmland. This is based on an average deferred (or development rights) value in the Mat-Su Borough of $1,067 per acre.

Neither of these methods provides an accurate estimate of possible program participation and costs. Unfortunately, no data is currently available on the amount of existing and potential farmland in private ownership. In addition, a more thorough research effort would be required to develop good data on the average market and farm use value of farmland in various areas of the state.

We hope the information provided here is useful to your committee's deliberations on HB 148. Please let us know if we can be of further assistance.

MAR 30 REC'D

Alaska State Legislature

Barbara Lacher, Chairman
Mae Tischer, Vice-Chairman
Randy Phillips
Milo Fritz
Don Clocksin
Jack McBride
Mike Szymanski

Room 104
State Capitol
Juneau, Alaska 99811

Pouch V
Juneau, Alaska 99811

House of Representatives
Committee on Community & Regional Affairs

February 23, 1983

TO: House C & R A Committee

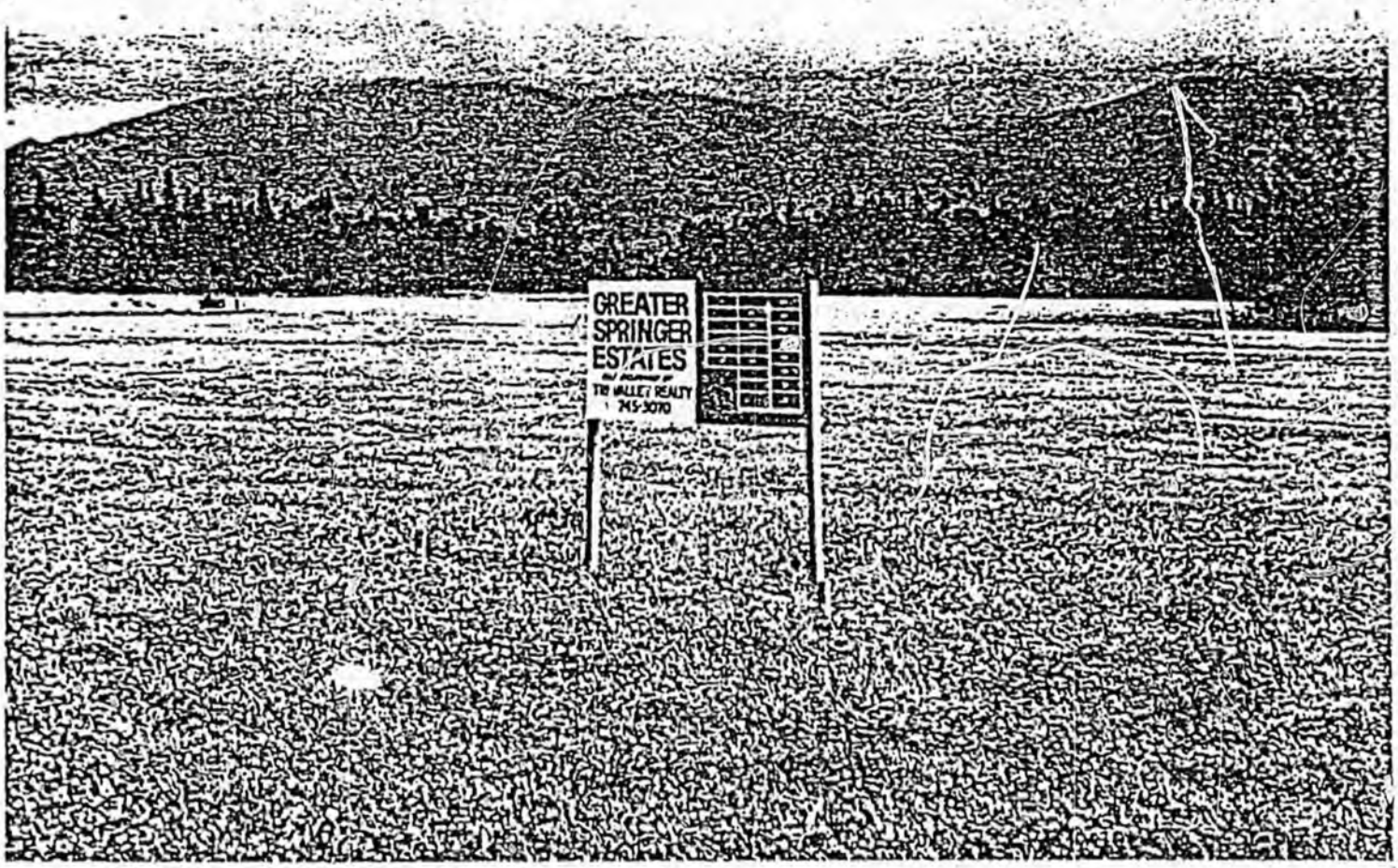
FROM: Staff

SUBJECT: HB 148

HB 148 establishes a program within the Department of Natural Resources that will provide a measure to preserve farmland that may otherwise be lost to urban development.

Under the provisions of this legislation, the owner of established farmland may voluntarily sell agricultural easement rights of his farmland to the State of Alaska.

A detailed analysis of HB 148, prepared by the House Research Agency, is attached.



Will Alaskan Farmers Sell the Development Rights to their Land?

By William G. Workman*, Edward L. Arobio**, and Anthony F. Gasbarro***

INTRODUCTION

In Alaska, as in many other parts of the country, market forces are producing a change in land-use patterns that is resulting in the conversion of highly productive agricultural lands to nonagricultural uses. Property on the urban fringes of Anchorage and Fairbanks that once produced vegetables and grains or supported dairy farms appears most vulnerable to this conversion to residential or industrial sites. Within the last three years alone, for example, 27 farms have been subdivided in the Palmer-Butte area of the Matanuska Valley. Many of the subdivisions along the Parks Highway between Willow and Talkeetna are located on lands with high agricultural potential.

This displacement of farms by subdivisions, roads, shopping centers, and other nonagricultural enterprises is viewed by some Alaskans as not being in the state's best interest. Those concerned about the loss of agricultural lands argue that the areas most likely to be converted represent some of the best agricultural lands in the state and are vital to the maintenance and further development of an agricultural economy in Alaska. In addition, it is suggested that the preservation of these areas will help to maintain a much-desired way of life and to provide needed open space and other environmental amenities at the urban fringe. These concerns have resulted in actions by the

* Associate Professor of Economics, Agricultural Experiment Station, Fairbanks.
** Research Associate in Economics, Agricultural Experiment Station, Fairbanks.
*** Forester, Agricultural Experiment Station, Fairbanks.

UNIVERSITY OF ALASKA, FAIRBANKS
Fairbanks, Alaska 99701

School of Agriculture and Land Resources Management
Agricultural Experiment Station

August 14, 1978

Dear

The Agricultural Experiment Station at the University of Alaska is conducting a survey of Alaskan farmers. This survey is part of a study concerning the future use of agricultural lands near population centers of Alaska. We need your assistance to make this study a success.

Agricultural lands are rapidly being converted to other uses such as residential lots, airports, and shopping centers. Land is becoming more expensive and some farmland owners are convinced that it makes more sense to develop agricultural land than to farm it. Other people are concerned that we are converting too much of the farmland near cities to nonagricultural uses and that it would be wise to preserve these lands so that food can be grown close to large population centers and so that there will continue to be open space near urban areas.

Many ways are being tried to preserve agricultural lands in other areas of the United States. Some of these include tax incentives, zoning and the trading of land. Another way is for a state or municipality to purchase from the farmland owner his right to develop his land for anything but farming. For a price, the farmer would give up his option to use his land for nonagricultural purposes; the land would still be his, but he could do nothing that would impair its agricultural potential.

The principal objective of our study is to determine (1) farmers' interest in selling development rights and (2) what it might cost the State of Alaska to purchase these rights. A short questionnaire is enclosed and we would be grateful if you will fill it out and return it to us in the enclosed postage paid envelope before September 1, 1978. All information will be kept confidential. If you desire we will be happy to send you a final report at the completion of the study.

Thank you for your cooperation,

William G. Workman

Dr. William G. Workman
Resource Economist

WGW:ks
Enclosures

A division of the University of Alaska statewide system of higher education

Figure 1

ALASKA AGRICULTURAL LANDS SURVEY

1. How many acres do you currently farm or ranch?
   Your own land _____
   Land rented or leased _____
   From other landowners _____
   From the government _____
   Total acres _____

2. What crops or livestock do you produce?

Crops	Acres: Your own	Rented from others	Leased from government
Vegetables or potatoes			
Small grains			
Hay or silage			
Planted Pasture			
Native Pasture			

Livestock	Number of Head	Livestock	Number of Head
Dairy cattle		Swine	
Beef cattle		Poultry	
Sheep		Other (specify)	

3. What do you estimate is the per acre market value of agricultural land:
   Your own land: Cleared _____$/acre Uncleared _____$/acre.
   That you rent (exclude government leases): Cleared _____$/acre.

4. Would you be interested in selling development rights to your agricultural land? Selling such rights would mean that your land could be used for agricultural or forestry purposes only.

Degree of interest	Cleared	Uncleared
Not interested		
Slightly interested		
Moderately interested		
Highly interested		

5. At what price would you sell the development rights to your agricultural lands
   _____$/acre.

6. Please describe the location of your farm or ranch.
   Nearest town _____ Distance from town _____
   Direction from town _____

Thank you for your cooperation. A summary of the results of this survey will be available to you on request.

Figure 2

state and municipal governments in Alaska to intervene in the land market to slow down or stop the loss of agricultural land. Methods employed include tax incentives (use-value assessment of farmland) and the sale of only the agricultural rights on state and municipal lands.

Recently, some state government officials have developed an interest in a new method of agricultural land preservation that is being adopted in some of the eastern states. This method involves the public purchase of nonagricultural development rights on agriculture lands currently held in the private sector. Usual development rights associated with a parcel of real property permit the landowner to develop his land beyond its current agricultural use, and because these rights can be separated from the total bundle of rights, they can be sold, thus transferring from the landowner the right to develop his land. This, then, is the concept behind the purchase of development rights as an agricultural land control device. In order that land remain in agriculture use in areas being converted to other uses, governments might purchase the development rights from agricultural lands. These lands could then be used only for agricultural purposes.

In June of 1978, the Agricultural Experiment Station at Fairbanks was asked by the Alaska Department of Natural Resources to evaluate such a program for Alaska. As a part of this assessment, a survey of Alaska farmers and ranchers was conducted primarily to determine their interest in such a program and to obtain estimates of the costs of purchasing these development rights. The results of this survey are reported here.

SURVEY RESULTS

During August of 1978, a questionnaire, with a brief explanation of the development rights concept in the cover letter (Figure 1 and 2), was mailed to 263 agricultural landowners in the most important farming or livestock areas of the state. Since there is no statewide, farmers' organization in Alaska, the names of landowners were obtained from the mailing lists of state and federal agencies that distribute agricultural information. Undoubtedly these lists did not include all of the people who consider themselves farmers. Of the questionnaires mailed, 18 were returned as undeliverable, leaving 245 that actually reached their destination, of which 112 (46%) were returned completed (Table 1).

Questionnaire recipients were asked to indicate their degree of interest in selling the development rights to their cleared and uncleared agricultural lands. Specifically they were asked to indicate whether they were highly, moderately, slightly, or not interested in selling these rights. Approximately 94%, 106 of 112 respondents, answered this question. The distribution of these expressions of interest can be seen in Table 2.

Most of the respondents in all regions except the Matanuska-Susitna area expressed little or no interest in selling develop-

Table 1: Questionnaire Response by Region

Region	No. Questionnaires Delivered	No. Questionnaires Returned (%)
Fairbanks	52	24 (46)
Delta	34	10 (29)
Copper River Basin	15	10 (67)
Matanuska-Susitna	106	41 (39)
Kenai-Kodiak	38	27 (71)
TOTAL	245	112 (46)

Table 2: Degree of Interest in Selling Development Rights to Agricultural Land

	Number of Respondents (%)			
	No Interest	Slight Interest	Moderate Interest	High Interest
Fairbanks	14	2	4	4
Delta	7	2	0	0
Copper River Basin	6	1	2	1
Matanuska-Susitna	13	6	7	12
Kenai-Kodiak	13	4	3	4
Statewide	54 (51%)	15 (14%)	16 (15%)	21 (20%)

Table 3: Perceived Market Value of Cleared and Uncleared Land by Number and Percentage of Respondents in Dollars per Acre

Per Acre Value	Number of Respondents (%)	
	Cleared Land	Uncleared Land
0-999	18 (26)	24 (39)
1,000-1,999	11 (16)	5 (8)
2,000-2,999	10 (14)	11 (18)
3,000-3,999	8 (12)	4 (6)
4,000-4,999	6 (9)	4 (6)
5,000-5,999	4 (6)	4 (6)
6,000-6,999	3 (4)	3 (3)
7,000-7,999	3 (4)	3 (5)
8,000-8,999	1 (1)	—0—
9,000-9,999	—0—	—0—
10,000	5 (5)	4 (6)
TOTAL	69	62

ment rights. Those respondents living in the Matanuska-Susitna region were evenly divided on the question: half indicated little or no interest and half expressed moderate to high interest. On a statewide basis, 65% expressed little or no interest and 35% indicated moderate to high interest. Over half of all those moderately or highly interested in selling development rights were from the Matanuska-Susitna region.

Questionnaire respondents were also asked to estimate the value of their farmland. Sixty-nine of the 112 respondents indicated what they perceived as the market value of their cleared land and 62 answered the same question about uncleared land. The distributions of these values are shown in Table 3. On a statewide basis, most of the respondents perceived the market values of both uncleared and cleared land to be less than $5,000 per acre. Uncleared land was valued at less than $5,000 per acre by 77% of the respondents and at less than $3,000 per acre by 65% of the respondents. Correspondingly, for cleared land 77% of the respondents valued their land at less than $5,000 per acre while 56% indicated a value of less than $3,000 per acre.

Average market values for cleared and uncleared land as perceived by the respondents were calculated for each region. These data are summarized in Table 4. Average values for cleared land ranged from $1,500 per acre in Delta to $3,900 per acre in the Fairbanks region. Three of the regions (Fairbanks, Matanuska-Susitna, Kenai-Kodiak), accounting for nearly 80% of the respondents, differed by only $200 per acre in the perceived average value of cleared land with values ranging between $3,700 and $3,900 per acre. The weighted-average, cleared-land value for the five regions was $3,300 per acre.

Table 4: Average Perceived Market Values of Land by Region (Dollars per Acre)

Region	Cleared Value	Number Respond.	Uncleared Value	Number Respond.
Fairbanks	$3,900	13	$2,900	11
Delta	1,500	9	1,300	8
Copper River Basin	1,900	6	900	6
Matanuska-Susitna	3,800	28	3,600	24
Kenai-Kodiak	3,700	13	3,100	13
TOTALS		69		62
WEIGHTED AVE.	$3,300		$2,800	

Table 5: Value of Development Rights (Dollars per Acre)

Value	Number of Respondents (%)	Value	Number of Respondents (%)
0-999	6 (15)	5,000-5,999	3 (8)
1,000-1,999	8 (21)	6,000-6,999	2 (5)
2,000-2,999	7 (18)	7,000-8,999	—0—
3,000-3,999	6 (15)	9,000-9,999	1 (3)
4,000-4,999	2 (5)	10,000	4 (10)

Table 6: Average Development Rights Values (Dollars per Acre)

Region	Value	No. of Respondents
Fairbanks	$3,200	5
Matanuska-Susitna	3,600	21
Kenai-Kodiak	3,100	8
TOTAL		34
WEIGHTED AVERAGE	$3,400	

Uncleared land values averaged slightly lower than cleared land values and ranged from $900 per acre in the Copper River region to $3,600 per acre in the Matanuska-Susitna region. As with cleared land, the Fairbanks, Matanuska-Susitna, and Kenai-Kodiak regions accounted for nearly 80% of the survey respondents and showed a relatively narrow range of perceived land values. Average land values for uncleared land in these regions were between $2,900 and $3,600 per acre. The weighted average for all five regions was $2,800 per acre.

Questionnaire recipients were asked to assess the value of the development rights associated with their farmland. A value of development rights was reported by 39 of the 112 respondents (35%). Thirty-four of these responses were from the Fairbanks, Matanuska-Susitna, and Kenai-Kodiak areas. Nearly 70% of the respondents valued their development rights at less than $4,000 per acre. The distribution of development rights values can be seen in Table 5.

Average development rights values as perceived by the respondents were calculated for the Fairbanks, Matanuska-Susitna, and Kenai-Kodiak regions. These values are shown in Table 6. Average values were not calculated for the Copper River and the Delta regions because so few of these contacted in these areas responded to this part of the questionnaire. Average development rights values in the three areas mentioned ranged between $3,100 per acre and $3,600 per acre. Values were highest in the Matanuska-Susitna region.

to Degree of Interest[a]

Distance Category	Percentage of Respondents: Reporting	Moderate to High Interest	Little or No Interest
0-5	41	39	43
6-10	24	29	21
11-15	16	12	19
16-20	7	5	9
21+	12	15	9

[a]Based on 111 farmers reporting.

Average development rights values were also calculated by degree of interest, again using data from the Fairbanks, Matanuska-Susitna, and Kenai-Kodiak regions. Calculations showed that those with a moderate or high interest in a development rights program on the average valued these rights at $2,145 per acre. Those not interested in the program put a much higher value on these rights, $4,662 per acre. Respondents in the moderate-to-high interest categories accounted for 63% of the total acreage represented in the survey responses.

Additional analysis of the survey data was undertaken to determine whether or not a landowner's interest in a development rights purchase program and/or his perceived value of these rights were related to the distance between his farm and the nearest population center. Table 7 presents a summary of the data relating to the interest/distance question. One can observe that the distributions of responses are similar between the moderate-or-high and low-or-no interest categories and are, therefore, similar to the pattern shown for all responses.[1] This close relationship suggests that farmers' interest in selling development rights is not significantly influenced by the location of his farm relative to a population center. When data for just those farm owners living near Palmer and Wasilla were broken out and analyzed in the same way, the identical conclusion was drawn.

We also addressed the issue of whether a landowner's perception of the value of the development rights to his property was influenced by the location of the farm relative to a population center. The expectation was that the closer the farm was to a town or city, the more attractive would be that land for development purposes and that this relative attractiveness would be reflected in the perceived value of the development rights. Unfortunately the quality of the data obtained through the survey did not allow a rigorous test of this proposition on either a local or statewide basis.

The data in Table 8 are presented to show the nature of the relationship or lack thereof between distance and development rights value as perceived by farmers near Palmer. No clear pattern emerges but, again, this conclusion must be qualified by recognizing that the data are not taken from a random sample. The fact that the expected relationship did not occur may perhaps also be explained by the existence of unrealistic expectations on the part of some landowners regarding the development value of their property. Consequently, these perceived values may not represent the minimum payments that these landowners might be willing to accept to forego their development options.

[1]Using the chi square test for independence with the data on which Table 7 is based, we were not able to reject the hypothesis of independence of interest and distance at any reasonable level of significance. One must recognize, however, that these data were not obtained through random sampling. Thus, any inferences about the views of farmers in Alaska must be regarded with caution.

and Distance from Palmer

Distance (Miles)	Stated Values
0-1	$10,000
	7,700
1	3,000
2	10,000
	3,500
	1,500
3	3,500
	1,000
	5,500
4	2,000
5	600
6	—
7	3,000
8	500
9	—
10	850
11	1,000

CONCLUDING REMARKS

The survey described here was designed to assess Alaska farmers' interests in participating in a development rights acquisition program for preserving agricultural lands and to provide an estimate of the cost to the state of purchasing these rights. While agricultural landowners in the Matanuska-Susitna Valley areas appeared the most receptive to this land use control concept, farmers surveyed statewide were generally not interested in selling the development rights to their farmland. When faced with the hypothetical proposition of selling these rights, nonetheless, farmers on the average valued the development options at $3,400 per acre.

While it would be difficult to state confidently why farmers lack enthusiasm for the development rights purchase concept, several explanations appear plausible. First, as reflected in written comments on the returned questionnaires, some landowners may feel this approach to be just another invasion in their lives by "big government." Also, questionnaire respondents may have felt it to be a wise strategy, considering possible future price negotiations, to appear initially uninterested in disposing of their development rights.

Another possible explanation is that agricultural landowners might not be interested in selling development rights now since they anticipate that these rights will be worth more at some later date. This explanation, however, is not entirely satisfactory, since land prices and, therefore, development rights values presumably reflect the discounted value of future development benefits. Thus, in order for this reasoning to offer any promise, one must also argue that these farmers view the market as presently failing to accurately anticipate future development patterns.

The results obtained in this survey should be viewed with caution. Although a high percentage (46%) of delivered questionnaires was completed and returned, the sampling technique and the fact that some respondents did not answer all questions may have biased the results. Also, the concept of purchase of development rights was new to many farmers and this lack of familiarity may account for some of the negative interest shown by farmers. Still, the conclusion that must be drawn from this survey, keeping in mind the preceding caveats, is that Alaskan farmers at this time show little enthusiasm for the idea of selling their farmland development rights and place a significant value on these rights *vis-a-vis* the total market value of their agricultural land.□

within the structure or for the alteration of land as a consequence of construction activity. An exemption provided in this subsection may continue for up to four years from the date the improvement is completed or from the date of approval for the exemption by the local assessor, whichever is later.

(g) A municipality may by ordinance exempt from taxation all or any part of the increase in assessed value of improvements to a single family dwelling if the principal purpose of the improvement is to increase the amount of space for occupancy. An exemption provided in this subsection may continue for up to two years from the date the improvement is completed or from the date of approval of an application for the exemption by the local assessor, whichever is later. (§ 2 ch 118 SLA 1972; am § 2 ch 1 FSSLA 1973; am § 1 ch 33 SLA 1975; am § 1 ch 111 SLA 1976; am § 1 ch 262 SLA 1976; am § 1 ch 95 SLA 1977; am § 3 ch 94 SLA 1980)

Effect of amendments. — The 1973 amendment added the second sentence of subsection (a).

The 1975 amendment added subsection (e).

The first 1976 amendment added paragraph (3) of subsection (c).

The second 1976 amendment added paragraph (2)(D) of subsection (b).

The 1977 amendment added subsections (f) and (g).

The 1980 amendment deleted "adopted without weighted voting" near the beginning of paragraph (1) of subsection (c).

Sec. 29.53.035. Farm or agricultural lands. (a) Farm use lands included in a farm unit and not dedicated or being used for nonfarm purposes shall be assessed on the basis of full and true value for farm use, and shall not be assessed as if subdivided or used for some other nonfarm purpose. The assessor shall maintain records valuing the farm use land for both full and true value and farm use value. Should the farm use land be sold, leased, or otherwise disposed of for uses incompatible with farm use or be converted to a use incompatible with farm use by the owner, the owner is liable to pay an amount equal to the additional tax at the current mill levy together with eight per cent interest for the preceding seven years, as though the land had not been assessed for farm use purposes. Payment by the owner shall be made to the state to the extent of its reimbursement for revenue loss under (e) of this section for the preceding seven years. The balance of the payment shall be made to the city or borough.

(b) An owner of farm use land must, to secure the assessment, make application to the assessor before May 15 of each year in which the assessment is desired. The application shall be made upon forms prescribed by the state assessor for the use of the local assessor and shall include information which may reasonably be required to determine the entitlement of the applicant. If the farm use land is leased for farm use purposes, the applicant shall furnish to the assessor a copy of the lease bearing the signatures of both lessee and lessor along with the

completed application. The applicant shall furnish the assessor a copy of the lease covering the period for which the exemption is requested.

(c) In this section "farm use" means the use of land for raising and harvesting crops or for the feeding, breeding and management of livestock or for dairying or another agricultural use for profit or any combination thereof. To be farm use land, the owner or the lessee must be actively engaged in farming the land, and derive at least 10 per cent of his yearly gross income from the farm use land. The provisions of this section do not apply to land respecting which the owner has granted, and has outstanding, a lease or option to buy the surface rights. A property owner wishing to file for farm use classification having no history of farm-related income may submit a declaration of intent at the time of filing the application with the assessor setting out the intended use of the land and the anticipated percentage of income. An applicant using this procedure shall file with the assessor before February 1 of the following year a notarized statement of the percentage of gross income attributable to the farm use land. Failure to make the filing required in this subsection forfeits the exemption.

(d) In the event of a crop failure by an act of God the previous year, the owner or lessee may submit an affidavit affirming that 10 per cent of his gross income for the past three years was from farming.

(e) Subject to legislative appropriations for the purpose, the state shall reimburse a borough or city, as appropriate, for the real property tax revenues lost to it by the operation of this section. (§ 2 ch 118 SLA 1972; am § 1 ch 90 SLA 1974; am § 3 ch 229 SLA 1976; am § 1 ch 66 SLA 1978)

Effect of amendments. — The 1974 amendment made such changes in subsections (a), (b), and (c) as to make a detailed comparison impracticable and added subsections (d) and (e).

The 1976 amendment, in subsection (a), substituted "uses incompatible with farm use" for "other than farm use purposes," "a use incompatible with farm use" for "nonfarm use" and "eight per cent" for "five per cent" in the third sentence, inserted "at the current mill levy" in that sentence, and added "for the preceding seven years" at the end of the fourth sentence.

The 1978 amendment substituted "May 15" for "February 1" in the first sentence of subsection (b).

Sec. 29.53.045. Tax on oil and gas production and pipeline property. (a) A municipality may levy and collect taxes on taxable property taxable under AS 43.56.010 — 43.56.210 only by using one of the methods set out in (b) or (c) of this section.

(b) A municipality may levy and collect a tax on the full and true value of taxable property taxable under AS 43.56.010 — 43.56.210 as valued by the Department of Revenue at a rate not to exceed that which produces an amount of revenue from the total municipal property tax equivalent to $1,500 a year for each person residing within its boundaries.

MAR 30 REC'D

STATE OF ALASKA
PRELIMINARY STATEMENT OF FISCAL IMPACT

Bill No: CSHB 148 (C&RA) Date on Bill: 3/18/83
Title: Preservation of agricultural lands
Sponsor: Lacher, Larson and Zharoff
Requestor:

1. Estimated fiscal impacts on:

a. Expenditures:

(Thousands of Dollars)

			FY 83	FY 84	FY 85	FY 86		
Capital								
Operating				77.3	82.5	88.0		
Total								

b. Revenues:

Revenue								

2. Source of funds to offset fiscal impact of bill:

3. Assumptions:

Fiscal impact of this proposal is entirely dependent on level of implementation. We estimate the program would require a minimum of one professional and one clerical to administer the activities required to prepare documents, arrange appraisals, handle public meetings and follow up on verification of compliance with land use requirements. These position can be located at the Wasilla office of the Division of Agriculture.

No funding is requested in this note for actual purchase of easements.

4. Disclaimer:
This statement has not been reviewed by the OMB in the Office of the Governor. It therefore does not represent the final estimate of fiscal impact.

Prepared By: Ed Kern Phone: 376-3276
Division: Agruculture Date: 3-1-83

Approved by Commissioner: Date:
Department: Natural Resources

5. Distribution:
Original to Legislative Finance
Copy to OMB
Copy to Sponsor
Copy to Requestor

2/15/83

MAR 30 REC'D

STATUS/SCOPE OF LEGISLATION

ISSUE: HB148 → CSHB148 An Act Relating to the Preserv. of Agric. Lands

SPONSORS: Lacher

CURRENT STATUS: (C&RA) → Resources

FISCAL IMPACT: 77.3

REPRESENTATIVE	A.Comm.Vote	B.Statutory/Tech.	C.Supp.-Memo	D.Opp.-Memo	E.Vote
ABOOD			SUPPORT MEMO SENT 3/30/83		
ADAMS					
BARNES					
BETTISWORTH					
BUSSEL			✓		
CATO					
CLOCKSIN	do pass	CS			
CONDERY			✓		
DAVIS					
DUNCAN					
FLOOD					
FRITZ	do pass	CS			
FULLER					
FURNACE					
GOLL			✓		
GRUSSENDORF					
HAYES					
HERRMAN					
HURLBERT					
KOPONEN					
LACHER	do pass	CS			
LARSON			✓		
LINDAUER					
LISKA			✓		
MALONE					
MARTN					
MCBRIDE					
MILLER					
MILLER(NP)					
PESTINGER					
PHILLIPS	do pass	CS			
RINGSTAD			✓		
SHULTZ			✓		
SZYMANSKI					
TISCHER	do NOT pass	CS			
UEHLING			✓		
VASKA			✓		
WARD					
WENDTE					
ZHAROFF					

HOUSE RESOURCES COMMITTEE OBSERVER/WITNESS SIGN-UP SHEET

DATE: March 30 SPONSOR: Rep. Lacher

SUBJECT(S): CSHB 148 rog, land preservation

NAME	REPRESENTING	ADDRESS	PHONE	Check One: Observer	Check One: Witness	Check One: For	Check One: Against
Barbara Lash	Rep.	Pouch V			X	X	
Peg Kehrer	Peg Kehrer	536 Park #D			X	X	
Jay Nelson	Ak Gr. Lobby				X	X	
Sharon Barrow	DNR				X		

HB

156

STATE OF ALASKA
PRELIMINARY STATEMENT OF FISCAL IMPACT

Bill No: HB 156 Date on Bill: 2/2/83
Title: State Grain Reserve Prog
Sponsor: Shultz
Requestor:

1. Estimated fiscal impacts on:

a. Expenditures:

(Thousands of Dollars)

			FY 83	FY 84	FY 85	FY 86		
Capital								
Operating				67.6	52.6	53.6		
Total				67.6	52.6	53.6		

b. Revenues:

Revenue								

2. Source of funds to offset fiscal impact of bill:

3. Assumptions:

As the official grain inspection agency in Alaska, the Division of Agriculture would be required by this bill to provide personnel and facilities to carry out the inspection function on a statewide basis as grain moves to and from the reserve. This fiscal note covers one grain inspector and equipment as listed on the attachment.

4. Disclaimer:
This statement has not been reviewed by the OMB in the Office of the Governor. It therefore does not represent the final estimate of fiscal impact.

Prepared By: Ed Kern Phone: 376-3276
Division: Agriculture Date:

Approved by Commissioner: Marshall Dean Date: 2/28/83
Department: Natural Resources

5. Distribution:
Original to Legislative Finance
Copy to OMB
Copy to Sponsor
Copy to Requestor

2/15/83

MEMORANDUM State of Alaska

DEPARTMENT OF NATURAL RESOURCES - DIVISION OF AGRICULTURE

TO: Sharon Barton
Special Assistant

DATE: February 10, 1983

FILE NO:

TELEPHONE NO:

FROM: Ed Kerr
Development Specialist

SUBJECT: Grain Grading Station Equipment

Carter Day Dockage Tester (FOB Minneapolis, Minn)	$ 3,744.00
Barley riddle and sieves	216.00
Wheat riddle and sieves	152.00
Burrows (FOB Illinois)	
Boerner divider	595.00
Extension kit	119.00
Barley sieve kit	90.50
Filling hopper and stand	198.00
Boerner weight per bu apparatus (print-out)	1,750.00
Shadow graph scales	928.00
Armstrong scales	610.00
Gram scales	111.50
Laboratory torsion balance scale	470.00
Weight set	137.00
Sieve shaker	795.00
Motomco moisture meter	640.00
Barley pearler	350.00
Miscellaneous (piks, lights, pewter dishers, magnifying glass, etc.)	750.00
Equipment costs	$11,656.00
Set-up & freight estimate	3,344.00
Total	$15,000.00

DESIGNATION AS AN OFFICIAL AGENCY
FOR OFFICIAL INSPECTION
UNDER THE U.S. GRAIN STANDARDS ACT, AS AMENDED,
FROM THE FEDERAL GRAIN INSPECTION SERVICE
UNITED STATES DEPARTMENT OF AGRICULTURE
TO
ALASKA DEPARTMENT OF NATURAL RESOURCES,
DIVISION OF AGRICULTURE

This designation to perform official inspection functions, within the geographic area specified in Appendix A, is granted pursuant to the provisions of the U.S. Grain Standards Act, as amended (7 U.S.C. 71 et seq.) (Act) and the regulations under the Act (7 CFR 800 et seq.) (regulations).

The Agency shall perform all functions in accordance with and comply with all requirements of the Act, regulations, and Federal Grain Inspection Service (FGIS) instructions in effect at the time of designation or which may be promulgated subsequently.

The Agency and the officials specified in Appendix B shall be responsible for all official actions of the official inspection personnel employed by the Agency, for direct supervision of the daily official activities of such personnel, and for the conduct of official functions and related activities of the Agency.

Where feasible, the Agency shall rotate licensees among elevators and other locations so that no licensee is detailed at one location in excess of 6 months.

The Agency or personnel employed by the Agency shall not engage in any outside work or activity that consists in whole or in part of performing unofficially any function or related activity that the Agency has been designated to perform officially.

Section 7(j) of the Act requires the Agency to pay to FGIS such fees as established to cover the estimated cost to FGIS relating to supervision of the Agency and related administrative costs.

The Agency shall advise the Compliance Division, FGIS, immediately of any proposed change in name, ownership, officers or directors, or control of the Agency; and if a trust, any amendment to the trust agreement or of a change in the person of the trustee(s). The Agency also shall advise the Compliance Division, FGIS, in advance of any change in the specified service points listed in Appendix B.

The assigned geographic area specified in Appendix A may be amended upon request by the Agency if FGIS determines that such amendment is consistent with the provisions and objectives of the Act, regulations, and instructions. The Agency shall pay to FGIS the fee prescribed by the regulations for each amendment of this designation.

This designation shall terminate on the date herein stated and may be renewed in accordance with Section 7(g)(1) of the Act. The Agency may request that this designation be voluntarily canceled by giving 90 days written notice to FGIS. FGIS may revoke this designation in accordance with Section 7(g)(3) of the Act.

If the Agency is a trust or subsidiary established to address a conflict of interest prohibited by Section 11 of the Act, the designation shall terminate upon dissolution of the Agency and shall not revert to the trustees or the parent corporation.

The signatories certify that they have the authority to enter into said designation. This designation and the responsibilities thereunder are accepted for Alaska Department of Natural Resources, Division of Agriculture.

Signature

Date 7/20/82

Director

Title

This designation is approved by the Federal Grain Inspection Service. It is effective on June 1, 1982, and will terminate on May 31, 1985.

Signature

July 15, 1982

Date

Director, Compliance Division

Title

APPENDIX A - DESIGNATED GEOGRAPHIC AREA

ALASKA DEPARTMENT OF NATURAL RESOURCES, DIVISION OF AGRICULTURE

Pursuant to Section 7(f)(2) of the U.S. Grain Standards Act, as amended, the following geographic area - the entire State of Alaska, excluding those export port locations within the State - is assigned to Alaska Department of Natural Resources, Division of Agriculture. This geographic area was assigned in the May 3, 1982, issue of the Federal Register (47 FR 18941).

HOUSE RESOURCES COMMITTEE OBSERVER/WITNESS SIGN-UP SHEET

DATE: FEB. 9, 1983 SPONSOR: Rep. Dick Shultz

SUBJECT(S): [redacted] Re: homestead entry

NONE

NAME	REPRESENTING	ADDRESS	PHONE	Observer	Witness	For	Against

Short Analysis of HB 156

This proposal would amend AS 44.33 (Alaska Agriculture Action Council statutes) to establish a grain reserve program. Under this program, a farmer could obtain a loan using stored grain as his collateral. The grain would have to be graded number 3 or better, would have to be stored in state-approved storage (whether on farm or not), and could not be removed by the farmer while the loan was outstanding.

The council would be authorized to make a loan based upon the USDA target price for the grain for 90 percent of the grain in storage. In other words, if a farmer put up 50,000 bushels of barley, and the target price for barley was $2.20 per bushel, the council could loan him $2.20 x 45,000 or $99,000. The farmer would then use that loan to capitalize his next year's crop.

After the loan had been made, the State and the farmer would try to find buyers for the collateral grain and once that had been done, and the grain was sold, the farmer's loan would fall due. The interest rate is set at 8 percent per year, and the program would apply to barley, wheat and oats.

There are three price support programs now being used by the USDA. A deficiency payment program; a loan rate program; and a grain reserve program.

The deficiency payment program is intended to compensate farmers for acreage they remove from production. The farmer establishes a production yield record over a three year period, and based upon that figure per acre, times the base number of acres (provided that he does not plant at lease 15 percent of his acreage), times the difference between the target price for grain and the average selling price. In other words, if the farmer had 2000 acres of grain, but held 15 percent, or 300 acres out of production, his average yield was 40 bu/acre, the target price was $2.60/bu and the average selling price was $2.20/bu, then his benefit would be 2000 (acres) x 40 (bu/acre) x 40 cents = $32,000. This program is aimed at keeping production low.

The loan rate program is intended to allow the farmer to delay putting his grain on the market. Because all the harvest comes in at the same time, after harvest at the end of summer, prices would be depressed if every farmer had to sell at that time. To counteract this, and give the farmers an economic bridge, we have the loan rate program. The loan rate is based upon the theoretical cost of production, which for barley in Alaska is set at $2.38 per bushel. The farmer who participates in this program is guaranteed by the federal government that his grain will be sold for at least the cost of production. This program is closest to HB 156 as originally written.

The third federal program is a grain reserve program, which apparently has two purposes - to keep grain off the market, and to build a reserve. In this plan, the farmer can contract to store his grain for from 3 to 5 years and will get a loan, based upon the cost of production plus another variable - currently 19 cents/bu. The interest rate of 8 5/8 percent is charged only on the first year of the loan, and the government pays the farmer 26.5 cents per year per bushel for storage costs.

While some Alaskan farmers have participated in one or another of these programs, they don't have general applicability here because they are intended to keep production down. We want to encourage production.

There are some adaptations of the programs we could make. For example, we could use all three federal programs, and allow participation by farmers even though they would not quality under fed because of the stipulation to reduce acreage. Otherwise, the plans would remain the same.

If we do set up these or similar programs, we may want to limit a farmer's participation to a certain percent of his crop, to encourage in-state use and the growth of the red meat industry.

We may want to set up quality incentives; that is, a higher allowance for number 1, less for number 2, and a bottom figure for number 3 grain.

Some potential problem program areas with HB 156

1. The federal programs are based upon number 2 barley, while HB 156 uses number 3. Due to growing conditions in Alaska, we may want to use the more liberal grade.

2. The Ag Council may be reorganized - maybe even dissolved. Should this bill anticipate that?

3. To fully implement the program, we will need a companion appropriation.

4. In the Alaska market, where local barley is selling for between $3.60 and $4.00 a bushel, how would this work as a price support, when the target price is only $2.20 a bushel?

5. The bill makes no provision for storage fees. If it costs $20/ton per year to store the grain, any grain left when the next harvest comes along would have a heavy liability, and would be at a disadvantage to complete in the market place.

MAR 2 1983

MEMORANDUM State of Alaska

TO: John Manly
Professional Assistant
House Resources Committee
Alaska State Legislature

DATE: March 2, 1983

FILE NO:

TELEPHONE NO: 465-2400

FROM: Robert D. Arnold
Deputy Commissioner
Department of Natural Resources

SUBJECT: HB 156 Comments

At yesterday's hearing on HB 156, I told the Committee that, in the event the Legislature decides to establish a grain reserve program such as that envisioned in the bill, some additional provisions should be considered. At the Committee's request, I am furnishing those suggestions.

1) A system for removing previous liens on grain offered;

2) A specific time period and price formula for release of grain from the storage reserve;

3) Definition of loan period and what happens to the grain at the end of the loan (as far as interest payments and ownership);

4) Identification of the bearer of costs while grain is in storage; and

5) Dollar limits to the program.

Jim Lasley - Supports bill

1. puts in reserve program
2. target price is not inflated / avg. price
3. State mandates production
4. need market as expected
5. everything based on infrastructure
6. livestock industry needs processing plant
7. redmeat needs grain cheap and market
8. grain reserve program
9. land or grain State will own
10. demand as supply 40 - 60,000 ton DeH
11. Valdez will ship outside

Bob Arnold - DNR

1. Suggestions / to locking
   a) remove liens
   b) price formula
   c) specific loan period
   d) who pays storage costs

Proposed amendment to HB 156

Page 1, line 21:

Delete [UNITED STATES TARGET]

Insert in its place:

<u>F.O.B. Portland export</u>

STATE OF ALASKA
PRELIMINARY STATEMENT OF FISCAL IMPACT

Bill No: HB 156 Date on Bill: 2/02/83
Title: An Act relating to a state grain reserve program
Sponsor: Shultz
Requestor:

1. Estimated fiscal impacts on:

a. Expenditures:

(Thousands of Dollars)

			FY 83	FY 84	FY 85	FY 86		
Capital				1980.0	3960.0	5940.0		
Operating				.4	.6	.7		
Total				1980.4	3960.6	5940.7		

b. Revenues:

Revenue				2138.4	4276.8	6415.2		

2. Source of funds to offset fiscal impact of bill:

Repayment of loans plus interest at 8% per annum.

3. Assumptions:

FY 84 - 20,000 tons of barley harvested and stored; 30 farms
FY 85 - 40,000 tons of barley harvested and stored; 40 farms
FY 86 - 60,000 tons of barley harvested and stored; 50 farms

Loan interest assumes term of one year.

4. Disclaimer:
This statement has not been reviewed by the OMB in the Office of the Governor. It therefore does not represent the final estimate of fiscal impact.

Prepared By: Rep. Dick Shultz Phone: 465-4940
Division: House Resources Date: 2/28/83

Approved by Commissioner: Date:
Department:

5. Distribution:
Original to Legislative Finance
Copy to OMB
Copy to Sponsor
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2/15/83

HB 156 - Grain Reserve

	Capital	Operating	
FY 84	$1,980,000	$420	20,000 tons at $110/ton; 90% Loan processing, 30 loans (ASDS $10 application, plus $4/bin, avg. 4 bins)
FY 85	$3,960,000	$560	40,000 tons at $110/ton; 90% Loan processing, 40 loans
FY 86	$5,940,000	$700	60,000 tons at $110/ton; 90% Loan processing; 50 loans

Revenues

	Principle	Interest	Total
FY 84	$1,980,000	158,400	$2,138,400
FY 85	$3,960,000	316,800	$4,276,800
FY 86	$5,940,000	475,200	$6,415,200

HB

163

IDENTIFICATION		
BILL NAME "An Act providing for punishment for obstructing the lawful use of public land."	BILL NUMBER HB 163	
	DATE INTRODUCED 2/4/83	
	RELATED BILLS PENDING	
SPONSOR(S) Rep. Dick Shultz	REFERRALS	

INITIAL RESEARCH	
INITIAL SUMMARY COMPLETED	LEGAL DIVISION SUMMARY
	DEPT OF LAW SUMMARY
SPONSOR CONTACTED FOR BACKUP MATERIALS	FISCAL NOTE
AGENCY RESPONSE	OTHER INTERESTED LEGISLATORS NOTIFIED

BACKGROUND RESEARCH	
SIMILAR BILLS INTRODUCED IN PREVIOUS LEGISLATURES	OTHER STATE OR FEDERAL PRECEDENTS, REGULATIONS, ETC
RESPONSES FROM INTERESTED PERSONS AND/OR GROUPS	

HEARING PREPARATION	
CHAIRMAN BRIEFED	DATE & PLACE SET February 21, 1983
STAFF MEMO TO COMMITTEE	TELECONFERENCE
BACKGROUND MATERIAL DISTRIBUTED	PSA/PRESS RELEASE
LIST OF WITNESSES	SUGGESTED AMENDMENTS/CS DRAFTED

CSHB 163 (Resources) "An Act relating to harassment of persons engaged in hunting, fishing, or trapping."

SECTIONAL ANALYSIS

Section .925 would make it illegal to interfer with a person who is lawfully engaged in hunting, fishing or trapping; to disturb fish or game with the intent to interfer with their taking; or to enter or remain upon public or private land with intent to do one or the other of the above. A violation would be punishable by a fine of up to $500 or 30 days in jail, or by both.

Section .926 mandates that a wildlife protection agent shall order a person to desist from a violation of section .925, if he has observed the violation, or has probable cause to believe the person has engaged in or intends to engage in such activities. The officer shall inform the violator of penalties applicable to failure to desist - a fine of up to $1000 or 90 days in jail, or both.

Section .927 provides civil remedies allowing: a court injunction to stop the harassment; the aggrieved party to recover general damages for expenses rendered futile by the harassment; and the court to award punitive damages.

SUPPLEMENTAL CAPITAL LISTINGS:

Governor's Budget

Governor:

*1.)	Steese Volunteer Fire Dept.	600.0
2.)	Alaska Hwy. Border north	1,370.0
3.)	Parks Hwy. Rex-McKinley	5,000.0
4.)	Tok cutoff rehab.	3,700.0
*5.)	Fairbanks Schools life/safety upgrade	1,000.0
6.)	Airport Way resurface and signals	3,000.0
7.)	UAF campus paving, signals & lights	520.0
8.)	UAF campus handicapped barrier removal	254.0
		15,444.0

Senate Budget ?

Senate:

1.)	Fairbanks litescan cancer detection unit	72.5
2.)	Weller School improvements	180.0
3.)	Ravenwood Ave. upgrade	150.0
4.)	Auburn/ Student access	225.0
5.)	Steese Hwy. fencing	189.0
6.)	Pedro Dome Rd. upgrade	192.0
7.)	Skiland Rd. improvements	100.0
8.)	Yak to Parks shoulder widening	180.0
9.)	Ag. Experiment Station paving	133.0
10.)	Instruction/Support Equipment, UAF	1,623.0
11.)	Muskox Research Station upgrade	45.0
12.)	Duckering Bldg. Phase II	2,700.0
*13.)	Bldg. 402 upgrade	1,000.0
14.)	TVCC Phase I completion	350.0
15.)	Fairbanks, West Valley School all-weather track	400.0
16.)	Fairbanks, Denali School boiler replacement	198.0
17.)	Fairbanks, Group Home purchase	211.0
18.)	Big Dipper dehumidification system	284.0
19.)	FNSB Search and Rescue Transportation	40.0
20.)	North Pole public safety building Phase II	759.0
21.)	FNSB Law enforcement firing range completion	100.0
*22.)	Ester area telephone expansion	418.0
*23.)	Greenwood phone switching center	228.0
24.)	Goldstream Alaska Rd. Completion	353.5
25.)	Vue Crest Rds. upgrade	200.0
		10,331.0

of interest - ALSO SENATE

1.)	Nenana dock facility expansion	2,000.0
2.)	Delta Junction road and street improvements	950.0
3.)	Anderson runway and lighting improvements	400.0
		3,350.0

29,125.0

STATE OF ALASKA
PRELIMINARY STATEMENT OF FISCAL IMPACT

Bill No: HB 163 Date on Bill: 2/4/83
Title: An Act providing for punishment for obstructing the lawful use of public land
Sponsor: Rep. Shultz
Requestor:

1. Estimated fiscal impacts on:

a. Expenditures:

(Thousands of Dollars)

			FY 83	FY 84	FY 85	FY 86		
Capital								
Operating								
Total			-0-	-0-	-0-	-0-		

b. Revenues:

Revenue								

2. Source of funds to offset fiscal impact of bill:

3. Assumptions:

No fiscal impact.

4. Disclaimer:
This statement has not been reviewed by the OMB in the Office of the Governor. It therefore does not represent the final estimate of fiscal impact.

Prepared By: Colonel Robert J. Stickles Phone: 269-5532
Division: Fish & Wildlife Protection Date: 2/15/83

Approved by Commissioner: [signature] Date: 2-22-83
Department: Public Safety

5. Distribution:
Original to Legislative Finance
Copy to OMB
Copy to Sponsor
Copy to Requestor

2/15/83

Introduced: 2/4/83
Referred: Resources and Judiciary

1 IN THE HOUSE BY SHULTZ

2 HOUSE BILL NO. 163

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act providing for punishment for obstructing the
7 lawful use of public land."

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

9 * Section 1. AS 11.61.120(a) is amended by adding a new paragraph to
10 read:

11 (7) unlawfully prevents, hinders, or obstructs another
12 person who attempts to lawfully engage in hunting, fishing, camping,
13 or trapping within the state on public land of the state or the United
14 States.

AS 11.61.120(a) is "Harassment" Section under Criminal Code

Classed as a Class B misdemeanor

Revisor's notes. — Section 22, ch. 166, SLA 1978 (revision of the criminal code) requires the revisor of statutes to remove this section and place it in an appropriate title. As of January 1, 1980, the effective date of the revised criminal code, AS 11.60.300 is codified as AS 42.20.320.

Sec. 11.60.310. Penalty.

Transferred to AS 42.20.330.

Revisor's notes. — Section 22, ch. 166, SLA 1978 (revision of the criminal code) requires the revisor of statutes to remove this section and place it in an appropriate title. As of January 1, 1980, the effective date of the revised criminal code, AS 11.60.310 is codified as AS 42.20.330.

Sec. 11.60.320. Definitions.

Transferred to AS 42.20.340.

Revisor's notes. — Section 22, ch. 166, SLA 1978 (revision of the criminal code) requires the revisor of statutes to remove this section and place it in an appropriate title. As of January 1, 1980, the effective date of the revised criminal code, AS 11.60.320 is codified as AS 42.20.340.

Chapter 61. Offenses Against Public Order.

Article 1. Riot, Disorderly Conduct, and Related Offenses.

Section
120. Harassment
140. Cruelty to animals
145. Promoting an exhibition of fighting animals

Sec. 11.61.120. Harassment. (a) A person commits the crime of harassment if, with intent to harass or annoy another person, that person

(1) insults, taunts, or challenges another person in a manner likely to provoke an immediate violent response;

(2) telephones another and fails to terminate the connection with intent to impair the ability of that person to place or receive telephone calls;

(3) makes repeated telephone calls at extremely inconvenient hours;

(4) makes an anonymous or obscene telephone call or a telephone call that threatens physical injury;

(5) subjects another person to offensive physical contact; or

(6) violates a provision of an order issued under AS 09.55.600(b) or 09.55.610 restraining the respondent from communicating directly or indirectly with the petitioner.

(b) Harassment is a class B misdemeanor. (§ 7 ch 166 SLA 1978; am § 10 ch 61 SLA 1982)

Cross references:
authorizing arrest wit
tain cases where the
sonable cause to bel
has committed a crim

Sec. 11.61.140
crime of cruelty
(1) intentional
suffering on an
(2) recklessly
causes the death
animal; or
(3) kills an a
(b) It is a defe
that the conduc
(1) conformed
(2) was part o
(3) was neces
(c) In this se
a human being
(d) Cruelty t
1978; am § 1 c

Effect of amen
amendment rewro
The 1982 amend
1982, inserted "(a
introductory lang

Sec. 11.61.1
A person com
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engaged in an
(2) instigat
of fighting an
(3) attends
(b) The ani
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shall be forfe
under this se
(c) In this
a human bei
(d) Promot
(1) under
(2) under
a class B mis
ch 78 SLA 1

STATE OF ALASKA
PRELIMINARY STATEMENT OF FISCAL IMPACT

Bill No: HB 163 Date on Bill: 2/4/83
Title: An Act providing for punishment for obstructing the lawful use of public land
Sponsor: Rep. Shultz
Requestor:

1. Estimated fiscal impacts on:

a. Expenditures:

(Thousands of Dollars)

			FY 83	FY 84	FY 85	FY 86		
Capital								
Operating								
Total			-0-	-0-	-0-	-0-		

b. Revenues:

Revenue								

2. Source of funds to offset fiscal impact of bill:

3. Assumptions:

No fiscal impact.

4. Disclaimer:
This statement has not been reviewed by the OMB in the Office of the Governor. It therefore does not represent the final estimate of fiscal impact.

Prepared By: Colonel Robert J. Stickles Phone: 269-5532
Division: Fish & Wildlife Protection Date: 2/15/83

Approved by Commissioner: [signature] Date: 2-22-83
Department: Public Safety

5. Distribution:
Original to Legislative Finance
Copy to OMB
Copy to Sponsor
Copy to Requestor

2/15/83

CSHB 163 (Resources) "An Act relating to harassment of persons engaged in hunting, fishing, or trapping."

SECTIONAL ANALYSIS

Section .925 would make it illegal to interfer with a person who is lawfully engaged in hunting, fishing or trapping; to disturb fish or game with the intent to interfer with their taking; or to enter or remain upon public or private land with intent to do one or the other of the above. A violation would be punishable by a fine of up to $500 or 30 days in jail, or by both.

Section .926 mandates that a wildlife protection agent shall order a person to desist from a violation of section .925, if he has observed the violation, or has probable cause to believe the person has engaged in or intends to engage in such activities. The officer shall inform the violator of penalties applicable to failure to desist - a fine of up to $1000 or 90 days in jail, or both.

Section .927 provides civil remedies allowing: a court injunction to stop the harassment; the aggrieved party to recover general damages for expenses rendered futile by the harassment; and the court to award punitive damages.

STATE OF ALASKA
FISCAL NOTE

Revision Date , 1983

I. REQUEST

Bill/Resolution No.: CS HB 163 (Res)
Title: "Harassment of Persons Engaged in ....
Sponsor: House Resources
Requestor: House Resources

II. FISCAL DETAIL

Agency Affected: Public Safety
Program Category Affected: F&WP
BRU, Program of Subprogram(s) Affected: Fish & Wildlife Protection

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL OPERATING		-0-	-0-	-0-	-0-	-0-
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

IV. ANALYSIS: Attach a separate page for any Analysis No Fiscal Impact Anticipated

Prepared By: Paul Conger Phone: 465-4338
Division: Administrative Services Date: 3/17/83

Approved by Commissioner: [signature] Date: 3/18/83
Department: Public Safety

Distribution:
Original to Legislative Finance
Copy to Office of Management and Budget (for Legislature introduced bills)
Copy to Department (for Governor introduced bills)
Copy to Sponsor
Copy to Requestor (if different from Sponsor)

3/8/83

Revisor's notes. — Section 22, ch. 166, SLA 1978 (revision of the criminal code) requires the revisor of statutes to remove this section and place it in an appropriate title. As of January 1, 1980, the effective date of the revised criminal code, AS 11.60.300 is codified as AS 42.20.320.

Sec. 11.60.310. Penalty.

Transferred to AS 42.20.330.

Revisor's notes. — Section 22, ch. 166, SLA 1978 (revision of the criminal code) requires the revisor of statutes to remove this section and place it in an appropriate title. As of January 1, 1980, the effective date of the revised criminal code, AS 11.60.310 is codified as AS 42.20.330.

Sec. 11.60.320. Definitions.

Transferred to AS 42.20.340.

Revisor's notes. — Section 22, ch. 166, SLA 1978 (revision of the criminal code) requires the revisor of statutes to remove this section and place it in an appropriate title. As of January 1, 1980, the effective date of the revised criminal code, AS 11.60.320 is codified as AS 42.20.340.

Chapter 61. Offenses Against Public Order.

Article 1. Riot, Disorderly Conduct, and Related Offenses.

Section
120. Harassment
140. Cruelty to animals
145. Promoting an exhibition of fighting animals

Sec. 11.61.120. Harassment. (a) A person commits the crime of harassment if, with intent to harass or annoy another person, that person

(1) insults, taunts, or challenges another person in a manner likely to provoke an immediate violent response;

(2) telephones another and fails to terminate the connection with intent to impair the ability of that person to place or receive telephone calls;

(3) makes repeated telephone calls at extremely inconvenient hours;

(4) makes an anonymous or obscene telephone call or a telephone call that threatens physical injury;

(5) subjects another person to offensive physical contact; or

(6) violates a provision of an order issued under AS 09.55.600(b) or 09.55.610 restraining the respondent from communicating directly or indirectly with the petitioner.

(b) Harassment is a class B misdemeanor. (§ 7 ch 166 SLA 1978; am § 10 ch 61 SLA 1982)

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DEFINITION

(2) class B felonies, which characteristically involve conduct resulting in less severe violence against a person than class A felonies, aggravated offenses against property interests, or aggravated offenses against public administration or order;

(3) class C felonies, which characteristically involve conduct serious enough to deserve felony classification but not serious enough to be classified as A or B felonies;

(4) class A misdemeanors, which characteristically involve less severe violence against a person, less serious offenses against property interests, less serious offenses against public administration or order, or less serious offenses against public health and decency than felonies;

(5) class B misdemeanors, which characteristically involve a minor risk or physical injury to a person, minor offenses against property interests, minor offenses against public administration or order, or minor offenses against public health and decency;

(6) violations, which characteristically involve conduct inappropriate to an orderly society but which do not denote criminality in their commission.

(b) The classification of each felony defined in this title, except murder in the first and second degree, sexual assault in the first degree, and kidnapping, is designated in the section defining it. A felony under Alaska law defined outside this title for which no penalty is specifically provided is a class C felony.

(c) The classification of each misdemeanor defined in this title is designated in the section defining it. A misdemeanor under Alaska law defined outside this title for which no penalty is provided is a class A misdemeanor. (§ 10 ch 166 ALS 1978; am §§ 9, 10 ch 143 SLA 1982)

Effect of amendments. — The 1982 amendment inserted "sexual assault in the first degree" in the first sentences of subsections (a) and (b) and in the introductory language of the second sentence of subsection (a).

NOTES TO DECISIONS

Applied in State v. Clayton, Sup. Ct. Op. No. 1734 (File No. 3982), 584 P.2d 1111 (1978).

Quoted in Griffith v. State, Ct. App. Op. No. 71 (File No. 5914), 641 P.2d 228 (1982).

PENALTIES

Sec. 12.55.035. Fines. (a) Upon conviction of an offense, a defendant may be sentenced to pay a fine as authorized in this section or as otherwise authorized by law. In determining the amount and method of payment of a fine, the court shall take into account the financial resources of the defendant and the nature of the burden its payment will impose. No defendant may be imprisoned solely because of inability to pay a fine.

(b) Upon conviction of an offense, a defendant who is not an organization may be sentenced to pay, unless otherwise specified in the provision of law defining the offense, a fine of no more than

(1) [Effective until January 1, 1983] $75,000 for murder in the first or second degree, sexual assault in the first degree, or kidnapping;

[Effective January 1, 1983] $75,000 for murder in the first or second degree, sexual assault in the first degree, kidnapping, or misconduct involving a controlled substance in the first degree;

(2) $50,000 for a class A, B, or C felony;

(3) $5,000 for a class A misdemeanor;

(4) $1,000 for a class B misdemeanor;

(5) $300 for a violation.

(c) Upon conviction of an offense, a defendant that is an organization may be sentenced to pay a fine not exceeding the greater of

(1) $100,000; or

(2) an amount which is three times the pecuniary gain realized by the defendant as a result of the offense.

(d) If a defendant is sentenced to pay a fine, the court may grant permission for the payment to be made within a specified period of time or in specified installments. (§ 12 ch 166 SLA 1978; am § 17 ch 45 SLA 1982; am § 26 ch 143 SLA 1982)

Sec. 12.55.135. Sentences of imprisonment for misdemeanors. (a) A defendant convicted of a class A misdemeanor may be sentenced to a definite term of imprisonment of not more than one year.

(b) A defendant convicted of a class B misdemeanor may be sentenced to a definite term of imprisonment of not more than 90 days unless otherwise specified in the provision of law defining the offense.

(c) A defendant convicted of assault in the fourth degree committed in violation of the provisions of an order issued under AS 09.55.600 or 09.55.610 shall be sentenced to a minimum term of imprisonment of 20 days. The execution of sentence may not be suspended and probation or parole may not be granted until the minimum term of imprisonment has been served. Imposition of sentence may not be suspended, except upon condition that the defendant be imprisoned for no less than the minimum term of imprisonment provided in this section, and the minimum sentence provided for in this section may not be otherwise reduced. (§ 12 ch 166 SLA 1978; am § 2 ch 139 SLA 1980; am § 22 ch 59 SLA 1982; am § 13 ch 61 SLA 1982; am § 31 ch 143 SLA 1982)

friends of animals, inc. *11 West 60th Street, New York, N.Y. 10023 • (212) 247-8120*

TIPS FOR HUNT SABOTEURS

Fourteen million Americans will be shouldering their rifles and shotguns within the next few months, marching off to their annual offensive against our wildlife. These legions, which are more numerous, and generally better equipped than the entire Nazi armies of the Second World War, will take a bloody toll before the season ends. They will kill deer and rabbits, ducks, dogs, cats, a few children, and even a few hunters.

It is time for friends of animals to start organizing a defense that will serve to at least temper the wanton destruction. There are many ways that a friend of animals can become a forest partisan on behalf of our wildlife, and we offer here a few suggestions that range in effort, depending upon a person's abilities and commitment:

1. Deny the hunter the land to hunt on. Much hunting is done on private lands. To protect these animals, encourage your neighbors, especially those who own large tracts such as farms and ranches, to post their land and forbid hunting. Try to convince them that hunters invariably cause more damage to agriculture than the wild animals do.

2. Many areas have hunting restricted to a specified number of hunters who have special permits. Commonly, these permits allow the hunter to use a particular blind or hunt less common species, such as bear. Apply for these permits yourself. The permits are usually awarded by a simple lottery selection. If you're lucky, you'll win a permit and deny a hunter his kill.

3. Get into the woods yourself the day before the hunting season. If you're familiar with the most commonly hunted areas, try to drive wildlife away. A stroll through the forest with a nice loud radio and a dog on a leash, will serve to make wildlife more wary of humans. This is particularly important for younger animals that have not yet had the traumatizing experience of being hunted.

4. Certain substances, such as rotten eggs, when rubbed into hunting blinds, make these enclosures even more uncomfortable for the hunters. Uncomfortable hunters are irritable, and are also poorer shots. Plastering the floor of a hunting blind with cow dung is another good idea.

5. If you're familiar with wildlife habits in your neighborhood, try to encourage them to break these habits shortly before hunting season. For instance, many hunters like to stalk along deer tracks which are pretty well defined to a good woodsman. Placing deer repellent (available at many feed and hardware stores) along these tracks will encourage the deer to move away and leave the hunter with a route devoid of the species. If you want to save money, just scoop up a bag of human hair from a local barber shop and hang handfuls of it in little bags about two or three feet from the ground, along the deer track. The deer will soon get the message that there are humans in the area and will drift away.

6. If there is much hunting with dogs in your area, try to get hold of a female dog in heat and lead her, on a leash, through an area that is heavily hunted. Male dogs in the hunter's pack will "get wind" of the female and lose their enthusiasm for chasing rabbits or deer.

7. Hunters frequently like to ambush their prey by setting out food and then hiding in blinds. Commonly, bushels of apples are set out a few days before hunting season to encourage deer to browse in this area. When hunting season comes, the hunter merely comes to the site, climbs into a blind, and waits for the deer to come to him. To disrupt this, there are two alternatives. First, remove all apple piles immediately on finding them during the days preceding hunting season. Second, if there are just too many apples to carry away, give them a good spraying with deer repellent and spread barber shop hair clippings all over the area.

8. Encourage your municipality to pass an ordinance that bans, in the interest of public safety, the use of all weapons within its limits. Rifles, shotguns, bows and arrows have been known to kill people too.

9. If you have a portable tape recorder, get a cassette recording of wolf howls. Play this in the woods a few times in the days before hunting season. It will make wildlife wary.

10. Try to develop strong anti-hunting sentiment in your community by writing letters to the editor of your local newspapers, meeting with neighbors, getting on talk shows. Creating public awareness of the problem is a vital point. Let your neighbors know that the law recognizes wildlife as belonging to all people, and they are not the exclusive property of hunters until after they have been murdered.

11. Work on a project to get your State to pass a law that would require all hunters to carry written permission from the landowners of the places they hunt. This further curbs the hunter's battlegrounds because many farmers are reluctant to sign permits that would allow people to hunt on their lands. Also, much land is owned by summer residents, corporations, etc. that are nearly impossible to get hold of.

12. Approach your Congressperson and Senators with demands that hunting and trapping be prohibited on national wildlife refuges and all public land.

13. If you have any old, stuffed animal toys, set these around commonly hunted areas. Hunters often don't take the time to check if an animal is real. Better to have a hole in a cotton rabbit than a real one -- and the noise of the gun going off might serve to scare away other wildlife.

14. We will be trying to put together a better activist's guide for next hunting season, so if you have any ideas or procedures you've found effective, please let us know. Mail them in to Bill Clark, Friends of Animals, 11 West 60th Street, New York, NY 10023.

Use your imagination. There are plenty of ways to frustrate the hunt, depending on your own abilities and enthusiasm. The main point here is to do something. By your work, you will be helping animals in two ways. First, you will be protecting them from the hunters and second, you will be letting the hunters know that friends of animals are in the woods. This serves to anger them, and angry hunters do not stalk so quietly, their aim is not so precise. Emotions can play heavily in the success of a hunt, and the most effective killers are cool and methodical. Disrupt!

ANTI-HUNTERS VS. HUNTERS:

WAR IN THE WOODS

Greenpeace fanatics are harassing hunters in the field. It's a vicious and very dangerous movement, and you could be the next victim. Here's what to expect plus some very good advice on what not *to do about it.*

By Richard Starnes, Editor-at-Large

The lush alpine valleys and rugged highlands of northeastern British Columbia have witnessed the opening skirmishes in what threatens to become all-out war between big-game hunters and anti-hunting zealots who have sought to stop them by harassment, abuse, intimidation and—it is charged—physical violence.

How much violence has occurred to date is in dispute, but there have been several angry confrontations involving hunters and anti-hunting activists, one beating has already taken place, and feeling is running so high that Canadian provincial authorities are alarmed at the prospect of more violence when the big-game season opens this fall.

"It's only a question of time before some hothead loses his composure and someone gets hurt," said one hunter who was victimized by the anti-hunters.

Arrayed against each other in the conflict are the hunters, outfitters, and game-management officials of British Columbia, and a dedicated, well-financed, implacable organization of anti-hunters who call themselves Greenpeace.

Greenpeace is no collection of saloon conspirators content to crank out mimeographed anti-hunting diatribes and picket sporting-goods stores. It is slick, professional, worldwide, and growing rapidly. Its Vancouver chapter alone budgets nearly $500,000 a year for anti-hunting activities. Its tools are $1,000-a-day helicopters, expensive sound cameras, and self-confessed expertise at manipulating the press and television. Its tactics are harassment, confrontation, and attempts physically to restrain hunters. Its leader, Dr. Patrick Moore of Vancouver, made it clear in an interview with OUTDOOR LIFE that episodes of harassment and intimidation that took place in the rich hunting grounds of British Columbia in 1979 and 1980 were only the opening salvos in the conflict.

"We'll be back this year," he said. "They can't stop us. We intend to stop trophy hunting, first in British Columbia, ultimately all over the world."

How Greenpeace seeks to frustrate hunters is perhaps best told in the words of Richard A. Mielke, a 50-year-old Pontiac, Michigan, fire fighter who last year took a 21-day hunt-of-a-lifetime in the rugged, 1.6-million acre Spatsizi Wilderness Park in British Columbia. He and his partner, Darryl Hastings, 40, a computer broker from Rochester, Michigan, encountered the Greenpeacers on the first day of the hunt.

"They barged right into our camp," Mielke said. "They stuck sound cameras right in our faces. They harangued and abused us. One of them screamed at me, 'Is there something wrong with your sex life? Is that why you're up here killing animals?' When we tried to ride out of camp they locked arms across the trail to stop us. One of them grabbed the bridle of my horse. That was dangerous. That's rough country up there. If the horse had shied and fallen I could have been badly hurt."

Eventually the hunters and their guide broke free and continued the hunt, but on nearly every day of the hunt the harassment continued. On one day Mielke took his rifle—unloaded—to a dock on tiny Bug Lake to scope a wolf that had been howling near the camp.

"One of these Greenpeace guys crowded up against me, bumped me, and yelled, 'You're not going to shoot that animal while I'm here!' He grabbed my rifle, and then he fell into the lake."

"They would taunt you in every way they could," Hastings added. "You

couldn't even go to the john without one of them sticking a camera in. It's hard to keep your cool under those circumstances, yet I couldn't give them the satisfaction of bothering me."

Although the Greenpeacers scornfully characterize hunters such as Mielke and Hastings as "jet-set headhunters," both are men of modest means.

"I scrimped and saved and worked at odd jobs for two years to get the money for that hunt," Mielke said. "By the time I'd paid air fares, outfitters' fees, and license and trophy fees it cost me around $10,000."

Hastings put the cost of his hunt at near $12,500, and noted it would be a long time, if ever, before he could afford another hunt of that magnitude.

Both hunters report that attempts to reason with the anti-hunters were futile.

"We were after Stone sheep, principally," Hastings said. "But they kept alluding to them as 'bighorns.' I told one of them, 'You're such a phony; you don't even know what species you're talking about.' "

Both men got trophy sheep as well as other trophy specimens, but the Greenpeace activitists succeeded in blighting what would otherwise have been an idyllic hunt.

"There were several days when I didn't hunt because of them," Hastings said.

Complaints to provincial wildlife authorities were to no avail. "Early in the hunt a park ranger came into our camp," Hastings said. "We asked him why he wouldn't protect our right to carry on a lawful activity. I'd paid around $1,000 for licenses and tags, and these people were trying to deprive me of my right to hunt. The ranger replied that there was nothing he could do. 'It's a public park,' he told me. 'They can go anywhere they please.' "

Later, after the anti-hunter fell (Greenpeacer Moore says he was pushed) into the lake, four Royal Canadian Mounted Police officers and two B.C. Fish and Wildlife Department officials arrived at the Mielke-Hastings camp by helicopter. Again the two hunters repeated their plea for protection, again the officials said there was nothing they could do.

"They told us they were trying to figure out how to resolve the issue," Hastings told OUTDOOR LIFE. "But all they did was to tell us, 'We want you fellows to be patient and keep the peace.' " (There are indications, however, which we will come to later, that B.C. officials are preparing to abandon their policy of noninterference when the 1981 season opens.)

Violence against them would give Greenpeace "proof" that all hunters are thugs and violence-prone killers.

Even after Mielke and Hastings quit their camp to return home, the Greenpeace contingent pursued them. After alerting press and television, the anti-hunters continued their tactics of harassment. They followed the two hunters into the airport at Vancouver, taunting them, haranguing and vilifying them, and waving professionally-made anti-hunting placards for the benefit of news and television cameras. Several wore animal costumes, including horns or antlers. The Greenpeacers drove the two hunters to take refuge in the airport lounge, where the bartender did what the Royal Canadian Mounted Police and game department officials had been unable or unwilling to do. He chased the anti-hunters out of the place.

What was possibly an even uglier incident took place during the 1979 season in Spatsizi. Gary Zechel, an engineer with the Ford Motor Company, who lives in the Detroit area, was hunting Ranger Creek with his wife Jo-Carole, who is a hunter, but wasn't hunting on this occasion. Accompanied only by an Indian guide, the Zechels were traversing one of the wildest, most primitive areas in North America.

"We were six or eight hours by horseback from our base camp, staying in a spike camp," Zechel recalled, "when these Greenpeace people showed up. There were seven men and one woman. There was lots of taunting, harassment, and intimidation. They said they would do whatever they could to stop us. They said if they couldn't persuade us to abandon our hunt they would restrain us physically. When we rode out for a day of hunting, they locked arms in front of us. When I tried to go to my wife's aid, one of them grabbed my horse's reins. Eventually our guide broke through, and my wife and I got away from them. They chased us several hundred yards up the trail, and our guide's horse fell into a bog. That was very dangerous. Even a minor injury is serious in that remote wilderness."

Like Mielke and Hastings, Zechel is an experienced hunter and outdoorsman, clearly able to take care of himself. But some insight into the psychological impact of the Greenpeace tac-

In the fall of 1980, the Gary Zechel hunting party camped in the Spatsizi wilderness in British Columbia and ran into harassment by eight Greenpeace agitators (left). When Zechel and his wife rode out of their camp for a day of hunting with their guide, the Greenpeacers locked arms across the trail to block their way and screamed abuse. A female Greenpeacer grabbed Zechel's reins to hold him back. The guide broke through the human barrier, and the Zechels pulled away and rode around them. Gary Zechel stated that his greatest fear was that one of the horses would spook and injure or kill someone. The painting is based on a photograph supplied by the Greenpeacer organization! At right, Greenpeacers in animal costumes harass Richard A. Mielke and Darryl Hastings in the Vancouver airport after their successful hunt.

Illustration by Domenick D'Andrea

tics can be won when Zechel says, "One of those guys had an ice ax he kept waving in my face. I felt more fear than I have felt in a long time."

Zechel's wife seems to have been singled out for particular attention by the Greenpeacers.

"They ran raving and yelling at her," he reported. "It was like a riot. They came within five or ten feet of her."

Exercising what can only be described as saintly restraint, the Zechels and their guide did their best to ignore the anti-hunters.

"This drove them into a frenzy," Zechel said. "They acted nearly hysterical, obviously looking to cause some action or incident." Not surprisingly, the Greenpeace tactics finally wore down Jo-Carole's emotional reserves. "She was terrified and finally broke down crying and screaming for them to leave us alone. They refused and she ran into the tent, sobbing 'They're crazy—I'm afraid of them.' She spent the final days of the hunt in her tent."

When the Zechels broke camp and returned to Smithers, he filed an assault charge against the Greenpeace anti-hunters. Although technically the charge is still pending, it has been "stayed" and provincial authorities made it clear they have no plans to prosecute it.

Ralph Aldrich, chief conservation officer of the British Columbia fish and wildlife agency, undertook to explained why.

"From an enforcement point of view we can only follow the law," he said in an interview. "There is no law against yelling. It's just like picketing. Of course, if they threaten assault and take some overt action, that may be assault."

Is it illegal to impede hunters' horses? Aldrich's reply was something less than definitive. "It depends," he said. Thereupon he passed the buck to Peter Ewart, crown counsel (prosecuting attorney) for the Spatsizi district. From Prince George, B.C., Ewart indicated that, while still open, the charges laid by Gary Zechel against the Greenpeacers would likely never be prosecuted.

"We took a look at the evidence and the probable outcome of a trial and put a 'stay' on the case," Ewart said. But then, plainly choosing his words carefully, Ewart laid out what may be provincial officials' plan to end the threat to one of British Columbia's prime industries. "I would have been much happier," he said, "if the charge had been intimidation instead of assault." British Columbia, he said, has a statute making it illegal to "impede or attempt to impede any person from carrying out a lawful activity" by threats, harassment, or coercion.

"What he says is a crock," bluntly charged Ray Collingwood, whose firm outfitted both the Zechel and Mielke-Hasting parties. "They didn't prosecute because of the expense of getting witnesses back up here to testify. I've lost all respect for the government."

Collingwood revealed what apparently is not known by provincial authorities—real violence has already broken out.

"One of these [Greenpeace] guys tried to stop one of our pilots from taking off from an airstrip we maintain in the park," he told OUTDOOR LIFE. "He grabbed a wing strut of the Beaver and tried to force our pilot to abort his take-off. The plane got off anyway and later the pilot returned, landed the aircraft, and punched the guy out. He knocked him down and slapped him around some. He just hung a little licking on him."

Despite the degree of restraint exercised by Mielke, Hastings and Zechel, provincial authorities are acutely aware of the potential for violence. Like the hunters themselves, provincial officials see the tactics of Greenpeace as calculated provocations designed to spark violent reaction. All agree that would be counterproductive and, as one put it, "would give Greenpeace 'proof' that all hunters are thugs and violence-prone killers." Chief conservation officer Aldrich pointedly noted that there will be combined Royal Canadian Mounted Police and game department patrols in Spatsizi during the 1981 season.

Greenpeace's Moore airly dismissed the prospect of being prosecuted under the intimidation statue.

"The attorney general (of British Columbia) hired a man last summer especially to research the question," he said. "He concluded there was no law that could stop us. Our activities are as legal as the hunters'. All we're doing is occupying nonconsumptive space, competing for resources with the hunters. They can't say we're interfering with their rights. Those [game] animals don't belong to anyone until they're actually taken into possession."

It is clear that Patrick Moore is the architect, principal voice, and presiding genius of Greenpeace. He conceived and created the organization while a graduate student at the University of British Columbia (he is now a doctor of ecology) five years ago. His title is Canadian director of Greenpeace International, but plainly his sway extends to the worldwide branches of the organization. He is one of 12 salaried, full-time employees of Canadian Greenpeace, and he is paid $1,200 a month. There are offices in Vancouver, Victoria, Toronto, and Montreal, as well as branches in the United States, the United Kingdom, the Netherlands, France, New Zealand, and Australia. A Greenpeace "secretariat" in Washington coordinates the activities of the international branches, and it has an annual budget of $120,000.

"We intend to shut down trophy hunting in Spatsizi to show that it can be done."

"Our forte," Moore said in an interview, "is organizing expeditions into remote areas in order to confront in a nonviolent manner acts that we consider environmentally detrimental. Our funding is entirely private—donations from individuals that are generally less than $50. We have no foundation or government grants. Our methods are too controversial to attract money from conservative quarters."

Greenpeace's first confrontation took place when Moore and others chartered an 85-foot vessel and sailed to the Aleutian island of Amchitka in an attempt to halt the testing of nuclear bombs. "We lost that battle but we won the war," he said. "They've stopped testing now and Amchitka is a wildlife preserve."

Later Greenpeace made expeditions to the South Seas in an attempt to stop nuclear testing by France (they failed), and they have conducted offensives against whalers and seal hunters.

"But we cut our teeth on nuclear testing," Moore said. "From it we learned how to deal with the media and how to understand international politics. We're fortunate in having people who understand the media—that's how you communicate with people in the modern world, knowing what sort of images appeal to the media."

Although Canadian authorities are tippy-toeing around the Greenpeace campaign of intimidation in Spatsizi, the government ended similar tactics that were attempted against commercial hunters of harp seals in Newfoundland.

"They enacted what they called 'seal protection regulations'," Moore said, "just to keep us out. It's ironic, and very undemocratic."

Moore insists that ending all hunting is not his goal. "Hunting can be part of a harmonious relationship with nature," he said. "Indian bowhunters lived in a balanced state with nature for

10,000 years. But what we're saying is that the relationship between man and animals has changed dramatically. These hunters are an extension of the Detroit urban-industrial ecosystem. They have no place in Spatsizi. In a park set aside for protecting these animals, we must stop thinking of them as a natural resource and think of them as a national treasure."

Moore's disclaimer notwithstanding, Greenpeace's program would effectively end hunting. It would totally rule out all trophy hunting, even under the rigidly controlled conditions prevailing in Spatsizi. It would prohibit hunting by all outsiders, insisting that only food hunters "that are part of the (local) environment be permitted to hunt." It would, in short, permit only subsistence hunting, and then only if the cessation of hunting would "dramatically affect" the life-style of the hunter, and only if subsistence hunting remained in "balance" with the environment.

Moore repeatedly insisted that the hunters who were assailed by the Greenpeacers were unthinking trophy freaks who habitually left the meat of their animals to spoil after removing horns, antlers, and capes. All three hunters heatedly denied the charge, noting that they had painstakingly packed all usable meat back to camp, either for shipment home or for use by the outfitter's crew. The outfitters confirmed this. In fact, British Columbia law requires that the meat of game animals be removed and used for food, and in its exhaustive investigation of the incidents, the provincial game department found no violations of the law by the hunters.

For the record, Moore denies any of the Greenpeace activists at Spatsizi committed assault by grabbing anyone's arm. He denies that Mielke's rifle was pushed, but he insists that either Mielke or his companion shoved one of the Greenpeacers into the icy waters of Bug Lake. He concedes that they tried to block progress of the hunters' horses, but denies any member of his group seized them by the bridles. "They ran their horses at us," he insisted.

"They're crazy—I'm afraid of them," Gary Zechel's wife said. She spent the final days of the hunt in her tent.

"Our intention is to be there again this year. We intend to shut down trophy hunting in Spatsizi to show that it can be done. They say we are intefering with them. We deny that. We're competing, as is our right, and they can't stop us."

Perhaps more philosophical than many hunters would be, Richard Mielke warns future hunters of Spatsizi that the Greenpeace anti-hunters "are trying to provoke you into taking a poke at them. And that's the last thing anyone should do. It's exactly what they want."

Unfortunately, however, it isn't the last thing that's likely to happen—unless British Columbia takes a page from Newfoundland's book and contrives a way to keep the Greenpeace people away from the hunters. There are some indications B.C. officialdom, perhaps belatedly, is now working hard to find a way to end the harassment of hunters. In reply to a letter of complaint from Mielke, B.C. Minister of Environment Stephen Rogers wrote:

"I wish to extend my personal apologies for the harassment you suffered (and) I also want to congratulate you and your hunting partner for the restraint you both showed under trying circumstances. The hunters in Spatsizi by their good behavior, as opposed to the conduct of Greenpeace, gained in general public stature while Greenpeace suffered.

"We are working with the Parks Branch to see what can be done to prevent situations such as you experienced from recurring."

The Force Behind 'Friends of Animals'

Alice Herrington Raises the Hackles of Sportsmen in Her War on Hunting

Alice Herrington

By E. J. NILSSON
Grit Staff Writer

Whether Alice Herrington is right or wrong, she is anything but a bore. As founder and president of Friends of Animals (FOA), Herrington arouses strong feelings among sportsmen and others in her crusade against hunting.

Herrington, who lives with eight cats in Little Silver, N.J., founded FOA in 1957 to try to reduce the numbers of stray dogs and cats. And that is still the major purpose of the organization, she said.

But the group's chief claim to fame is Herrington's verbal bouts with hunters and trappers.

"To call this a sport is just pure nonsense," she said about hunting. "It's a real cruelty. It can't be justified."

IN HERRINGTON'S view, the only people worse than hunters are trappers.

"Deer hunters are not nearly as bad as trappers," she said. "I can't imagine how hunters, who pride themselves on fine shooting, ally themselves with trappers, who practice sadism. Deer hunters are due a little credit for at least the speed of their kill."

Despite the fireworks that FOA ignites with its "full program of hunting and trapping disruption," Herrington wants to convince the public that there "are two cruelties."

Besides the killing of "free animals, which are called wildlife," she explained, she's concerned about man's treatment of all domesticated animals—including pets and livestock.

"It's an American syndrome to love kittens and puppies but then throw out dogs and cats," she said, adding that millions of dogs are killed "in American municipal dog pounds, but they were loved as puppies."

In 1970, Herrington organized low-cost spaying programs for 20,000 animals. By 1980, the number had risen to 60,000.

Last September in Neptune, N.J., she opened a low-cost spaying clinic, said to be "a model of its kind with room for 80 animals and two veterinarians." Across the nation, her group pays for part of the cost of spaying in cooperation with 759 participating veterinarians.

ONE OF the prime targets of Herrington and the FOA is the food business.

"Cruelty to animals is practiced on a larger scale by the food industry than by any other single sector of human activity," an FOA publication asserts.

And Herrington adds:

"If people want to support an industry that is destroying the land, then they can continue to eat these creatures. But if not they can eat vegetables."

Other institutions also are criticized by FOA, including zoos.

"Zoos must be phased out," said an FOA publication.

Herrington's concern for animals was heightened when she returned to the United States in 1954. Working as a War Department statistician, she had seen relatively few animals running loose in Europe.

In the United States, she said, "I was shocked to find stray animals everywhere."

HERRINGTON, a graduate of the University of Wisconsin in Madison, put her statistical talents to work calculating the rate of increase of dogs and cats. She said she realized that cutting the prolific birthrate was the only long-range solution.

This realization led to the founding of FOA, which worked with volunteers until 1967. Now the group has 12 full-time employees and [illegible]

Herrington was asked whether she would advise FOA members to take traps that were legally set.

"Yes! Why not? Certainly," she said.

But wouldn't the "solution" be stealing?

"You could say that it's stealing if you like," she replied, "but the Robin Hood approach to life is still a very nice way to go."

To Alice Herrington
OUT
3/25/81
CM

Humane Group To Seize Animal Leghold Traps

By STEVE GRANT

Friends of Animals Inc. said Friday it is going to trip up trappers by setting off their leghold traps when the season opens next week.

The organization said it will ask its 4,500 members in Connecticut to look for the traps, touch them off with a stick and remove them, because it believes the traps are inhumane.

"We can't as an organization advise people to remove legally set leghold traps. It wouldn't be a smart thing to do. What we're asking them to do is remove illegally set traps. Our guess is most of them are illegal," said Priscilla Feral, the organization's Connecticut director.

Game laws require all leghold traps to have the owner's name on them and they must be placed underwater or in an animal's burrow.

A spokesman for trappers questioned the new campaign, which will begin next Saturday, when the season opens.

"They're setting up a vigilante group. Vigilantes in any situation are not good. They don't know enough and they tend to break the law themselves," said Robert Crook of Madison, a member and former president of the Connecticut Trappers Association, which has about 800 members.

"I wouldn't object to anybody coming out and checking my traps, as long as they had the permission of the landowner, and as long as they didn't steal them, set them off or take animals out. But I really don't think that's their responsibility," Crook added.

He said the state Department of Environmental Protection is responsible for seeing that trapping is conducted legally and that he understood the group was told by DEP not to remove illegal traps but instead to report them to a game warden.

Ms. Feral said a trapper's name legally can be placed anywhere on a trap, so members would have to trip them to check. She said members would not be advised to reset legal traps.

"DEP can read the riot act to me if it wishes. But no way will we aid the trapper. Our object is to get rid of the leghold trap," she said.

The organization has argued that the trap, which has two steel jaws that slam shut when an animal touches a piece of bait, is barbaric because some animals die slowly or are left crippled. Ms. Feral said domestic animals also have been caught in the traps. There are other traps available that are more humane, she said.

Crook estimated that there are 8,000 trappers in Connecticut, with the average trapper placing 50 or 100 traps in the wild.

The most commonly trapped animal in the state is the muskrat, which can yield a pelt that will fetch up to $8. Raccoon, fox, mink, opposum, weasel, skunk and beaver also can be trapped legally, though the season for some of those animals does not begin until later.

Friends of Animals, which is based in New York, has waged other campaigns against hunters. Some members went into the Connecticut woods recently to play recorded wolf howls to alert animals of danger when the deer hunting season opened.

HB 47

January 24, 1983

Representative Dick Schultz
State Capitol Building
Juneau, Alaska 99801

Dear Dick:

On January 5, 1983 the Tok Cutoff-Nabesna Road Advisory Committee met in a general meeting to discuss hunting regulations. There were several things discussed with two of them pertaining to you.

#1 We would like to see legislation written and passed that would control or rather stop harrassment of hunters, trappers, and fishermen. We would be able to carry on our life-style without harrassment from the "greenies".

#2 We would like to see legislation written and passed that would eliminate the $25 trophy tag for resident grizzly/brown bear hunters. We believe the State is rich enough without charging its residents a $25 fee.

Our committee will be meeting within a few weeks and correspondence from you would be appreciated. I would like to able to tell the folks something about these two items.

Good luck and if there is anything I or this committee can do to help, please let me know.

Sincerely,

Bill

Bill Ellis, Chairman
Tok Cutoff-Nabesna Rd. Advisory Committee
S. R. Box 380
Gakona, Alaska 99586
907/822-3426

HOUSE RESOURCES COMMITTEE OBSERVER/WITNESS SIGN-UP SHEET

DATE: March 18, 1983 SPONSOR: Rep. Dick Shultz

SUBJECT(S): HB 163: obstructing lawful use of public land.

NAME	REPRESENTING	ADDRESS	PHONE	Observer	Witness	For	Against
LT. CONRAD SEIBEL	DEPT. PUBLIC SAFETY	Juneau	465-2427	✓	✓		
DENNIS KELSO	ADF and G	JUNEAU	465-4100	✓	✓		

HB

167

Summary of Teleconference

Topic: Homesteading

March 3, 1983

Homesteading in General

Nearly all participants enthusiastically supported the concept of a homestead program. The overriding reason seems to be in keeping with the Article VIII, Sec. 1 & 2 of our Constitution:

ARTICLE VIII
NATURAL RESOURCES

> SECTION 1. It is the policy of the State to encourage the settlement of its land and the development of its resources by making them available for maximum use consistent with the public interest.
>
> SECTION 2. The legislature shall provide for the utilization, development, and conservation of all natural resources belonging to the State, including land and waters, for the maximum benefit of its people.

In short, participants seem to agree that Alaskan residents should have the opportunity to own land and determine for themselves what the use and lifestyle is appropriate on that land.

Stipulations

Overall, the testimony seemed to indicate that 160 acres was an acceptable parcel size, and that a reasonable portion of that acreage should be cleared.

a) SURVEYING - Yes, an accurate survey should be required, but it should not cost prohibitive. State funded surveys for major control points such as section corners would help reduce costs. Also, either loans, or additional time to complete survey requirements would help.

b) HABITABLE DWELLING - Yes, a permanent habitable dwelling should be required.

c) ACCESS - This topic of discussion came up repeatedly. First, their needs to be accessible to homesteads via rights-of-way preferably along section lines. Secondly, homesteads should not block public

access to streams, lakes, or public lands. Lastly, access to one's homestead should not be hindered by other homestead selections.

d) STAKING - Yes, their should be traditional staking requirements and boundary lines should be brushed and reasonably marked.

e) ENTRY - Participants, overall, did not support the lottery or auction approach to disposal and mentioned several times that HB 130 was not acceptable because it too closely resembled current land disposal programs. A traditional (select your own ground, stake it, and file for an entry permit) approach appears to have the strongest support.

f) CLEARING REQUIREMENTS - Nearly everyone felt that some clearing was reasonable, but many participants stressed that it should be a reasonable requirement Not one that adds extreme expense, but rather a "sweat equity" for the homestead entree.

g) OCCUPANCY - Again, most people favored occupancy requirements with the stipulation that homesteaders be required to make their home on the selection for a reasonable portion of 5 to 7 yrs. Suggestions varied, but an average of 5 mos. a year seemed to prevail.

h) OWNERSHIP - Nearly all participants wished to obtain a "fee simple" title or patent to the homestead selection upon fulfillment of requirements. Many expressed a desire for more sub-surface rights and water rights, in addition to surface ownership.

i) AGRICULTURE USE - Overal participants did not favor stipulations for Agriculture. Citing existing Ag programs and the need for homesteading, not necessarily small farm projects, those testifying seemed to stress the need for people to determine what use they had for their 160 acres. Most testimony indicated that on good land, some form of agriculture would be desireable, but it should not be made conditional by the state.

j) PRIOR LAND HOLDERS - Several participants expressed the need to let people who have participated in previous land programs also have the opportunity to homestead, as it was not available before.

k) LOANS - Many participants felt that loans should be available to offset expenses incurred while fulfilling homestead requirements.

Other Suggestions:

a) SPECIAL EXCEPTIONS - One participant raised the issue of handicapped residents who may need special provisions to compete in the program. Veteran benefits were also cited by this individual.

b) TRADITIONAL ACCESS - Trails, traplines and traditional routes of access should be maintained if at all possible.

c) RESIDENCY - Most participants support the 1 year residency requirement, however, some felt that a longer term should be required (Constitutionally that would present the district possibility of a court challenge).

d) ABANDONED ENTRIES - Should revert back to the state.

e) MUNICIPAL CONSIDERATIONS - Should meet local municipal requirements for zoning and platting.

f) SUBDIVIDING - It was suggested that a turn limit be set before sale or subdividing can occur.

g) ADDITIONAL OCCUPANCY TIME - Two participants felt that homesteaders should live the greater portion of at least one year out of the total required on the homestead entry.

h) SPOUSES - One person suggested that marriage should not prohibit two individuals from each filing separate homesteads.

HOMESTEAD BILL SUMMARY

	SB 102 Governor	SB 43 Moss	HB 130 Uehling, Barnes, Cowdrey, Flood, and Ward	HB 167 Tischer, Bettisworth, Bussell, Fritz, Liska. Schultz Ward and Syzmanski	
Method	Lottery, [redacted], over-the-counter-designated parcels	Application	Lottery or staking	Staking	
Parcel Size	160 acre max.	160 acre max.	320 acres max. ag. land 160 acres max. non-ag.	160 acres max.	
Fee	500/400	100 or 75 with title search	Discretionary	500/400	
Survey required	Within 18 months	Within 5 years	Within 7 years	Within 18 months	
Build Habitable Dwelling	Within 3 years	Within 5 years	Within 7 years	Within 3 years	
Occupy the land	None	15 mos. in 5 years	35 mos. in 7 years	5 mos. for 5 years	
Clearing required	25% in 5 years	None	1/4 ag land in 7 yrs. 1/8 non-ag land in 7 years	5% within 5 years	
Comments:					

Prepared by the Office
of Representative Mae Tischer

2/22/83

COMPARISON OF HOMESTEAD BILLS

	SB 102 Governor	SB 43 Moss	HB 130 Uehling, Barner, Cowdery, Flood and Ward	HB 167 Tischer, Bettisworth, Bussell, Fritz, Liska, Shultz, Ward, Szymanski
Type of Land eligible for conveyance as homestead entry land	State land classified for agricultural use (excluding land within borough or city boundaries until proposed use of land has been studied and approved by the local planning authority.)	All vacant, unappropriated and unreserved general grant land suitable for agricultural use.	Any land available under the State's lottery disposal program (AS 38.05.057) or the remote parcel program (AS 38.05.077). Remote parcel program excludes commercial or industrial use land.	Any State land.
Method of Disposal	Lottery, over-the-counter designated parcels	Application	Lottery - any State land designated for homestead entry that is available through the lottery disposal program. Staking - any State land designated for homestead entry that is available through the remote parcel program.	Staking
Parcel Size	160 acres maximum	160 acres maximum	320 acres max.-land available thru lottery program. 160 acres max.-land available thru remote parcel program.	160 acres maximum
Requirements to obtain an entry permit (homestead grant in the case of SB43)	1) 18 years of age. 2) 1 year resident 3) $500 fee ($400 refundable upon issuance of patent).	1) 18 years of age 2) 1 year resident 3) Written application Continued on page 2.	1) 18 years of age 2) 1 year resident 3) A fee for filing an application may be charged by the Continued on page 2.	1) 18 years of age 2) 1 year resident 3) $500 fee ($400 refundable upon issuance of patent) Continued on page 2.

	SB 102	SB 43	HB 130	HB 167
Requirements to obtain an entry permit (homestead grant in the case of SB43 cont.)		4) $100 fee ($75 if a title search is completed) 5) File an affidavit saying that the purpose for entering land is for actual settlement and cultivation. 6) Mark exterior boundaries of property 7) Publish a notice of application once/week for 3 consecutive weeks in a newspaper of general circulation.	dept. The amt. charged is left to the dept's discretion. 4) Certify that applicant has not: a) previously leased a remote parcel or made application for homestead entry within 8 yrs. preceding date of staking a remote parcel, or b) purchased land at a sale by lottery in the State within 8 years. Additionally, under remote parcel program, the individual must stake boundaries of property and file a sketch plat w/in 15 days.	4) Stake corners of land
No. of times eligible to apply for a homestead entry permit (homestead grant in the case of SB 43)	1 (if previously received patent to any land under this program) May not hold more than one permit at a time.	1	1 (not even once if previously has leased a remote parcel from the State or purchased land at a sale by lottery in the State within 3 years.)	No limit on number of times; however, may not receive patent to more than 160 acres total and may not hold more than 1 permit at a time.
Requirements for obtaining patent or in case of SB 43, requirements for retaining title to the land.	1) Submit survey plat within 18 months. 2) Erect a habitable permanent dwelling within 3 years. 3) Clear and either put into production or prepare for cultivation 25% of land within 5 years.	1) Complete a survey that conforms to regulations adopted by the Dept. of Natural Resources within 5 years. 2) Occupy land for a cumulative total of 15 months within 5 years. 3) Erect a habitable permanent dwelling.	1) Occupy land for a total of 35 months. 2) Erect a habitable permanent dwelling that is not less than 200 sq. ft. 3) Clear and prepare for cultivation not less than 25% of land if limited to agricultural use; and not less than 12 1/2% if not limited to agricultural use. 4) Brush and maintain boundaries so they are easily visible from the ground. 5) Complete a survey that is acceptable to the director.	1) Submit a survey plat within 18 months. 2) Brush boundaries within 1 year. 3) Reside on entry land for not less than 5 mos. each year for 5 years. 4) Erect within 3 years a permanent habitable dwelling.

	SB 102	SB 43	HB 130	HB 167
Type of patent conveyed	Agricultural rights	Unencumbered title	Either agricultural rights or unencumbered title	Unencumbered title
Additional conditions imposed on permittee	1) No attempts may be made to convey or otherwise transfer the permit. 2) No permanent improvements to the land may be made before survey submitted. 3) Land may not be used for commercial purposes unless a substantial portion is used for agricultural purposes. 4) Director may reserve easements for roads, trails, etc.	1) Grantee may not remove timber or materials on a commercial basis. 2) Grantee may not sell or otherwise dispose of title to land for 5 years after receiving patent. 3) A 50' tract on each side of section line between sections of land acquired from State is dedicated to public access to public and navigable waters.	1) Permittee is not eligible for a State loan under the Alaska Agricultural Loan Act for improvements to that land before patent is granted.	1) Permit may not be assigned, conveyed, or transferred. 2) Director may reserve easements for roads, trails, etc.
Homestead Entry land exemptions or special exceptions.	1) Disposal of homestead entry land not subject to local platting, recording, or subdivision requirements, but subsequent subdivision of land will be subject to all requirements. 2) Not subject to preference rights under the Alaska Land Act (AS 38.05) 3) Provides for veteran homestead entry loans from the Alaska Housing Finance Corporation.	1) Homestead entry land is exempt from municipal property tax for 1 yr. from grant of patent. 2) For 5 yrs. after grant of patent, at least 10% of increase in assessed value, if due to agricultural improvements, will be exempt from municipal taxation. 3) Homestead entry land may not be forfeited to enforce a judicial lien, process or proceeding to collect an unsecured debt until patent is granted. 4) Not subject to publication notice law (AS 38.05.345)		1) Not subject to preference rights under Alaska Land Act (AS 38.05). 2) Disposal of Homestead entry land not subject to local platting, recording, or subdivisi requirements, but subsequent subdivision of the land will be subjec to all requirements.
Surveys required of the State	If no rectangular survey section corners present on land, directo must complete a cadastral survey establishing these corners.			If no rectangular survey section corners present on land, director must complete a cadastral survey establishing these corners

HB

187

STATE OF ALASKA
PRELIMINARY STATEMENT OF FISCAL IMPACT

Bill No: CSHB 187 Date on Bill: 2/11/83
Title: An Act relating to regulation, licensing, and fee for fur farming
Sponsor: John Ringstad
Requestor: John Ringstad

1. Estimated fiscal impacts on:

a. Expenditures:

(Thousands of Dollars)

			FY 83	FY 84	FY 85	FY 86		
Capital								
Operating								
Total			0	0	0	0		

b. Revenues:

Revenue			0	0	0	0		

2. Source of funds to offset fiscal impact of bill:

N/A

3. Assumptions:

N/A

4. Disclaimer:
This statement has not been reviewed by the OMB in the Office of the Governor. It therefore does not represent the final estimate of fiscal impact.

Prepared By: Robert A. Hinman Phone: 465-4190
Division: Game Date: 3/15/83

Approved by Commissioner: Don W. Collinsworth Date: 3/15/83
Department: Fish and Game

5. Distribution:
Original to Legislative Finance
Copy to OMB
Copy to Sponsor
Copy to Requestor

2/15/83

STATE OF ALASKA
PRELIMINARY STATEMENT OF FISCAL IMPACT

Bill No: HB 187 Date on Bill: 2/11/83
Title: An act relating to regulation, licensing and fee for for farming.
Sponsor: Ringstad
Requestor: Resources

1. Estimated fiscal impacts on:

a. Expenditures:

(Thousands of Dollars)

			FY 83	FY 84	FY 85	FY 86		
Capital								
Operating								
Total			-0-	-0-	-0-			

b. Revenues:

Revenue								

2. Source of funds to offset fiscal impact of bill:

3. Assumptions:

Minimal effect due to small number of licenses sold (two in CY 1982.)

4. Disclaimer:
This statement has not been reviewed by the OMB in the Office of the Governor. It therefore does not represent the final estimate of fiscal impact.

Prepared By: Mary Lenfield Phone: 465-2300
Division: Commissioner's Office Date: 2/24/83
Approved by Commissioner: Ralph D Heath Date: 2/24/83
Department: Revenue

5. Distribution:
Original to Legislative Finance
Copy to OMB
Copy to Sponsor
Copy to Requestor

2/15/83

THE LEGISLATURE OF THE STATE OF ALASKA
THIRTEENTH LEGISLATURE

FISCAL NOTE

I. REQUEST
Bill/Resolution No. HB 187
Title An Act related to regulation, licensing, and fee for fur farming
Requested by Ringstad Date 2/25/83

II. FISCAL DETAIL
Agency Affected Department of Fish and Game
Program Category Affected
BRU, Program, Or Subprogram(s) Affected Game Division
(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	Ø	Ø	Ø	Ø	Ø	Ø

FUNDING (Thousands of Dollars)
N/A

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS
N/A

FULL TIME						
PART TIME						
TEMPORARY						

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

IV. DATE 2/25/83 PREPARED BY Robert A. Hinman
AGENCY Department of Fish and Game
PHONE 465-4190

Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)

33-001 (Rev. 12/82)

ALASKAN FUR RANCHERS ASSOCIATION

P.O. BOX 56166
NORTH POLE, ALASKA 99705

PHONE: 488-3079

PHONE:

February 3, 1982

FEB 7 1983

Chairman Schultz &
Chairman Ringstad
Finance Committee
Capitol Building
Pouch V
Juneau, Alaska 99811

Dear Sirs:

The Alaskan Fur Ranchers Association wishes to thank you both for your willingness to sponsor legislation which will again make fur farming legally possible. Your rapid response to a recent impounding of one of our members breeding stock is also sincerely appreciated. The impounding of breeding stock serves to reinforce the necessity for the legislation you are sponsoring.

As you know the future of fur farming in Alaska looks very promising. The fur farming industry in Alaska is expanding continously and in doing so we are helping to diversify the Alaskan economy.

The Alaskan Fur Rancher Association stands firmly behind you both and requests your assistance in passing each piece of legislation submitted for us by Mr. Lynn Levengood. We will assist in any manner you suggest.

Please contact us as soon as these bills have assigned titles and numbers so we can help to inform other legislators.

Sincerely,

Richard J. Carda

Richard J. Carda
President
Alaskan Fur Ranchers Assn.

Dr. Giza
785-3236

(McPherson)
Walt 586-7103
Jim Kirk F&W Service - (586) 7240
786-3911
3547
Don Montgomery
Law enforcement
Dr. Fred Wensinger -
James Hogue

New battles loom over right to hunt

By WILLIAM E. GEIST
The New York Times

NEPTUNE, N.J.—When Susan Russell strolls through the woods playing classical music on her tape player, the deer, muskrats and other wildlife of the forest run the other way. A muskrat may linger momentarily over a few notes of Chopin, but John Philip Sousa always sends them crashing through the brush.

Russell is one of tens of thousands of animal lovers who patrol the woods during hunting and trapping seasons, blaring everything from Sousa marches to recorded wolf howls in a nationwide campaign to set animals running for their lives before hunters arrive. She has found the hunter has

(See HUNTERS, page 8)

HUNTERS . . .

(Continued from page 1)

no more appreciation for her music than the muskrat.

A growing number of confrontations between hunters and these protectors of wildlife has led a New Jersey legislator to introduce a bill that would make it illegal to "interfere or attempt to interfere with the lawful hunting, pursuit, killing or taking of an animal, bird or freshwater fish." Violators would be fined.

The legislator, Assemblyman Joseph W. Chinnici, Republican of Bridgeton, himself a hunter, said his legislation was needed to protect both the hunters from harassment and the animal protectors from reprisals. Such legislation recently became law in Arizona and is under consideration in several other states in response to the growing militance of animal protectionists.

"There's a war going on," said Russell, a spokesman for Friends of Animals, a national organization with headquarters here and in New York that distributes "Tips for Hunt Saboteurs" to its 120,000 members. The tips range from lobbying for changes in the law with local, state and national officials to such guerrilla tactics as taking a female dog in heat into the field to turn the heads of male hunting dogs, and scattering rotten eggs and cow dung in duck blinds.

Russell sees nothing extreme in any of this.

"Wildlife belongs to everybody," she said. "We think it is audacious of hunters to say they can shoot animals but we cannot protect them."

But Chinnici has said, "If this isn't stopped immediately," "someone is going to get hurt."

Implicit in his warning, and those voiced by concerned hunters throughout the state, is that the side carrying tape players is at a distinct disadvantage in confrontations with those carrying rifles and shotguns.

Chinnici said he had received reports of "anti-sportsmen's groups" blaring car horns and firing weapons to scare off game and in one instance even flying a helicopter over a hunting area.

His bill has been referred to the Assembly's Agriculture and Environment Committee, where four of the five committee members are cosponsors. Both opponents and proponents believe the bill has substantial support in the Legislature.

Bob Busnardo, host of the weekly radio program "Sportsmen's Hot Line" on a Bridgeton station, said "these antis" (one of the more pleasant terms hunters use to describe those opposed to hunting) had disrupted his hunting excursions by playing radios, honking car horns, letting air out of tires and swerving their automobiles toward him as he stood on country roads.

"The confrontations have been verbal so far," he said, "but when you harass someone long enough and hard enough, eventually there are going to be serious problems."

Opponents charge that Chinnici's bill would infringe on their rights of speech and assembly.

"Whenever there is a protest of anything," said Russell, "whether it be civil rights or women's rights or whatever, there is the chance of confrontation. But someone cannot just do away with our right to speak out on things we disagree with. If they do, I believe that in good conscience we would have to continue to protest as we are now."

HOUSE RESOURCES COMMITTEE OBSERVER/WITNESS SIGN-UP SHEET

DATE: March 18, 1983 SPONSOR: Rep. John Ringstad

SUBJECT(S): HB 187: fee for fur farming

NAME	REPRESENTING	ADDRESS	PHONE	Observer	Witness	For	Against

STATE OF ALASKA
DEPT. OF ENVIRONMENTAL CONSERVATION

BILL SHEFFIELD, GOVERNOR

POUCH O – JUNEAU 99811

March 14, 1983

The Honorable John Ringstad
State House of Representatives
Pouch V
Juneau, AK 99811

Dear Representative Ringstad:

Following our conversation of Saturday morning, March 12, 1983 with you and Sharon Barton of the Department of Natural Resources, I propose the following solution to alleviate some of the problems with regard to fur farming. I propose a waiver permitting release from inspection and permits for fur farm animals for the period required to assess the position of fur farming and to agricultural inspection currently existing within the scope of DEC's regulatory authority. All existing regulations pertaining to fur farming will be evaluated with the intention to eliminate non-essential regulations. This waiver will be effective for a period not to exceed two years.

Sincerely,

Richard A. Neve'

Richard A. Neve'
Commissioner

cc: Sharon Barton

STATE OF ALASKA
FISCAL NOTE

Revision Date , 1983

I. REQUEST

Bill/Resolution No.: CSHB 187
Title: Fur farming
Sponsor: Rinstad by request
Requestor: House Resources

II. FISCAL DETAIL

Agency Affected: DEC
Program Category Affected: Consumer Protection
BRU, Program of Subprogram(s) Affected: Seafood and Animal Industries

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

N/A

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: Billie Trent
Phone: 465-2600
Division: for Seafood and Animal Industries
Date: 3/17/83

Approved by Commissioner: Richard A. Neve'
Date: 3/17/83
Department: Environmental Conservation

Distribution:
Original to Legislative Finance
Copy to Office of Management and Budget (for Legislature introduced bills)
Copy to Department (for Governor introduced bills)
Copy to Sponsor
Copy to Requestor (if different from Sponsor)

3/8/83

STATE OF ALASKA
PRELIMINARY STATEMENT OF FISCAL IMPACT

Bill No: HB 187 Date on Bill: 2/11/83
Title: An act relating to regulation, licensing and fee for fur farming.
Sponsor: Ringstad
Requestor: Resources

1. Estimated fiscal impacts on:

a. Expenditures:

(Thousands of Dollars)

			FY 83	FY 84	FY 85	FY 86		
Capital								
Operating								
Total			-0-	-0-	-0-			

b. Revenues:

Revenue								

2. Source of funds to offset fiscal impact of bill:

3. Assumptions:

Minimal effect due to small number of licenses sold (two in CY 1982.)

4. Disclaimer:
This statement has not been reviewed by the OMB in the Office of the Governor. It therefore does not represent the final estimate of fiscal impact.

Prepared By: Mary Redfield Phone: 465-2300
Division: Commissioner's Office Date: 8-/24/83

Approved by Commissioner: Falk D Koats Date: 2/24/83
Department: Resources

5. Distribution:
Original to Legislative Finance
Copy to OMB
Copy to Sponsor
Copy to Requestor

2/15/83

ALASKAN FUR RANCHERS ASSOCIATION

P.O. BOX 66166
NORTH POLE, ALASKA 99705

PHONE: 488-3078

PHONE:

2/22/83

Chairman Ringstad
Chairman Schultz
House Resource Committee
Pouch
Juneau, Alaska 99811

Dear Chairman Ringstad and Chairman Schultz,

HB 187 was filed to provide legislative correction to clean up disparities and contradictions which have come about unintentionally during the past few legislatures. HB 187 pertains to the agricultural pursuit of fur farming and is necessary for this expanding industry to help provided Alaska with a diversified economy.

Recent changes to statutes and some accompaning regulations have not only hindered the ability of individuals to pursue this occupation, but have actually made illegal long established practices within the fur farming industry.

The intent of executive order no #51 (Gov. Hammond 1/13/81) was to, "consolidate....and eliminate duplicate services by the state, and to reduce the burden on industry resulting from regulation by several state agencies". However, the effect of the above law pertaining to fur farming actually had the opposite effect and created duplicity by placing the industry under two departments (DNR and DEC). Historicly and in nearly every other state fur farming is considered an agricultural enterprise and until recently has been solely under the department of DNR in Alaska.

Fur products <u>are not</u> for human consumption which comes under the auspices of DEC. Fur farming should be placed solely under the jurisdiction of the Department of Natural Resources, Division of Agriculture.

In 1982 AS03.05.010 was changed by SB 872 which was an act relating to health, sanitation, and sanitary practices in the seafood processing industry. Also included were other industries that produced food for human consumption. SB 872 was a legislative reform pertaining to the botulism problem in the salmon canning industry. The result of this legislation was that the department of Enviormental Conservation was given the regulatory power to require permits. Within six months a fur farm permit was established with out input from the fur farming industry. Fur farming is an agricultural industry which <u>does not</u> produce food for human consumption.

The co-revisor of statutes (Mr. D.T. Walker) entered into the senate journal "many of the activities included in this law areunrelated to sanitation practices in the food industries. The Alaska Ombudsman, upon investigating this disparity, stated that the single subject rule should prohibit the inclusion of fur farming into the provisions changed by SB 872, and that legislative correction should be sought. The overbearing problem is that the permit, sanitation and inspection provisions relating to seafood processors and industries that produce food for human consumption are not directly applicable to the fur farming industry.

(Cont.)

Therefore in summation the passage of HB 187 will eleminate duplicity and eleminate discrimination against fur farming through the use of permits and unnecessary regulations. Finally HB 187 would insure the [illegible] the fur farming industry by allowing the the fur farmers to improve [illegible]stic pool through importation of domestic stock and the domestication [illegible] stock.

Sincerely

Richard J Carda

President
Alaskan Fur Ranchers Assn.

ALASKAN FUR RANCHERS ASSOCIATION

P.O. BOX 56166
NORTH POLE, ALASKA 99705

PHONE: 488-3079

PHONE:

February 3, 1982

FEB 7 1983

Chairman Schultz &
Chairman Ringstad
Finance Committee
Capitol Building
Pouch V
Juneau, Alaska 99811

Dear Sirs:

The Alaskan Fur Ranchers Association wishes to thank you both for your willingness to sponsor legislation which will again make fur farming legally possible. Your rapid response to a recent impounding of one of our members breeding stock is also sincerely appreciated. The impounding of breeding stock serves to reinforce the necessity for the legislation you are sponsoring.

As you know the future of fur farming in Alaska looks very promising. The fur farming industry in Alaska is expanding continously and in doing so we are helping to diversify the Alaskan economy.

The Alaskan Fur Rancher Association stands firmly behind you both and requests your assistance in passing each piece of legislation submitted for us by Mr. Lynn Levengood. We will assist in any manner you suggest.

Please contact us as soon as these bills have assigned titles and numbers so we can help to inform other legislators.

Sincerely,

Richard J. Carda

Richard J. Carda
President
Alaskan Fur Ranchers Assn.

Dr. Gizz
785-3236

(McPherson)
Walt 586-7103

Jim King F&W Service - (586) 7240

Dr. Fred Wonsinger -

Don Montgomery
Law enforcement
726-3811
3547

James Hogue

SSHB 187 Section Analysis

Fur Farming

Section 1 — Places the authority to regulate fur farming under the Department of Natural Resources and defines the term fur farming.

Section 2 — Eliminates the $100 fee now required by the Department of Fish & Game.

Section 3 — Grants the Commissioner of Fish & Game the authority to issue, without cost, a permit to collect fish and game, including fur animals. He (the Commissioner) is to consider the scientific propagative, or educational reasons for the decision making process.

In addition, the Commissioner must issue permits for the collecting of wild fur animals, however, he retains his statutory charge to manage the permitting process in accordance with standard maintained yield practices.

The annual fee for collecting for farm animals is the same as an Alaskan resident trapper.

Section 4 — Removes the Department of Environmental Protections' authority for regulating fur farming.

Analysis & Summary

CS HB 187

Section 1 The term fur farming is redefined under the regulatory authority of the Dept. of Environmental Conservation.

Section 2 The statute requiring a $100 fee for a fish, fur, or game farming license is amended to exclude fur farming. According to the Attorney General's office, in 1974, the $100 fee was eliminated but the change had never been reflected in the statutes.

Section 3 The Commissioner of Fish & Game retains his authority to issue, without cost, a permit to collect fish and game, including fur animals subject to scientific propagative, or educational purposes that are appropriate.

In Addition, the Commissioner shall make permits available for the collecting of wild fur animals, however, he retains his statutory charge to manage the permitting process in accordance with standard maintained yield practices.

Establishes an annual fee for collecting fur farm animals that will be the same as that paid by an Alaskan resident trapper.

Section 4 The statute requiring an import permit for wild animals is amended to exempt mink and fox when they are imported for fur farming purposes.

Section 5 Provides for an immediate effective date.

STATE OF ALASKA
FISCAL NOTE

Revision Date , 1983

I. REQUEST
Bill/Resolution No.: CSHB 187
Title: Fur farming
Sponsor: Rinstad by request
Requestor: House Resources

II. FISCAL DETAIL
Agency Affected: DEC
Program Category Affected: Consumer Protecti
BRU, Program or Subprogram(s) Affected: Seafood and Animal Industries

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

N/A

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: Billie Trent
Phone: 465-2600
Division: for Seafood and Animal Industries
Date: 3/17/83

Approved by Commissioner: Richard A. Neve'
Date: 3/17/83
Department: Environmental Conservation

Distribution:
Original to Legislative Finance
Copy to Office of Management and Budget (for Legislature introduced bills)
Copy to Department (for Governor introduced bills)
Copy to Sponsor
Copy to Requestor (if different from Sponsor)

3/8/8

-For Immediate Release-

3/21/83

For Further Information Contact:

Dave Stancliff 465-4998

FUR FARMING BILL CLEARS FIRST HURDLE

ALASKAN FUR FARMERS MAY GET A LONG AWAITED REPRIEVE AS THE HOUSE RESOURCES COMMITTEE, ON FRIDAY, PASSED OUT A BILL AIMED AT DERIGULATING THAT UNIQUE AGRICULTURAL BUSINESS.

UNDER PRESENT LAW, CONFUSION EXISTS OVER WHICH DEPT. SHOULD HAVE REGULATORY AUTHORITY FOR FUR FARMING. BOTH THE DEPT. OF ENVIRONMENTAL CONSERVATION AND THE DEPT. OF FISH & GAME NOW REQUIRE SEPARATE PERMITS FOR FUR FARMING WITH ADDITIONAL RESTRICTIONS IMPOSED ON THE IMPORTATION OF FUR ANIMALS BY THE FEDERAL GOVERNMENT.

"THE INCREDIBLE MAZE OF RED TAPE AND REGULATIONS FOR FARMERS NOW FACE WILL BE THE DEATH BLOW TO FUR FARMING," SAID REPRESENTATIVE JOHN RINGSTAD, SPONSOR OF THE NEW LEGISLATION. RINGSTAD, A FAIRBANKS REPUBLICAN WHO CO-CHAIRS THE RESOURCES COMMITTEE, FEELS THAT "FUR FARMERS ARE NO DIFFERENT THAT ANY OTHER AGRICULTURAL ENTERPRISE AND SHOULD NOT BE BURDENED WITH UNNECESSARY RESTRICTIONS."

ALSO PROVIDED IN THE BILL IS A MOVE PRECISE DEFINITION OF FUR FARMING THAT WILL HELP DISTINGUISH IT AS AN AGRICULTURAL ACTIVITY. "I WILL DO ALL I CAN TO SEE THAT THEIR LEGISLATION IS GIVEN PROMPT ATTENTION," ADDED RINGSTAD. THE NEXT COMMITTEE OF REFERAL IS HOUSE FINANCE.

HB

188

THE LEGISLATURE OF THE STATE OF ALASKA
THIRTEENTH LEGISLATURE

FISCAL NOTE

I. REQUEST
Bill/Resolution No. HB 188
Title An Act relating to big game hunting by nonresidents
Requested by Ringstad Date 2/25/83

II. FISCAL DETAIL
Agency Affected Department of Fish and Game
Program Category Affected
BRU, Program, Or Subprogram(s) Affected Game
(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	Ø	Ø	Ø	Ø	Ø	Ø

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Source)						
	Ø	Ø	Ø	Ø	Ø	Ø

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						
	Ø	Ø	Ø	Ø	Ø	Ø

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

IV. DATE 2/25/83 PREPARED BY Robert A. Hinman
AGENCY Department of Fish and Game
PHONE 465-4190

Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)

33-001 (Rev. 12/82)

(B) Subunit 26(B) – that portion of Unit 26 lying east of Subunit 26(A) and west of the west banks of the Canning River and Marsh Fork of the Canning River between the Arctic Ocean and Carter Pass;

(C) Subunit 26(C) – that portion of Unit 26 lying east of Subunit 26(B). (In effect before 1980; am 7/4/80, Reg. 75; am 4/5/81, Reg. 78; am 9/3/81 – 9/12/81, Reg. 80; am 9/30/81, Reg. 79)
Authority: AS 16.05.255(a)(1),(2) and (7)

5 AAC 90.020. DEFINITIONS. In 5 AAC 81 – 5 AAC 90

(1) "airport" means an Alaska airport listed in the Federal Aviation Agency Alaska Airman's Guide and chart supplement;

(2) "bag limit" means the greatest number of game species permitted to be taken by any one person in the unit or portion of a unit in which the taking occurs; however, additional numbers of a species may be taken in another designated open unit or portion of a unit where a greater limit on that species is prescribed; in no case may the total or cumulative bag for one person exceed the limit set for the unit or portion of a unit in which the additional game was taken;

(3) "big game animals" includes black bear, brown and grizzly bear, polar bear, bison, caribou, Sitka blacktail deer, elk, mountain goat, moose, muskoxen, mountain or Dall sheep, wolf and wolverine;

(4) "camp" means a structure erected for the purpose of providing overnight shelter and equipped with bedding and eating facilities for occupants;

(5) "closed season" means the time during which game may not be taken;

(6) repealed 7/2/75;

(7) "cub bear" means a brown, grizzly or polar bear in its first or second year of life, or a black bear (including the cinnamon and blue color phases) in its first year of life;

(8) "fur animals" includes beaver, coyote, arctic fox, red fox, lynx, marten, mink and weasel, muskrat, land otter, sea otter, raccoon, red squirrel, flying squirrel, ground squirrel and marmot, wolf and wolverine, excepting domestically raised fur animals;

(9) "highway" means the driveable surface of any constructed road;

(10) repealed 7/2/75;

(11) "motorized vehicle" means a motor-driven land, water or air conveyance;

(12) "open season" means the time during which game may lawfully be taken; each period of time prescribed as an open season includes the first and last days of the period prescribed;

(13) "poison" means any substance which is toxic or poisonous upon contact or ingestion;

(14) "raw ivory" means a walrus tusk (upper canine tooth) which has not been endowed with functional, cultural or aesthetic qualities by altering its natural form or surface through carving, drilling, cutting, filing, or engraving; raw ivory is not altered, in the connotation of this definition, by surface polishing or for a head mount; the latter consisting of ivory (tusks) in a skull or part of a skull;

(15) "regulatory year" means July 1 to June 30, inclusive;

(16) "seal pup" means a seal that weighs less than 50 pounds;

(17) "second degree of kindred" means the relatives who are parents, grandparents, children, grandchildren and sisters or brothers of the person acting as a guide;

(18) "small game" means all species of grouse, hares, rabbits, ptarmigan and waterfowl, and Wilson or jacksnipe;

(19) "three-quarter curl horn" means the horn of a mature mountain sheep, the tip of which has grown through three-quarters of a circle (270°) described by the outer surface of the horn, as viewed from the side;

(20) "transport" means shipping, carrying, importing, exporting, or receiving or delivering for shipment, carriage or export;

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

HOUSE RESOURCES COMMITTEE

Revision Date: November 30, 1983

JAN 14 REC'D

I. REQUEST

Bill/Resolution No.: HB 188
Title: Big Game Hunting by Nonresidents
Sponsor: Ringstad
Requestor:
Date of Request:

II. FISCAL DETAIL

Agency Affected: Fish and Game
Program Category Affected: NRMEC
BRU, Program of Subprogram(s) Affected:

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Source)						
TOTAL						

POSITIONS

FULL-TIME						
PART-TIME						
TEMPORARY						
TOTAL						

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

OFFICE OF MANAGEMENT & BUDGET
NOV 30 1983
BUDGET REVIEW

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: Beverly Reaume
Phone: 465-4120
Division: Administration
Date:

Approved by Commissioner: [signature]
Date: 11/29/83
Department: Fish and Game

Distribution:
Original to Legislative Finance
Copy to Office of Management and Budget (for Legislature introduced bills)
Copy to Department (for Governor introduced bills)
Copy to Sponsor
Copy to Requestor (if different from Sponsor)

9/14/83

STATE OF ALASKA
FISCAL NOTE

Revision Date , 1983

I. REQUEST

Bill/Resolution No.: HB 188
Title: "Big Game Hunting by Nonresidents"
Sponsor: Representative Ringstad
Requestor: House Judiciary

II. FISCAL DETAIL

Agency Affected: Public Safety
Program Category Affected: F&WP
BRU, Program or Subprogram(s) Affected:
Fish & Wildlife Protection

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL OPERATING		-0-	-0-	-0-	-0-	-0-
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

IV. ANALYSIS: Attach a separate page for any Analysis No fiscal impact anticipated

Prepared By: Paul A. Conger
Phone: 465-4338
Division: Administrative Services
Date: 3/22/83

Approved by Commissioner: [signature]
Date: 3/22/83
Department: Public Safety

Distribution:
Original to Legislative Finance
Copy to Office of Management and Budget (for Legislature introduced bills)
Copy to Department (for Governor introduced bills)
Copy to Sponsor
Copy to Requestor (if different from Sponsor)

3/8/83

STATE OF ALASKA
THE LEGISLATURE
LEGISLATIVE AFFAIRS AGENCY

RECEIVED
FEB 24 1983
COPY

ATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

M E M O R A N D U M

February 24, 1983

SUBJECT: Nepotism
(HB 49)

TO: Representative Mitchell E. Abood, Jr.
Chairman, House State Affairs Committee

FROM: Linn H. Asper
Legislative Counsel

You have asked whether the relationships included in the "second degree of kindred" as that term is defined in the proposed committee substitute for HB 49 are the same relationships that are traditionally associated with that phrase. The term "degree of kindred" is not defined in the Alaska Statutes. In other jurisdictions the "degree of kindred" between one person and another is normally determined as follows: Take the closest common ancestor of the two persons and count the generations back to that ancestor from each; each generation represents a degree of kindred. Thus, the first degree of kindred to a person includes the parents and children of that person, the second degree includes brothers and sisters, grandparents, and grandchildren, and the third degree includes nephews and nieces and aunts and uncles. In proposed CSHB 49 aunts and uncles are included within the definition of "second degree of kindred" although they would normally be considered to be in the "third degree of kindred". In other respects the statutory and common law definitions are the same.

It should be pointed out that since the definition of "second degree of kindred" in the proposed CSHB 49 only applies to the section in which it appears, the term can include any relationships that the legislature sees fit to include. You can also use a different term, such as "close relationship" if you feel that use of the traditional "degree of kindred" terminology will cause confusion.

LHA:ljb

Enclosure

(9)

MAR 9 REC'D

3/9

COMMITTEE REPORT

HOUSE

JUDICIARY
FINANCE

FURTHER:

MAR 9 1983

2/11/83

Date: March 9, 1983

Mr. Speaker:

The Committee on RESOURCES has had HB 188

An Act relating to big game hunting by nonresidents.

under consideration and reports it back as follows:

[✓] do pass [ ] do not pass

[ ] do pass with attached amendments(s)

[ ] replace with CS for _____ [✓] same title [ ] new title

and recommends _____

[ ] AND attaches a "Letter of Intent" [ ] New Fiscal Note

[✓] Zero Fiscal Notes Attached 2

[ ] reports it back without recommendation

[ ] referred to the _____ Committee

MEMBERS SIGNING
DO PASS

John J Cowdery

Ronald L Larson

J.M. Crisafulli

MEMBERS HAVING
OTHER RECOMMENDATIONS:

Co- CHAIRMAN

H 60

STATE OF ALASKA
PRELIMINARY STATEMENT OF FISCAL IMPACT

Bill No: HB 188 Date on Bill: Introduced 2/11/83
Title: Relating to big game hunting by nonresidents
Sponsor: Ringstad
Requestor: House Resources

1. Estimated fiscal impacts on:

a. Expenditures:

(Thousands of Dollars)

			FY 83	FY 84	FY 85	FY 86		
Capital								
Operating								
Total			-0-	-0-	-0-	-0-		

b. Revenues:

Revenue								

2. Source of funds to offset fiscal impact of bill:

3. Assumptions:

No Fiscal Impact

4. Disclaimer:
This statement has not been reviewed by the OMB in the Office of the Governor. It therefore does not represent the final estimate of fiscal impact.

Prepared By: Col. Robert J Stickles Phone: 269-5532
Division: Fish & Wildlife Protection Date: 2-18-83

Approved by Commissioner: [signature] Date: 2/25/83
Department: Public Safety

5. Distribution:
Original to Legislative Finance
Copy to OMB
Copy to Sponsor
Copy to Requestor

2/15/83

THE LEGISLATURE OF THE STATE OF ALASKA
THIRTEENTH LEGISLATURE

FISCAL NOTE

I. REQUEST
Bill/Resolution No. HB 188
Title An Act relating to big game hunting by nonresidents
Requested by Ringstad Date 2/25/83

II. FISCAL DETAIL
Agency Affected Department of Fish and Game
Program Category Affected
BRU, Program, Or Subprogram(s) Affected Game
(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS,CLAIMS,ETC.						
TOTAL	Ø	Ø	Ø	Ø	Ø	Ø

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Source)						
	Ø	Ø	Ø	Ø	Ø	Ø

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						
	Ø	Ø	Ø	Ø	Ø	Ø

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

IV. DATE 2/25/83 PREPARED BY Robert A. Hinman
AGENCY Department of Fish and Game
PHONE 465-4190

Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)

33-001 (Rev. 12/82)

Bill Analysis

HB 188

Under current law, blood relatives of resident Alaskans can hunt brown bear, grizzly bear, polar bear, or sheep without a guide if they are within and including second degree of kindred and are personally accompanied by their Alaska relative.

HB 188 would allow the same criteria to also apply to persons related by marriage.

Example: Your brother comes to Alaska to hunt Dall Sheep. You may legally take him without a guide.

However, you cannot legally take your brother-in-law on the same hunt.

HB 188: Under the changes proposed in this law, your brother-in-law would legally be able to participate in the hunt.

Second Degree of kindred includes, under present law:

1) Son, Daughter
2) Father, Mother
3) Grandfather, Grandmother
4) Grandchildren
5) Brother, Sister - [redacted]

In addition, under HB 188, the following relatives would be included:

1) Son, Daughter of Spouse
2) Father-in-law, Mother-in-law
3) Grandfather, Grandmother of Spouse
4) Grandchildren of Spouse
5) Brother-in-law, Sister-in-law - [redacted]

Bill Analysis

HB 188

Under current law, blood relatives of resident Alaskans can hunt brown bear, grizzly bear, polar bear, or sheep without a guide if they are within and including second degree of kindred and are personally accompanied by their Alaska relative.

HB 188 would allow the same criteria to also apply to persons related by marriage.

Example: Your brother comes to Alaska to hunt Dall Sheep. You may legally take him without a guide.

However, you cannot legally take your brother-in-law on the same hunt.

HB 188: Under the changes proposed in this law, your brother-in-law would legally be able to participate in the hunt.

Second Degree of Kindred includes, under present law:

1) Son, Daughter
2) Father, Mother
3) Grandfather, Grandmother
4) Grandchildren
5) Brother, Sister - their children

In addition, under HB 188, the following relatives would be included:

1) Son, Daughter of Spouse
2) Father-in-law, Mother-in-law
3) Grandfather, Grandmother of Spouse
4) Grandchildren of Spouse
5) Brother-in-law, Sister-in-law - their children

STATE OF ALASKA
PRELIMINARY STATEMENT OF FISCAL IMPACT

Bill No: HB 188 Date on Bill: Introduced 2/11/83
Title: Relating to big game hunting by nonresidents
Sponsor: Ringstad
Requestor:

1. Estimated fiscal impacts on:

a. Expenditures:

(Thousands of Dollars)

			FY 83	FY 84	FY 85	FY 86		
Capital								
Operating								
Total			-0-	-0-	-0-	-0-		

b. Revenues:

Revenue								

2. Source of funds to offset fiscal impact of bill:

3. Assumptions:

No Fiscal Impact

4. Disclaimer:
This statement has not been reviewed by the OMB in the Office of the Governor. It therefore does not represent the final estimate of fiscal impact.

Prepared By: Col. Robert J Stickles Phone: 269-5532
Division: Fish & Wildlife Protection Date: 2-18-83

Approved by Commissioner: [signature] Date: 2/25/83
Department: Public Safety

5. Distribution:
Original to Legislative Finance
Copy to OMB
Copy to Sponsor
Copy to Requestor

2/15/83

HB

195

HB 195

HOUSE RESOURCES COMMITTEE OBSERVER/WITNESS SIGN-UP SHEET

DATE: MAR 3, 1983 SPONSOR: DAVIS, ETAL

SUBJECT(S): FORFEITED AIRCRAFT / C.A.P.

NAME	REPRESENTING	ADDRESS	PHONE	Observer	Witness	For	Against
DW Dean	CAP	3800 Glacier Hway	C-3684		✓	—	
Bob Head	Dept of Admin		5-2283		✓		
Mike Davis							
Jerry McCutcheon	Cap	Box 984	—				
~~Jerry McCutch~~							
Jerry McCutcheon							

Sec. 17.30.060. Records of registrants. A person registered to manufacture, distribute, dispense, or conduct research with controlled substances under this chapter shall keep records and maintain inventories in conformance with the record keeping and inventory requirements of federal law and in conformance with additional regulations adopted by the board. (§ 4 ch 45 SLA 1982)

Cross references. — For penalty for furnishing false or fraudulent information in or omitting material information from records required to be kept under this chapter, see AS 11.71.040(a)(8). For penalty for failure to make, keep, or furnish records required by this chapter, see AS 11.71.050(a)(4).

Sec. 17.30.070. Order forms; prescriptions. (a) A controlled substance may be distributed by one registrant to another registrant only if the distribution is in accordance with federal requirements for order forms.

(b) A controlled substance may not be dispensed by a practitioner other than in accordance with federal requirements regarding prescriptions for controlled substances.

(c) If the classification of a controlled substance in a schedule set out in AS 11.71.140 — 11.71.190, or by a regulation adopted in accordance with AS 11.71.120(a), is different from its corresponding classification under federal law, the requirements of (a) and (b) of this section are determined by the classification of the substance under federal law. (§ 4 ch 45 SLA 1982)

Cross references. — For penalty for failure to make, keep, or furnish order forms required under this chapter, see AS 11.71.050(a)(4).

Sec. 17.30.080. Unlawful administration, prescription and dispensation of controlled substances. A controlled substance classified under federal law or in a schedule set out in AS 11.71.140 — 11.71.190 or by regulations adopted in accordance with AS 11.71.120(a) may not be administered, prescribed, dispensed, or distributed other than for a medical purpose. (§ 4 ch 45 SLA 1982)

Article 2. Enforcement Forfeiture and Review Provisions.

Section

100. Cooperative arrangements
110. Forfeitures
130. Judicial review

Sec. 17.30.100. Cooperative arrangements. (a) The commissioner of public safety shall cooperate with other state and federal agencies in the discharge of their responsibilities pertaining to illicit traffic in controlled substances and in suppressing the abuse of controlled substances. Under this section, the powers of the commissioner of public safety include but are not limited to the following:

sale plus interest to the date of final disposition of the court proceedings become the subject of the forfeiture action.

(m) Property forfeited under this section other than controlled substances shall be disposed of by the commissioner of administration in accordance with applicable law. The commissioner of administration may

(1) destroy property harmful to the public;

(2) sell the property and use the proceeds for payment of all proper expenses of the proceedings for forfeiture and sale, including expenses of seizure, custody, and court costs;

(3) take custody of the property and authorize its use in the enforcement of this chapter or AS 11.71, or transfer it to another agency of the state or a political subdivision of the state for a use in furtherance of the administration of justice;

(4) take custody of the property and remove it for disposition in accordance with law; or

(5) forward it to the Drug Enforcement Administration of the United States Department of Justice for disposition.

New (6) would be inserted

(n) Upon a showing that a claimant is entitled to remittance in accordance with this section, the court shall order that

(1) if the claimant is entitled to the item, it shall be delivered to the claimant immediately;

(2) if the claimant is entitled to remittance of some value less than the total value of the item, the claimant is entitled, at the claimant's choice, to receive either the value of the claimant's interest or, upon receipt of payment of the difference in value by the claimant, the entire item.

(o) An offender who used an item subject to remission in violation of this chapter or AS 11.71 shall be assessed a fine which may not be less than the cost of any lien payment or remittance made by the state plus the reasonable costs of the seizure.

(p) A controlled substance manufactured, possessed, transferred, sold, or offered for sale in violation of this chapter or AS 11.71 is contraband and must be seized and summarily forfeited to the state. The commissioner of public safety or the commissioner's designee, including a municipal law enforcement agency authorized under (e) of this section to retain custody of controlled substances, is responsible for the disposal of controlled substances which have been forfeited. The controlled substances shall be disposed of in accordance with procedures and requirements prescribed by the commissioner.

(q) Plants from which controlled substances may be derived and which have been planted or cultivated in violation of this chapter or AS 11.71, or which are grown in the wild, may be seized and summarily forfeited to the state. (§ 4 ch 45 SLA 1982)

Cross references. — For penalty for failure to furnish notification required under this chapter, see AS 11.71.050(a)(4).

Representative Mike Davis, Dist. 19
Pouch V
Juneau, AK 99811

February 28, 1983

Dear Mike:

The following question was asked of several Fairbanks pilots: "If Alaska Statutes were amended to permit the Civil Air Patrol in our state obtain title to some of the aircraft that were confiscated, such as by game or drug violations, would you be in favor of such an amendment?"

Tom Olson, owner of Air North, "No question about it, it's the best idea I've heard for those airplanes yet."

Bob Bursiel, pilot Wright's Air Service, "I would be in favor of anything that would help the Civil Air Patrol obtain more and better aircraft."

Randy Acord, Private pilot, owner Acord Company, "Sure, you bet, in fact lets get a petition going around on it."

Mark Davis, Auto mechanic, "It's a great idea."

Larry Soden, Private pilot, (DOT/PF Planning), "You bet, I can't think of a better use for those airplanes. I would definately support the Civil Air Patrol getting them. It would be much cheaper than our Dept. of military Affairs having to buy planes."

Joe Ryan, Flight Instructor "Have you got a petition, let me sign it."

Paul Haggland, Fbks Int't Airport, Airport Manager, "The Troopers seem to have enough, and as long as the Civil Air Patrol doesn't get plane happy, I can't see anything wrong with the proposed amendment. In fact it should save the state some money."

Roger Mayer, pilot Aurora Air Service, vice president or the co. "I'm all for it, it would be a good shot in the arm for a worthwhile cause."

Jim Largen, Aurora Air, chief pilot. "I think it would be a pretty good idea, I would go for it. The CAP teaches kids how to fly, and there's going to be a time soon when we come up short on pilots--let those Cadet kids learn, they are our future pilots."

Glen Wilcox, commander Yukon Senior Squadron, Fairbanks CAP. "There is a continued need for servicable aircraft, and since the Civil Air Patrol is a volunteer and public organization with a state wide mission, it would be appropriate to have these aircraft available to the Civil Air Patrol."

-MORE-

Bob Cowgill, pilot Larry's Flying Service. "It's a pretty good idea. The Civil Air Patrol shouldn't have to be going into all these fund raising projects for planes. That way good airplanes can then be put into more places within the state."

Dan Slaby, Minto, former Doyon executive, and owner of Alaska Management Planning. "Super idea, put me on that list."

Everett Long, "After the last search and rescue mission we had with the Troopers, I can see how the state would have saved a lot of money by not having to use so many private pilots. When those aircraft become part of Civil Air Patrol---the Air Force pays the fuel bills. And more important, since we have the pilots and few airplanes, we could have sent more experienced search crews out. This would be true for any mission.

It's not like the state looses that plane, if this amendment passes, but it's more like investing those planes back into the state."

From:
Everett A. Long
Box 1
Ester, Ak
479-2618

ALASKA STATE LEGISLATURE

INTERIM OFFICE:
P.O. BOX 81435
FAIRBANKS, ALASKA 99708

IN SESSION:
POUCH V
JUNEAU, ALASKA 99811
(907) 465-4930/4941

CHAIRMAN
1983 INTERIOR DELEGATION

MEMBER
TRANSPORTATION
HEALTH, EDUCATION AND SOCIAL SERVICES
LABOR SUBCOMMITTEE
JOINT OIL AND GAS
RURAL EDUCATION ATTENDANCE AREAS

Representative Mike Davis
House District 19

Aircraft Forfeited by the Courts Since Statehood

9 Supercubs: 3 went to the Department of Public Safety
2 went to the Department of Fish & Game
2 are in storage pending a final decision
1 was sold by bid several years ago
1 was torn apart for parts

1 Cessna 185: went to the Department of Public Safety

1 Cessna 180: transferred to the University of Alaska for use in training after some parts had been removed

1 Cessna 170B: sold by bid several years ago

Three airplanes presently have a questionable status in that the planes have been seized but not forfeited. These airplanes are:

1 Supercub
2 Cessna 185s

HB 195 "An Act permitting transfer of forfeited aircraft to the Alaska Wing, Civil Air Patrol."

Analysis and Background

House Bill 195 would amend the statutes in two places to make it possible for the state to turn over aircraft, forfeited to the state in connection with crimes, to the Civil Air Patrol.

Section 1. addresses aircraft forfeited in fish and game violations, while Section 2. deals with aircraft forfeited in drug-related offenses.

Because CAP corporate rules require that any equipment donated to the CAP become property of the corporation, and may be disposed of as the directors see fit, it may be a concern of the state that equipment donated by the state should remain in the state. The CAP is a national organization, and its directors may place equipment wherever they determine its best use to be. This has evidently caused some consternation with the Department of Military Affairs regarding radio equipment; additionally, the CAP has apparently upset the federal government by selling 10 airplanes given to them by the feds.

Currently the department of Administration may dispose of an aircraft by either selling it, or by transfering it to a department of state government for official use. An example of this would be the transfer of several aircraft to fish and wildlife protection for their use in enforcing fishing and hunting regulations.

This avenue could be used to make the aircraft available to the CAP by transfering it to the Department of Military Affairs. However, according to Dick Roundtree of that department, a problem would arise in regard to volunteer, non-state employees using a piece of state-owned equipment. The liability of the state makes it increasingly unattractive to use this route, and Roundtree said it would be better to simply give the aircraft over to the CAP.

MAR 2 1983

STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

ROBERT J. SUNDBERG
COMMISSIONER

DEPARTMENT OF PUBLIC SAFETY

DIVISION OF FISH & WILDLIFE PROTECTION

P. O. BOX 6188, ANNEX
ANCHORAGE, ALASKA 99502

February 18, 1983

Representative John Ringstad
Chairman, House Resources Committee
State Capitol
Pouch V
Juneau, Alaska 99811

Dear Representative Ringstad:

I would like to present the following position which the Division of Fish and Wildlife Protection, Department of Public Safety holds with regard to the subsequent House Bill under proposal:

HB 195 - Neutral

This Bill should be carefully researched to insure Alaska constitutional provisions and procedures are not by-passed in the transfer of State property.

The majority of aircraft forfeited to the State are in the cub class, which may not be the appropriate plane for civil air patrol. Most aircraft that have been forfeited to the State in the past have needed extensive repair in order to be airworthy. This would require facilities or funds for putting an aircraft in an airworthy condition. The State should not be held liable for the condition of the aircraft at the time of transfer of ownership.

Sincerely,

Robert J. Sundberg
Commissioner

12-L12LH

MAR 2 1983

STATE OF ALASKA
PRELIMINARY STATEMENT OF FISCAL IMPACT

Bill No: HB 195 Date on Bill: 2/14/83
Title: an act permitting transfer of forfeited aircraft to the Alaska wing, Civil Air Patrol.
Sponsor: Davis, Hurlbert & McBride
Requestor: HOUSE RESOURCES

1. Estimated fiscal impacts on:

a. Expenditures:

(Thousands of Dollars)

			FY 83	FY 84	FY 85	FY 86		
Capital								
Operating								
Total			0	0	0	0		

b. Revenues:

Revenue			0	0	0	0		

2. Source of funds to offset fiscal impact of bill:

3. Assumptions:

No fiscal impact

4. Disclaimer:
This statement has not been reviewed by the OMB in the Office of the Governor. It therefore does not represent the final estimate of fiscal impact.

Prepared By: Colonel Robert J. Stickles Phone: 269-5532
Division: Fish & Wildlife Protection Date: Feb. 18, 1983

Approved by Commissioner: [signature] Date: 2/26/83
Department: PUBLIC SAFETY

5. Distribution:
Original to Legislative Finance
Copy to OMB
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2/15/83

Alaska State Legislature

INTERIM OFFICE:
1024 WEST SIXTH AVENUE
ANCHORAGE, ALASKA 99501
(907) 274-2843
HOME (907) 274-3102

IN SESSION:
POUCH V
JUNEAU, ALASKA 99811
(907) 465-4947

HOUSE MAJORITY WHIP
CHAIRMAN
STATE AFFAIRS
MEMBER
TRANSPORTATION
LEGISLATIVE COUNCIL

Representative Mitch Abood
HOUSE DISTRICT 11

MEMORANDUM

TO: Representative John Ringstad, Co-Chairman
Representative Richard Shultz, Co-Chairman
House Resources Committee

FROM: Representative Mitch Abood *Mitch*

DATE: March 1, 1983

RE: HB 195
"An Act permitting transfer of forfeited aircraft to the Alaska Wing, Civil Air Patrol"

The Civil Air Patrol is providing a great service to the public in its search and rescue efforts, and the transfer of confiscated aircraft to the Civil Air Patrol would tremendously benefit this outstanding operation.

The Civil Air Patrol provides emergency search and rescue services to those individuals who wind up in trouble in the vast outlying areas of Alaska. Because of the age of the aircraft and the great number of hours the CAP spends on search and rescue efforts, it is imperative that the aircraft and equipment used in service be replaced periodically to insure the utmost in safety of the operations. The CAP is currently replacing its aircraft with funds of their own, and the process is quite lengthy in their efforts to procure new aircraft from Outside.

It is with this in mind that I highly recommend the passage of HB 195, "An Act permitting transfer of forfeited aircraft to the Alaska Wing, Civil Air Patrol".

cc: Representative Mike Davis

STATE OF ALASKA
PRELIMINARY STATEMENT OF FISCAL IMPACT

Bill No: House Bill 195 Date on Bill: 2/14/83
Title: Transfer of Forfeited Aircraft to CAP
Sponsor: Davis, Hurlbert, and McBride
Requestor: Rep. Hurlbert

1. Estimated fiscal impacts on:

a. Expenditures:

(Thousands of Dollars)

			FY 83	FY 84	FY 85	FY 86		
Capital			-0-	-0-	-0-	-0-		
Operating			-0-	-0-	-0-	-0-		
Total			-0-	-0-	-0-	-0-		

b. Revenues:

Revenue								

2. Source of funds to offset fiscal impact of bill:

3. Assumptions:

No apparent fiscal impact.

4. Disclaimer:
This statement has not been reviewed by the OMB in the Office of the Governor. It does not represent the policy of the Sheffield Administration or the final estimate of fiscal impact.

Prepared By: Richard L. Rountree Phone: 465-4601
Division: Administrative Services Date: 2/16/83

Approved by Commissioner: Major General Edward G. Pagano Date: 2/16/83
Department: Military Affairs

Distribution:
Original to Legislative Finance
Copy to OMB
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2/8/83

STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

ROBERT J. SUNDBERG
COMMISSIONER

DEPARTMENT OF PUBLIC SAFETY

DIVISION OF FISH & WILDLIFE PROTECTION

P. O. BOX 6188, ANNEX
ANCHORAGE, ALASKA 99502

February 18, 1983

Representative Mike Davis
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Representative Davis:

The Division of Fish and Wildlife Protection is the primary agency within the Department of Public Safety that becomes involved in the seizure and subsequent forfeiture of aircraft. Neither the Division nor I see any problem with HB 195.

Sincerely,

Robert J. Sundberg
Commissioner

2-L12LH

HB

197

POSITION PAPER/Department of Health & Social Services

APR 23 1984

POSITION PAPER

SENATE BILL NO. 503

For an Act entitled: "An Act relating to hazardous wastes."

This Bill appears to be a necessary updating of existing statutes to enable the state to obtain federal approval of a state hazardous waste management program. The Bill also designates the Department of Environmental Conservation as the agency with exclusive jurisdiction to adopt and enforce regulations for the control of hazardous wastes in the state. Regulations adopted must be consistent with 42 U.S.C. 6924-6925 and with regulations adopted under those sections by the U.S. Environmental Protection Agency.

The Department is pleased to note the inclusion in AS 46.03.296(b) of transportation of hazardous wastes as liable to regulation. The Department is also gratified to note the inclusion of civil and criminal penalty provisions in the legislation.

The Department of Health and Social Services recognizes the need for this legislation at this time and looks forward to a cooperative relationship with the Department of Environmental Conservation in reviewing proposed regulations for their impact on the health of the people of the state.

Recommended by: E.S. Rabeau, M.D.

E.S. Rabeau, M.D.
Director
Division of Public Health

Date: April 16, 1984

Approved by: Robert London Smith

Robert London Smith, Ph.D.
Commissioner
Department of Health
and Social Services

Date: 4/18/84

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date 4/18 , 1984

REQUEST
Bill/Resolution No.: SB 503
Title: Hazardous Wastes

Sponsor: Resource Committee
Requestor: Senate Resources
Date of Request: 4/17/84

II. FISCAL DETAIL
Agency Affected: Health & Social Servs.
Program Category Affected: Public Health

BRU, Program of Subprogram(s) Affected:
Public Health Administration

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LANDS & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
800 MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY	0	0	0	0	0	0

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for Analysis

Prepared By: Dean Tirador, M.D. Phone: 465-3090
Division: Public Health Date: 4/18/84

Approved by Commissioner: Robert London Smith, Ph.D. Date: 4/18/84
Agency: DHSS

Distribution (by Agency preparing fiscal note):
Legislativve Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)

12/1/83

Official Business

Alaska State Legislature
House Resources Committee
SIGN-IN APRIL 19, 1984

HB197
TOXIC WASTE

NAME	ADDRESS	PHONE	REPRESENTING
Jay Nelson	419 6th St Suite 328	6-2345	Ak Environ. Lobby

Alaska State Legislature
HOUSE OF REPRESENTATIVES
COMMITTEE ON RESOURCES

JOHN RINGSTAD, CO-CHAIRMAN
RICHARD SHULTZ, CO-CHAIRMAN
POUCH V
JUNEAU, ALASKA 99811
(907) 465-3715

SECTIONAL ANALYSIS

CSHB 197 (Resources)

Section 1: Rewrites the statute dealing with hazardous waste regulations. It provides that the Department of Environmental Conservation must adopt and enforce federal hazardous waste regulations adopted by the Environmental Protection Agency under the Resource Conservation and Recovery Act of 1976. The department has until July 1, 1986 to adopt additional regulations that would take effect a year later. Mining waste and various wastes associated with oil and gas drilling operations would not be covered by the regulations. The department is directed to take the steps necessary to get EPA approval for a state hazardous waste managment program. Regulations would cover only hazardous waste generated in amounts of 220 pounds per month or greater, and "acute hazardous waste" in amounts of 2.2 pounds per month or greater. These quantity limits are stricter than federal requirements, but if federal limits were to be made stricter than state limits, the department would be required to extend coverage to match federal requirements. The department, of course, could establish stricter standards at any time. Section 1 also provides that from July 1, 1986 through June 30, 1987 the department will conduct a program to inform effected persons of their responsibilities under the program.

Section 2. requires that anyone transporting hazardous waste in the state must first send a copy of a manifest to the department. The department then must send a copy of the manifest to all state and local public safety agencies in areas through which the waste will be transported.

Section 3. requires the department to set up temporary collection points four times a year to receive hazardous wastes from "small quantity generators" and from "household generators" as those terms are defined by the EPA.

Section 4 requires the department to pick sites for hazardous waste management facilities. These would include dumping sites as well as facilities for storage or treatment of hazardous waste. The section lists specific criteria to guide the department in its selections. These criteria are to be expanded upon in regulations adopted by the department not later than July 1, 1986. Those regulations also must set out application procedures for private parties who wish to run hazardous waste facilities. The department is authorized to approve private facilities if they are consistent with the requirements established for all facilities under the bill. Public hearings must be held in each election district where a facility is proposed to be located. The department has to report back to the legislature and the governor with a preliminary findings by July 1, 1987, and final site selections by July 1, 1989.

Sections 5 - 7 work together to establish separate civil penalties for hazardous waste violations of $500 to $100,000 for a violation, with an additional fine of up to $10,000 per day if the violation continues. Punitive fines may be imposed if necessary to deter further violations.

Section 8 sets out separate criminal penalties of up to $10,000 per day and up to one year imprisonment. These penalties are made applicable to organizations as well as individuals.

Section 9 defines certain terms added by the bill.

Section 10 provides an immediate effective date.

NOTE: the bill title could be amended back to the existing title, "An Act relating to hazardous waste; and providing for an effective date" since provisions dealing with penalties for violations of AS 46.03 not related to hazardous waste are no longer being changed by the bill, as they would have been by previous drafts of this committee substitute.

Committee

Jay Nelson - Env. — Generally Supports This Bill.
Oil Industry — Generally Supports This Bill.

IN THE HOUSE BY THE RESOURCES COMMITTEE

CS FOR HOUSE BILL NO. 197 (Resources)

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTEENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act relating to hazardous waste; changing penalties for environmental pollution violations; and providing for an effective date."

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

* Section 1. AS 46.03.299 is repealed and reenacted to read:

Sec. 46.03.299. REGULATION OF HAZARDOUS WASTE. (a) The department shall, in accordance with the Administrative Procedure Act (AS 44.62),

(1) adopt by reference and enforce regulations relating to hazardous waste management adopted by the federal government under 42 U.S.C. 6921 - 6934, as amended; and

(2) not later than July 1, 1986, adopt other regulations that take effect July 1, 1987, for the management of hazardous waste, including waste that exhibits the characteristic of toxicity, persistence, or carcinogenicity, or other characteristics identified as hazardous by the Environmental Protection Agency.

(b) Regulations adopted under (a) of this section shall exempt from their coverage mining waste and waste associated with the exploration, development, or production of crude oil, natural gas, or geothermal energy until studies required under 42 U.S.C. 6982(f) and (m) are completed. The department, after considering the findings in the reports of these studies, may terminate or amend the exemptions.

(c) The department shall take all actions necessary to receive authorization from the administrator of the Environmental Protection

Agency to administer and enforce a hazardous waste program in accordance with 42 U.S.C. 6901 - 6987 (Resource Conservation and Recovery Act of 1976).

(d) Regulations adopted under (a) of this section shall cover (1) hazardous waste, not otherwise exempted by law, that is generated in any month by a single generator in an amount of 220 pounds or more, and (2) acute hazardous wastes identified in 40 C.F.R. 261.33(e), not otherwise exempted by law, that are generated in any month by a single generator in an amount of 2.2 pounds or more. The department shall extend the regulations to manage smaller quantities of hazardous waste if the quantities specified in this subsection exceed the quantities regulated under the authority of 42 U.S.C. 6921 - 6934, as amended. The department may at any time extend coverage of regulations adopted under (a)(2) of this section to small quantities of hazardous waste and acute hazardous waste.

(e) During the period July 1, 1986 through June 30, 1987 the department shall conduct a program to inform persons of their responsibilities under regulations adopted under (a)(2) of this section.

* Sec. 2. AS 46.03.308 is repealed and reenacted to read:

Sec. 46.03.308. TRANSPORTATION OF HAZARDOUS WASTE. (a) Hazardous waste may not be transported in the state unless the waste is accompanied by a manifest and the generator or transporter has delivered a copy of the manifest to the department before the transportation begins.

(b) The department shall send a copy of each manifest received under (a) of this section to the state and local public safety agencies with jurisdiction over areas covered by a hazardous waste transportation route.

* Sec. 3. AS 46.03 is amended by adding a new section to read:

Sec. 46.03.309. TEMPORARY COLLECTION OF HAZARDOUS WASTE. The department shall provide for the temporary collection of hazardous waste to be prepared for shipment to a federally approved hazardous waste disposal site. The department shall establish four periods in each calendar year during which it shall collect hazardous waste. A collection point may accept hazardous waste only from small quantity generators and household generators as defined by the Environmental Protection Agency.

* Sec. 4. AS 46.03 is amended by adding new sections to read:

Sec. 46.03.313. HAZARDOUS WASTE MANAGEMENT FACILITIES AND SITES. (a) The department shall evaluate and select potential sites for hazardous waste management facilities in the state. In evaluating and selecting sites for management facilities, the department shall consider at least the following factors:

(1) economic feasibility, including proximity to concentrations of generators of the types of hazardous waste likely to be proposed and permitted for management;

(2) intrinsic suitability of the sites;

(3) federal and state pollution control and environmental protection regulations;

(4) the risk and effect for local residents, units of government, and the local public health, safety, and welfare, including such dangers as an accidental release of waste during transportation to a facility or at a facility, water, air, and land pollution, and fire or explosion;

(5) the consistency of a facility with, and its effect on, existing and planned local land use and development; local laws, ordinances, and permits; and local public facilities and services; and

(6) the adverse effects of a facility at the site on agri-

culture and natural resources and opportunities to mitigate or eliminate the adverse effects by stipulations, conditions, and requirements relating to the design and operation of a management facility at the proposed site.

(b) By July 1, 1986, the department shall adopt regulations that

(1) interpret and clarify the factors listed in (a) of this section; and

(2) establish procedures for processing, reviewing, and approving or disapproving applications for the siting and operation of privately owned hazardous waste management facilities.

(c) The department may authorize the siting and operation of privately owned hazardous waste management facilities in accordance with factors and requirements established under this section.

(d) The department shall hold public hearings in each election district in which a hazardous waste management facility site is proposed to be located. The department shall give reasonable public notice of the time, date, and place of each public hearing at least 30 days before the hearing. The public shall be afforded an opportunity at each hearing to submit written and oral testimony concerning a potential site. The department shall consider the testimony submitted at public hearings when it prepares reports under AS 46.03.314.

(e) For purposes of this section, "intrinsic suitability" of a site means that, based on existing data on the inherent and natural attributes, physical features, and location of the site, there is no known reason why a waste management facility that may be located in the site could not reasonably be expected to qualify for a permit under AS 46.03.302.

Sec. 46.03.314. REPORTS ON MANAGEMENT SITES AND FACILITIES. (a) Not later than July 1, 1987, the department shall submit to the gover-

nor and the legislature a preliminary report that includes

(1) proposals for the siting of hazardous waste management facilities in the state;

(2) proposals for the methods of financing and operating the facilities;

(3) proposals for the types of facilities that should be constructed, such as chemical processing facilities, incineration facilities, and transfer and storage facilities; and

(4) information about private hazardous waste management sites and facilities approved by the department.

(b) Not later than July 1, 1989, the department shall submit to the governor and the legislature a final report that includes

(1) identification of sites selected by the department for hazardous waste management facilities;

(2) recommendations for the methods of financing and operating facilities at the sites listed in (1) of this subsection;

(3) recommendations for the types of facilities that should be constructed at sites listed in (1) of this subsection; and

(4) information about private hazardous waste management sites and facilities approved by the department.

* Sec. 5. AS 46.03.760(a) is amended to read:

(a) A person who violates or causes or permits to be violated a provision of this chapter <u>other than AS 46.03.250 - 46.03.314, or a provision of</u> [OR] AS 46.04, or a regulation, a lawful order of the department, or a permit, approval, or acceptance, or term or condition of a permit, approval, or acceptance issued under this chapter or AS 46.04 is liable, in a civil action, to the state for a sum to be assessed by the court of not less than $500 nor more than $100,000 for the initial violation, nor more than $5,000 for each day <u>after that</u>

[THEREAFTER] on which the violation continues, and that [WHICH] shall reflect, when applicable,

(1) reasonable compensation in the nature of liquidated damages for any adverse environmental effects caused by the violation, that [WHICH] shall be determined by the court according to the toxicity, degradability and dispersal characteristics of the substance discharged, the sensitivity of the receiving environment, and the degree to which the discharge degrades existing environmental quality;

(2) reasonable costs incurred by the state in detection, investigation, and attempted correction of the violation; [AND]

(3) the economic savings realized by the person in not complying with the requirement for which a violation is charged.

* Sec. 6. AS 46.03.760(b) is amended to read:

(b) Except as determined by the court under (f)(4) of this section, actions [ACTIONS] under this section may not be used for punitive purposes, and sums assessed by the court must be compensatory and remedial in nature.

* Sec. 7. AS 46.03.760 is amended by adding a new subsection to read:

(f) A person who violates or causes or permits to be violated a provision of AS 46.03.250 - 46.03.314, or a regulation, a lawful order of the department, or a permit, approval, or acceptance, or term or condition of a permit, approval, or acceptance issued under AS 46.-03.250 - 46.03.314 is liable, in a civil action, to the state for a sum to be assessed by the court of not less than $500 nor more than $100,000 for the initial violation, nor more than $10,000 for each day after that on which the violation continues, and that shall reflect, when applicable,

(1) reasonable compensation in the nature of liquidated damages for any adverse environmental effects caused by the violation,

that shall be determined by the court according to the toxicity, degradability and dispersal characteristics of the substance discharged, the sensitivity of the receiving environment, and the degree to which the discharge degrades existing environmental quality;

(2) reasonable costs incurred by the state in detection, investigation, and attempted correction of the violation;

(3) the economic savings realized by the person in not complying with the requirement for which a violation is charged; and

(4) the need for an enhanced civil penalty to deter future noncompliance.

* Sec. 8. AS 46.03.790 is amended to read:

Sec. 46.03.790. CRIMINAL PENALTIES. (a) Except as provided in (d) - (f) of this section, a [A] person who negligently violates [OR WHO CAUSES OR PERMITS A VIOLATION OF] a provision of this chapter or AS 46.04, or of a regulation, lawful order of the department, or permit, approval, or acceptance, or term or condition of a permit, approval, or acceptance issued under this chapter or AS 46.04 is guilty of a class B misdemeanor.

(b) Except as provided in (d) - (f) of this section, a [A] person who knowingly [WILFULLY] violates a provision of this chapter or AS 46.04, or of a regulation, lawful order of the department, or permit, approval, or acceptance, or term or condition of a permit, approval, or acceptance issued under this chapter or AS 46.04 is guilty of a class A misdemeanor.

(c) Each day on which a violation described in [(a) OR (b) OF] this section occurs is considered a separate violation.

(d) Notwithstanding (a) and (b) of this section, a [A] person who fails to provide or falsely states information required under AS 46.03.755 or AS 46.04 is guilty of a misdemeanor and, upon convic-

tion, is punishable by a fine of not more than $25,000, or by imprisonment for not more than one year, or by both. Each unlawful act constitutes a separate offense.

(e) Notwithstanding (a) and (b) of this section, a person who knowingly (1) transports any hazardous waste to a facility without a permit required under AS 46.03.250 - 46.03.314; (2) treats, stores, or disposes of hazardous waste without a permit required under AS 46.-03.250 - 46.03.314; or (3) makes a false statement or representation in an application, label, manifest, record, report, permit, or other document filed, maintained, or used for purposes of compliance with the hazardous waste provisions of AS 46.03.250 - 46.03.314 or regulations adopted under those provisions, is punishable by a fine of not more than $10,000 per day or by imprisonment for not more than one year, or both.

(f) Notwithstanding the penalty provisions of (a) - (e) of this section, a defendant that is an organization is, upon conviction of a violation of any of the provisions listed in this section, subject to the penalties set out in AS 12.55.035(c).

* Sec. 9. AS 46.03.900 is amended by adding new paragraphs to read:

(36) "mining waste" means solid waste from the extraction, beneficiation and processing of ores and minerals, including coal, and including phosphate rock and overburden from the mining of uranium ore;

(37) "waste associated with the exploration, development, or production of crude oil, natural gas, or geothermal energy" means

(A) waste, including drilling mud, cuttings, hydrocarbons, brine, acid, sand, and emulsions or mixtures of fluids produced from and unique to the operation or maintenance of a well, whether naturally occurring or added for the operation or

productivity of the well; and

(B) waste that is derived intrinsically from primary field operations;

(38) "waste derived intrinsically from primary field operations" means waste produced from a well, and removed (A) at the drill site by crude oil and wastewater treatment process; or (B) at crude oil production facilities before custody transfer; "waste derived intrinsically from primary field operations" does not include spent solvent from equipment maintenance activities, discarded chemical products, or fuel.

* Sec. 10. This Act takes effect immediately in accordance with AS 01.-10.070(c).

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: April 19, 1984

REQUEST
Bill/Resolution No.: CSHB 197
Title: Hazardous Waste...

Sponsor: House Resources
Requestor: Rep. John Ringstad
Date of Request: April 19, 1984

FISCAL DETAIL
Agency Affected: Environmental Conservation
Program Category Affected: NRMEC

BRU, Program or Subprogram(s) Affected:
Environmental Quality

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING		6-month				
100 PERSONAL SERVICES		65.9	131.7	131.7		
200 TRAVEL		16.0	16.0	16.0		
300 CONTRACTUAL		8.4	16.8	16.8		
400 SUPPLIES		2.0	4.0	4.0		
500 EQUIPMENT		13.6	3.2	3.2		
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING		105.9	171.7	171.7		
CAPITAL		480.0	--	--		
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND		585.9	171.7	171.7		
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME		3.0	3.0	3.0		
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: Stanley W. Hungerford
Phone: 465-2666
Division: Environmental Quality
Date: April 19, 1984

Approved by Commissioner: Christopher Noah
Date: April 19, 1984
Agency: Environmental Conservation
Deputy Commissioner

Distribution (by Agency preparing fiscal note):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)

12/1/83

ANALYSIS of FISCAL NOTE
CSHB 197 AMENDED
April 19, 1984

A. Details of the costs for recommending the site and type of state owned/sponsored hazardous waste management facility.

Assumptions:

a) The project will take six to seven years to complete through contracts managed by the Department of Environmental Conservation.

b) In the first year, develop the specific details of siting criteria, the appropriate types of facilities to be evaluated based on industries regulated and types of waste, and five or more general areas for evaluation.

In the second and third years, identify five potential sites, the type(s) of facility to be located at each, and begin physical evaluations of the sites. (75.0 each year)

c) In the next three to four years, conduct detailed evaluations of the five sites, including such parameters as meteorology, geology, hydrology, access, and socioeconomic factors. The cost could range from 500.0 to 2 million per site - an average of 1.25 million is estimated to justify each site to the public. Excess funds would be reserved for the design of the facility after approval of the site by the governor and legislature. (To be included in a fiscal note in 1986 audit cycle.)

d) In the sixth/seventh year conduct the public review of at least two sites. (50.0)

e) Prepare recommendation for the governor and legislature.

f) No inflation of costs or salaries.

Staffing Needs:

1	Environmental Engineer	(Range 19)	50.0 plus support costs
1	Administrative Assistant	(Range 12)	21.7 plus support costs

B. Details of the costs for a collection and transportation service for disposal of hazardous wastes from small quantity generators and households.

Assumptions:

a) The project will be for at least three and one half years.

b) There will be "cleanups" in four or more cities per year. (85.0 per year)

c) No inflation of transportation or disposal costs.

d) An agressive program of technical assistance to the small quantity generator to assure conformance to RCRA (Applicable Federal Hazardous Waste regulations)

e) A comprehensive public information campaign each year to maximize legal collection and disposal of hazardous wastes.

f) Analysis of the types, quantities and sources of hazardous wastes to provide information for the state hazardous waste facility siting project.

g) Site for the collection activity and security will be provided by local government.

Staffing needs:

- 1 Environmental Engineer III (Range 19) 50.0 plus support costs

C. Details of the estimated support costs for four positions.

	1st year	2nd & 3rd years
Travel Costs:		
Moving costs -- of the 2 Environmental Engineer IIIs: the department has found that the specialized expertise required cannot be found in Alaska.	12.0	--
Travel in support of project work (technical assistance and public information)	3.0	12.0
Travel to meet with contractors, local governments, public meetings	1.0	4.0
Contractual Costs:		
Office costs (5.6 per person -- telephone, xerox, janitor)	8.4	16.8
Supplies:		
Replace expendable laboratory, safety materials	--	2.0
Office	2.0	2.0
Equipment:		
Office equipment (desks, chairs, word processor)	5.1	--
Safety equipment and replacements	8.5	3.2

HB

206

Proposed amendment to HB 206

Page 1, line 10:

Delete [IS NOT REQUIRED OF]

Insert in its place: shall be issued without fee to

Page 1, line 12:

Following "one year", delete the remainder of the bill.

Section 1 of the bill would then read:

*Section 1. AS 16.05.400(b) is amended to read:

(b) A sport fishing, hunting or trapping license shall be issued without fee to [IS NOT REQUIRED OF] a resident who is 60 years of age or older [MORE] and has been a resident for one year [30 CONSECUTIVE YEARS OR MORE. THE COMMISSIONER OF REVENUE SHALL ISSUE A PERMANENT IDENTIFICATION CARD WITHOUT CHARGE TO PERSONS WHO QUALIFY BY AGE AND RESIDENCE AND WHO COMPLETE THE FORMS REQUIRED BY THE COMMISSIONER FOR IMPLEMENTATION OF THIS SUBSECTION. A PERSON WHO IS ISSUED A PERMANENT IDENTIFICATION CARD UNDER THIS SUBSECTION SHALL HAVE IT IN HIS POSSESSION WHILE SPORT FISHING, HUNTING OR TRAPPING].

HOUSE RESOURCES COMMITTEE OBSERVER/WITNESS SIGN-UP SHEET

HB 206

DATE: MAR 2, 83 SPONSOR: LACHER, ET. AL

SUBJECT(S): SPORT LICENSES FOR OLDER ALASKANS

NAME	REPRESENTING	ADDRESS	PHONE	Observer	Witness	For	Against
Jack Gerard	Self	325 Highland DRIVE	586-3626				X
Bob Hinman	ADF&G	JNU	465-4190				
Jon Stoefer	Older Alaskans Com	Pouch C MS0209	465-3250			X	
Rep Barbara Lacher							
Dennis Kelso	Act. Deputy Commnr ADF&G						
Mike Dorn							

STATE OF ALASKA
PRELIMINARY STATEMENT OF FISCAL IMPACT

Bill No: CS HB 206 Date on Bill: 3/4/83
Title: "An Act providing for free sport fishing, hunting and trapping licenses for older Alaska
Sponsor: House Resources
Requestor: House Finance Committee

1. Estimated fiscal impacts on:

a. Expenditures:

(Thousands of Dollars)

			FY 83	FY 84	FY 85	FY 86		
Capital								
Operating								
Total			-0-	-0-	-0-			

b. Revenues:

Revenue								

2. Source of funds to offset fiscal impact of bill:

This information has not been furnished by sponsors. There is no fiscal impact on the Older Alaskans Commission.

3. Assumptions:

4. Disclaimer:
This statement has not been reviewed by the OMB in the Office of the Governor.

Prepared By: Jon B. Wolfe, Executive Director Phone: 465-3250
Division: Older Alaskans Commission Date: 3/11/83

Approved by Commissioner: Edward Amstutz for Conrad Prudhoe Date: 3/15/83
Department: Administration

5. Distribution:
Original to Legislative Finance
Copy to OMB
Copy to Sponsor
Copy to Requestor

2/8/83

Alaska State Legislature

REPRESENTATIVE
BARBARA LACHER
P.O. BOX 478
PALMER, ALASKA 99645
(907) 376-4215

WHILE IN JUNEAU
POUCH V
JUNEAU, ALASKA 99811
(907) 465-4894

House of Representatives

M E M O R A N D U M

DATE: February 25, 1983

TO: House Resources Committee

FROM: Representative Barbara Lacher

SUBJECT: HB206

HB206 will reduce the residency requirement for senior citizens to obtain a free hunting, fishing, or trapping license. Currently, people 60 years old and over are required to have been Alaska residents for 30 consecutive years or more to qualify for this. HB206 would reduce that requirement to one year of residency.

This action has been requested by senior citizens in my district. Rose Palmquist, of the Older Persons Action Group and a Mat-Su Borough Assembly person, has also supported this move.

Additionally, the bill is in keeping with the legislature's need to look at ensuring the constitutionality of the residency requirements of its programs.

There will be a fiscal impact, as the Department of Revenue issues a free permanent identification card to qualified individuals who apply for this license. The number of people who would qualify will greatly increase if the residency requirement is reduced. Fiscal impact has been requested of the Departments of Revenue and Fish and Game.

STATE OF ALASKA
PRELIMINARY STATEMENT OF FISCAL IMPACT

Bill No: HB 206 Date on Bill: 2/16/83
Title: "An Act relating to sport fishing, hunting & trapping for older Alaskans"
Sponsor: Lachner, Larson, Uehling, Furnace and Lindauer
Requestor: Representative Lachner

1. Estimated fiscal impacts on:

a. Expenditures:

(Thousands of Dollars)

			FY 83	FY 84	FY 85	FY 86		
Capital								
Operating								
Total								

b. Revenues:

Revenue			-	64.6	137.0	145.2	154.0	

2. Source of funds to offset fiscal impact of bill:

General Fund - in light of declining General Fund revenue this may be very difficult.

3. Assumptions: Based on calculations from the Department of Revenue using calendar 1981 actual license sales, would cause the following lost revenue:

	FY 84	FY 85	FY 86	FY 87
Sport Fish fund	18.2	38.5	40.8	43.4
Game fund	14.1	30.0	31.8	33.6

These numbers are based on percentage of total population who purchased licenses which did not account for the free licenses already established for that age group. We estimate, therefore, that Reveue's numbers should be at least doubled. Even at this, the dollar amounts are probably very conservative.

4. Disclaimer:
This statement has not been reviewed by the OMB in the Office of the Governor. It therefore does not represent the final estimate of fiscal impact.

Prepared By: Beverly Reaume Phone: 465-4120
Division: Administration Date: 2/28/83

Approved by Commissioner: Date: 3-1-83
Department: FISH AND GAME

5. Distribution:
Original to Legislative Finance
Copy to OMB
Copy to Sponsor
Copy to Requestor

2/15/83

STATE OF ALASKA
PRELIMINARY STATEMENT OF FISCAL IMPACT

Bill No: HB 206 Date on Bill: 2/16/83
Title: An act relating to sport fishing, hunting, and trapping licensing requirements
Sponsor: Lacher
Requestor: House Resources

1. Estimated fiscal impacts on:

a. Expenditures:

(Thousands of Dollars)

			FY 83	FY 84	FY 85	FY 86		
Capital								
Operating				6	1	1		
Total			-0-	6	1	1		

b. Revenues:

Revenue			-0-	(32)	(68)	(73)		

2. Source of funds to offset fiscal impact of bill:

3. Assumptions:
Three thousand is needed to initially design and print applications and the permanent I.D. card and to order enough laminating jackets for the fiscal year. Each subsequent fiscal year we will have the cost of additional laminating jackets. The equipment cost is for three laminating machines; one for the Public Services Counter in Anch., Fair., and Juneau. The travel expenditure is for the Records & Licensing Supervisor to go to the above and instruct the counter employees.

There will be losses to both the Sport Fish & Game Funds in each subsequent fiscal year.

We are recommending that this bill be amended to include an effective date of January 1, 84 because license changes traditionally take place at the beginning of a calendar year. If implemented in mid year, some licensees eligible would have purchased licenses.

4. Disclaimer:
This statement has not been reviewed by the OMB in the Office of the Governor. It therefore does not represent the final estimate of fiscal impact.

Prepared By: Mary Rehfeld Phone: 465-2300
Division: Commissioner's Office Date: 3/2/83

Approved by Commissioner: [signature] Date: 3/2/83
Department: Revenue

5. Distribution:
Original to Legislative Finance
Copy to OMB
Copy to Sponsor
Copy to Requestor

2/15/83

HB

232

HOUSE RESOURCES COMMITTEE OBSERVER/WITNESS SIGN-UP SHEET

DATE: April 11, 1983 SPONSOR: Rep. McBride

SUBJECT(S): HB 232

NAME	REPRESENTING	ADDRESS	PHONE	Observer	Witness	For	Against
Joseph M. Bueda							
Solomon D. Atkinson	Metlakatla	P.O. Box 8 Metlakatla	886-4441			✓	
Ed Ebach	DCED	Pouch D	465-2500				

HOUSE RESOURCES COMMITTEE OBSERVER/WITNESS SIGN-UP SHEET

DATE: April 11, 1983 SPONSOR:

SUBJECT(S): Greens Creek Briefing

NAME	REPRESENTING	ADDRESS	PHONE	Observer	Witness	For	Against
CR Wanamaker	SEALASKA	SUITE 400 SEALASKA BLDG JUNEAU ALASKA	586 1512	X			
DALE E. HENKINS	SELF	P.O. BOX 761 DOUGLAS	364-3129	X			
Sam Smith	Senior Project Engineer Noranda Mining	Box 2277 Juneau	789-4171	X			
P.W. RICHARDSON	Noranda Mining	" " "	" "	X			

HOUSE RESOURCES COMMITTEE OBSERVER/WITNESS SIGN-UP SHEET

HB 232

DATE: 5/2/83 SPONSOR: McBride

SUBJECT(S): HB 232 CHESTER LAKE

PLEASE FILL IN A COMPLETE ROW

NAME	REPRESENTING	ADDRESS	PHONE	Observer	Witness	For	Against
Jackie McBride	Dist. 1		465-4919		✓		
Solomon Atkerson	Metlakatla	P.O. Box 8	886-1121		✓	✓	

THE LEGISLATURE OF THE STATE OF ALASKA
THIRTEENTH LEGISLATURE

FISCAL NOTE

I. REQUEST
Bill/Resolution No. HB 232
Title Authorizing Chester Lake Hydro, approving project costs; efd
Requested by Rep Ringstad Date May 2, 1983

II. FISCAL DETAIL
Agency Affected Commerce & Economic Development - Alaaka Power Auth
Program Category Affected
BRU, Program, or Subprogram(s) Affected
(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS,CLAIMS,ETC.						
TOTAL		-0-	-0-	-0-		

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Source)						
		-0-	-0-	-0-		

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

IV. DATE May 2, 1983 PREPARED BY Rep. John Ringstad
AGENCY House Resources
PHONE 465-3715

Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)

33-001 (Rev. 12/82)

INITIAL ANALYSIS

HB 232 "An Act authorizing the Chester Lake Hydroelectric project and approving the project consttuction cost under AS 44.83.185(cO; and providing for an effective date

Section 1 authorizes the hydro project, and approves a construction cost of $13,200,000 under the provisions of AS 44.83.185(c), which is the subsection of the Alaska Power Authority chapter requiring legislative authorization of proposed power projects.

Section 2 provides an immediate effective date.

SUMMARY OF CHESTER LAKE HYDRO - METLAKATLA

The proposed Chester Lake Dam and hydro project would solve two problems for the Metlakatla Indian Community: replacement of a very dilapidated dam which is now the only water source for the community, and provide a much-needed source of energy.

The existing Chester Lake Dam has been labeled "hazardous, dangerous, and dilapidated" and is essential for storage and distribution of the Community's water source. Metlakatla is attempting to obtain a water and sewer construction grant (50% match) to replace this dam.

The community's power is currently provided by Purple Lake Dam which is rated at a capacity of 3 megawatts with an additional 3 megawatts provided by the Quarry Diesel Plant which has two generators rated at 1.5 megawatts each. This combination of hydro and diesel does not meet the criteria known as "prime power" and particularly during times of draught and low water flow, the community comes dangerously close to running short of power. With an additional 45 houses projected to be added to the community as well as the community college, trailer park, swimming pool, and church, power needs are going to become critical in the near future should there be a period of low water flow. Metlakatla is a community which is not easily connected to power supplies from other communities.

In 1977, Metlakatla contracted with R.W. Rutherford and Associates and their recommendation was to create a storage project as Chester Lake with a power capacity of 2 1/2 megawatts. Other alternatives which were looked at were adding additional diesel units and heating-oil-fired turbins.

In 1981, the legislature appropriated one million dollars for a feasibility study with the understanding that Metlakatla would enter into an agreement with the Alaska Power Authority to take over the contract. Because of its unusual legal status as an Indian Reservation, Metlakatla was exempted from the requirement of a Federal Energy Regulatory Commission license.

Of the one million dollars, $350,000 has been expended to produce a report entitled "Chester Lake Project Feasibility Report" prepared by Harza Engineering Company in May 1982 for the Alaska Power Authority and Metlakatla Power and Light. This report examines several alternatives including wood waste generation, Triangle Lake development, increasing the number of diesel generators and the Chester Lake water storage project. The report recommends the "run-of-river" alternative which is a lower-cost alternative for development of Chester Lake for hydro and water supply combined with utilizing the existing Purple Lake facility to be operated to provide extra water storage for periods of low-water flow. In addition, this recommendation calls for maintaining the existing diesel generation.

Metlakatla is proposing to construct a new concrete Arch Gravity Dam in the vicinity of the existing Chester Lake Dam with a steel primary main distribution tube connecting the existing completed portion of the system. This system services the entire Metlakatla Indian Community, the Annette Island Packing Company, the Annette Hemlock Mill and the Annette Island School District. This project will assure an adequate supply of uncontaminated potable water for the population of Metlakatla.

Assuming that Metlakatla is identified as a grant recipient for a water and sewer construction grant and receives 50% grant funds to construct a new water supply dam, additional funds will be required to complete the dam and to finance the Chester Lake Hydroelectric Project.

Of the one million appropriated in the FY 82 budget, $650,000 remains to be used for design work. State law, however, precludes the expenditure of funds for design work until authorizing legislation is passed for the entire project. The bill which has just been drafted by Representative McBride would accomplish this. In addition, Metlakatla has been awarded a 5 1/2 million dollar REA loan for 35 years. However, this money cannot be disbursed until sufficient financing has been allocated for the entire project. In the Governor's proposed FY 84 budget, $5,449,000 is proposed for Chester Lake Hydro Development. This, combined with the REA loan, would be sufficient to get the project underway this year. This would leave approximately 3.2 million to be appropriated by future legislatures unless, however, Metlakatla qualifies for a DEC construction grant to fund half the cost of the Water Supply Dam, which would reduce the amount of the project.

The Alaska Power Authority is preparing a detailed analysis of the project and will be sending it down to us this week. However, according to Brent Petrie of APA, the figure which was included in the bill ($13,200,000) is very close to the cost estimates they are developing.

CHESTER LAKE PROJECT

Annette Island, Alaska

Study Reveals Feasibility of 2.5 MW Hydro Project

Economic Source of Power For Metlakatla Power and Light

In November, 1981, Harza Engineering Company was retained by the Alaska Power Authority (APA) to conduct a feasibility study of the proposed Chester Lake Hydroelectric Project. Harza engineers and scientists worked closely with the APA project manager and Metlakatla Power and Light (MP & L) management. The study included:

- review and update of an existing Definite Project Report of 1977
- consideration of alternative developments of the Chester Lake resource
- consideration of other means of meeting the forecast electrical loads
- evaluation of the project on technical, economic, financial and environmental bases
- forecast of electrical load
- economic and financial analyses of alternative heating technologies

An exploratory drilling program was conducted by a Harza subcontractor, with a Harza geologist supervising the drilling, from mid-November to mid-December, 1981.

Electric Power History

Electric power to Metlakatla on Annette Island was first provided in 1927. Electrical generation consisted of the one unit, 150-kW Chester Lake Hydroelectric Project. In 1937 a second unit of 250-kW was added.

Two 1,000-kW units were installed at the Purple Lake Hydroelectric Project in 1956, and a third 1,000-kW unit was added in 1962. Chester Lake Hydroelectric Project then ceased operation. Its penstocks and powerhouse have since been abandoned, but the concrete dam continues to maintain Chester Lake at its present elevation of 845 for municipal water supply for Metlakatla (population approximately 1,000). A 1976 inspection found the dam to be in disrepair with substantial leakage, and replacement was recommended. Diesel powered generating units rated at 1,500-kW were installed at the Quarry Diesel Plant in 1967 and 1970.

Existing Chester Lake water supply dam. An inspection report favored replacement, and Harza recommended a new concrete arch-gravity dam downstream.

Alternative Projects Considered

Principal alternative projects identified were:

1) continued use of diesel generation
2) installation of additional capacity and raising the reservoir at the Purple Lake Hydroelectric Project
3) the Triangle Lake Hydroelectric Project on northeastern Annette Island
4) installation of a wood-fired steam-electric plant near Metlakatla

Diesel generation alternative would consist of continued use of two existing 1.5-MW diesel generators at the Quarry Diesel Plant. This alternative was ruled out because of the increasing cost of fuel.

The Purple Lake alternative was not economically feasible because additional generating capacity would not provide substantial new energy, and raising the reservoir would not be needed due to existing capability to regulate most of the available runoff.

Triangle Lake alternative would consist of a hydro project to develop the head between the lake and Hassler Harbor on the Revillagigedo Channel. It was not as attractive as Chester Lake because it would be more expensive.

Woodwaste generation alternative would generate power by using woodwaste produced by an existing sawmill to fuel a nearby steam-electric plant. Due to intermittent sawmill operations creating an unreliable source of fuel and the high cost of this energy, woodwaste generation was ruled a less favorable alternative to the others.

Economic Analysis

Economic analysis for the project is based on criteria established by the APA in accordance with State feasibility study regulations. A "base case" plan, a "preferred" plan and a "second most preferred" plan were developed.

The power market would continue to

be served by the existing Purple Lake Hydroelectric Project supplemented by diesel units under the base case plan. The preferred plan would be the Purple Lake Project supplemented by the Chester Lake Project. The second most preferred plan would be the Purple Lake Project supplemented by the Triangle Lake Project.

Recommended Project

Based on economic analyses, the recommended development is the 2.5-MW Chester Lake Project, which will serve residential, small commercial customers, and a sawmill.

Principal elements include:

- a concrete arch-gravity dam, across Waterfall Creek at the outlet of Chester Lake and downstream of the existing water supply dam, which will raise the lake level to El. 885, creating a reservoir with 4,180 acre-feet of live storage
- an uncontrolled spillway in the center of the dam with a design discharge capacity of 1,000 cfs
- a single-port intake and a gated emergency outlet conduit, located on the upstream face of the dam
- a 28-inch diameter penstock 2,800 feet long, connecting the intake to the powerhouse
- a powerhouse containing one Francis type turbine and a generator rated at 2,500-kW
- a substation, containing a step-up transformer built adjacent to the powerhouse, will transmit power to the Metlakatla Power and Light transmission system over a 12.5-kV wood pole transmission line 2,700 feet long

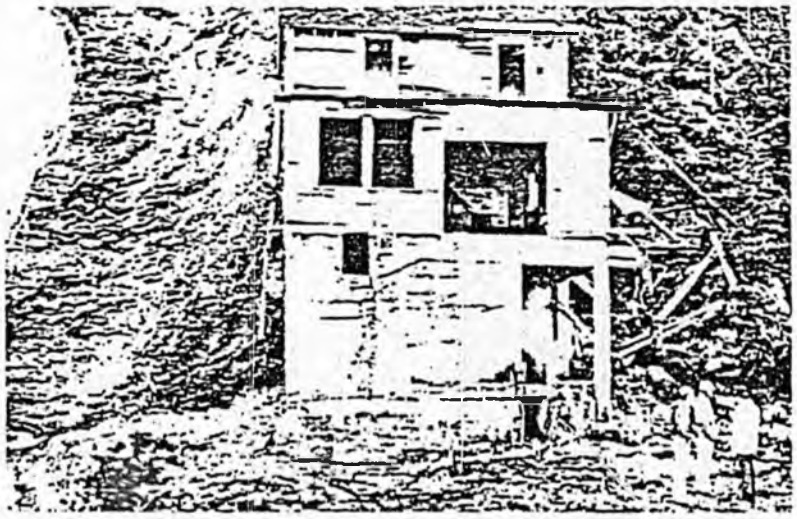
Cost of energy from the entire generation system and from the Chester Lake Project alone were estimated under four alternative financing plans and also computed for each of three alternative developments of Chester Lake and for the most likely and low load growth scenarios.

Environmental Aspects

In 1980, the REA conducted an environmental assessment on the Chester Lake Hydroelectric Project. Analysis of the air, water, and land resources in the affected area showed the project will have no significant effect on floodplains, wetlands, prime agricultural lands, threatened or endangered species, or known historical and archeological sites.

Project Financing

Project owner, MP & L, applied to REA for a loan for the project. The APA has also applied to the Alaska state legislature for a loan, and when financing is approved, project design can begin.



Inspection of abandoned Chester Lake powerhouse by Harza engineers. Feasibility study recommendation was for a new reinforced concrete powerhouse containing one unit rated at 2,500-kW.

Chester Lake proposed project area. The new dam, recommended in Harza's feasibility study, would be located at the outlet of the lake. Town of Metlakatla is in the background.

Chester Lake Project Highlights

Dates: Feasibility study, 1981
Key personnel: Project manager, K. Leonardson; lead civil engineer, G.J. Kocian; load forecasts and economic analysis, B. Trouille; geologists, D.D. Wilson, D.A. Frey.
Subcontractors: Exploratory drilling, Salisbury and Dietz, Inc., Spokane, WA. Surveying, Charles Pool and Associates, Inc., Ketchikan, AK.
Alaska Power Authority Contact: Brent N. Petrie.

division of budget and management shall include a recommendation to the governor and legislature for approval or disapproval of the project based on the division's review of the feasibility study and plan of finance for compliance with the requirements of AS 44.83.181(b) — (d).

(d) The report required by (c) of this section shall be prepared and submitted not later than 60 days after the feasibility study and plan of finance for a proposed project have been received by the division of budget and management.

(e) The report required by (c) of this section shall include a financial analysis of the proposed project of the authority that evaluates proposed bond resolutions or other financial arrangements or financial plans, security plans and arrangements, cost and demand uncertainties, and debt volume, as they relate to the total direct and indirect indebtedness of the state. In preparing the financial analysis required by this section the division of budget and management may use the services of outside agencies or institutions that are not otherwise involved in the project. (§ 24 ch 83 SLA 1980; am § 7 ch 133 SLA 1982)

Effect of amendments. — The 1982 amendment, effective June 25, 1982, added subsection (e).

Sec. 44.83.185. Submission to the legislature. (a) The authority shall submit a feasibility study and plan of finance for a proposed new project to the legislature. When the report of the division of budget and management examining the feasibility study and plan of finance is completed as required by AS 44.83.183, it shall be submitted to the legislature.

(b) The authority may not proceed with work on the engineering or design phase of a proposed new project for which legislative approval is required until the legislature approves the proposed new project. However, the authority may proceed with the engineering or design work necessary to meet the requirements for submission of a license application for the proposed new project to the Federal Energy Regulatory Commission without obtaining legislative approval of the proposed new project.

(c) The legislature shall consider and must approve all proposed new projects except proposed new projects that are exempt under AS 44.83.187. The legislature may approve a proposed new project only by enacting law that authorizes the project and approves a construction cost for that project. (§ 24 ch 83 SLA 1980; am § 8 ch 133 SLA 1982)

Effect of amendments. — The 1982 amendment, effective June 25, 1982, substituted "that authorizes the project and approves a construction cost for" for "authorizing" in the second sentence of subsection (c).

Project Title	Type	Location	Agency ID #	Elect Dist	Start Date	Complete Date
Chester Lake		Annete Island		5	7-1983	12-1986

Cash Flow		Operating Impact		First Op. Yr. 86	Ult. Annual Yr. 87
FY 84	5,449.0	Funding Source	Fed. Rec.		
FY 85	8,301.0		Gen. Fund		
FY 86	~~13,750.0~~		Other		
FY			Proj. Rev	9.50	100.00
FY			Total	9.50	100.0
FY		Positions (FTE)			
TOTAL	13,750.0				

Funding Information			Funding Information		
	Agency	FY	Gov. FY 84	FY	FY
1002	Fed. Rec.				
1004	Gen. Fund	5,449.0	5,449.0		
	G.O. Bonds				
	Total	5,449.0	5,449.0		
Priority:		Prior Year 83-10	Agency 84-10	Governor 84-8	

Special Features:	Phs of Several Phases	External Funding Source	Funds to Enable Completion	Contingent Upon Other Projects	Site Owned? ___ Access Available?	Utilities Available? ___
			X			

Project Description:

CHESTER LAKE PROJECT

COMMUNITY

The Chester Lake project would serve the community of Metlakatla on Annette Island which is about twenty miles to the southwest of Ketchikan. The U.S. Congress designated the island, the Annette Islands Reserve in 1891. The predominantly native citizens of Metlakatla did not elect to establish a village corporation to select and receive patent to their lands under the Alaska Native Claims Settlement Act, and now it is the only Indian reservation remaining in Alaska. Fishing, logging and timber processing are the major economic activities on the island. The community owned cannery and cold storage employ up to 260 people during the operating season. Logging on the island is done by contractors who employ mostly non-island residents. The lumber mill processes logs shipped from Thorne Bay on Prince of Wales Island, and in 1981-82 was modified to handle small logs for customer cutting. The mill can employ 140 people and run 2 shifts per day.

Project Justification:

NEED

Since 1976, energy demand in Metlakatla has fluctuate from year to year. During that period the lowest sales were 12,600 MWH in 1979, and a high sales figure of 14,900 MWH in 1980. The Purple Lake storage project has met most of the demand, and diesel generation has provided from 10% to 26% of annual needs depending on peaking needs and wate availability at Purple Lake. Over the last six years diesel has met an average of 19.7% of the electrical energ requirements. The entire community including the cannery, cold storage, and lumber mill are served by Metlakatla Power and Light. The industrial customers have diesels installed for emergency back-up only.

Several projects underway or completed in 1982 will change the energy demand picture from 1981. These changes are:

1. 24 new HUD houses are under construction and at least five (5) other homes have been completed.

35a PROPOSED PROJECT

Chester Lake Hydroelectric
Project Title

CATEGORY Power Development

AGENCY Alaska Power Authority

PROGRAM Energy Development

PROPOSED FUNDING YEAR FY 1984

Page 1 of 9

Revised Date

FY 84

000148

PROJECT DESCRIPTION (CONTINUED):

Federal government employment dropped drastically to about 20 employees with the departure of the U.S. Coast Guard air station in 1977. The state school district, with an average of 30 employees, and the local government, with about 80 full-time and temporary employees, are the major governmental employers.

The Metlakatla Indian Community has operated its own power system beginning in 1927 with the installation of a 150 KW unit Chester Lake hydroelectric project. In 1937 a second 250 KW unit was added. Development of the Purple Lake hydroelectric project was begun in the early 1950's and two 1,000 KW units began operation in 1956. A third 1,000 KW unit was added at Purple Lake in 1962. With the development of Purple Lake the 400 KW Chester Lake plant was decommissioned in 1956. The latest additions to the power system were two 1,500 KW diesel generators at the quarry diesel plant, the first in 1967, and the latest in 1970.

Studies to replace the diesel generation with hydropower began in the mid-1970's. A feasibility study of several sites contracted by the community was completed in 1977, and recommended redevelopment of Chester Lake. The community encountered delays in project licensing and funding which has led to substantial increases in project cost. The community has received an exemption to licensing from the Federal Energy Regulatory Commission (FERC), and has received a Corps of Engineers 404 permit to construct. The Rural Electrification Administration (REA) had authorized a $5,480,000 loan for the project but there was concern from the community and REA that this may not be sufficient. In 1981, the community requested

PROJECT JUSTIFICATION (CONTINUED):

2. The school district has completed construction of an electrically heated swimming pool with an installed peak heating demand of 2,600 KW. Average demand is estimated at 400 KW.

3. Docks have been installed within the new breakwater and lights and electrical hookups have been installed

4. The LPK spruce mill has installed equipment to handle small logs for dimension lumber which will increase consumption when operating.

5. The cultural center, which burned in 1981, is being rebuilt.

A highly probable planned addition within the next three years are plans of the cold storage to increase freezing capacity by 50%.

Installation of 36 HUD housing units are being planned for 1983, whereas the most likely forecast estimated 20 new residential customers for the period 1983-1985.

A less likely development that was included only under a high scenario was redevelopment of the existing buildings at the Annette airport for commercial use.

Metlakatla is unique for small rural Alaskan villages in that much of the space heating needs are met by electric resistance space heaters supplemented by wood stoves. As the result of energy audits and weatherization efforts underway in 1982, and an expectation that new housing will be more heavily insulated and use more efficient electrical

35b PROPOSED PROJECT (Continued)

Chester Lake
Project Title

CATEGORY POWER DEVELOPMENT

AGENCY ALASKA POWER AUTHORITY

PROGRAM ENERGY DEVELOPMENT

PROPOSED FUNDING YEAR FY 84

Revised Date

FY 84

000149

01 1142 17/82) 35b

PROJECT DESCRIPTION (CONTINUED):

construction funding through the Alaska Power Authority (APA). $1,000,000 was appropriated in SB 26 for "feasibility studies, preconstruction design, and engineering" of the Chester Lake project among others.

During late 1981 and early 1982, the Power Authority contracted for a detailed feasibility study update of the Chester Lake as well as investigation of other hydro and non-hydro alternatives to fulfill state requirements for feasibility studies in the event state financing might be utilized for the Chester Lake project. The alternatives considered are discussed under Item IV, "Alternatives."

PROJECT STATUS

Geotechnical field investigations began in November 1981, and concluded in mid-December. They were conducted under severely adverse conditions which included rain, snow, ice, 80 MPH winds, and freezing rain which glazed the drilling equipment and work areas. The geotechnical work concluded that the powerhouse site recommended in the 1977 report was not prudent to develop due to steeply residing talus deposts in the area and identified better rock conditions near the original 1927 powerhouse. Cores from the drilling work are now stored in a warehouse at the Annette airport.

A draft report was released in February 1982 and a public meeting was held in Metlakatla. The cost of the storage project alternative with road access to the new powerhouse location was estimated to cost about $14,000,000 in January 1982 dollars. This compared to a 1977 estimate for a slightly different project of about $3,600,000 in 1977 dollars. The 1977 estimates were likely low. Options to reduce capital costs were

PROJECT JUSTIFICATION (CONTINUED):

appliances per customer, per customer residential consumption was forecast to decrease under both low and most likely forecasts.

Low Forecast

YEAR	SALES (MWH)	PEAK LOAD (KW)	AVERAGE ANNUAL GROWTH RATE (SALES
1980	14,888	4,770	
1985	17,260	5,036	3.0%
1990	17,570	5,127	0.4%
2000	19,060	5,561	0.8%

Most Likely Forecast

YEAR	SALES (MWH)	PEAK LOAD (KW)	AVERAGE ANNUAL GROWTH RATE (SALES
1980	14,888	4,770	
1985	19,140	5,580	5.2%
1990	20,360	5,940	1.2%
2000	23,370	6,820	1.4%

A 50-year present worth analysis was prepared for diesel, for a 2.5 MW storage project, and for a 2.5 MW run-of-river project using the following parameters:

Discount rate = 3.0%, Fuel escalation = 2.6%
January, 1982, capital cost of $13,140,000 for the storage project.
$9,100,000 for the run-of-the river project.

PROJECT DESCRIPTION (CONTINUED):

discussed and various operating modes were discussed. One option which was reviewed included a run-of-the river project at Chester Lake with a lower dam, rather than a storage project which involved a higher dam. Other options were also discussed and investigated over the next several months.

In May 1982, a final report was released with detailed discussion of other project options and alternative generating plans and follow-up public meetings were held in Metlakatla in June 1982. The Chester Lake project still was the most economical long term alternative. Metlakatla Indian Community has indicated a preference for construction of the higher dam, storage alternative, while APA staff recommended the lower dam, run-of-the river alternative based on potential financial risk and joint operating characteristics with the Purple Lake hydro plant. One of Metlakatla's concerns is that the run-of-the river project leave sufficient water storage for the community water supply. This stipulation can be met.

Independent cost estimate for each alternative were completed in July 1982 and evaluated by APA staff. The original engineer's estimate and independent cost estimator's estimate varied by less than one percent. APA staff included an estimate of construction camp costs on top of the engineers estimates and the January 1982, cost of each alternative are as follows:

Chester Lake Storage Project - 2,500 KW - $13,815,000
Chester Lake Run-of-River Project - 2,500 KW - $9,611,000

PROJECT JUSTIFICATION (CONTINUED):

50 Year Cumulative Present Worth (1982$).

OPTION	LOW FORECAST	COST/ COST RATIO	MOST LIKELY	COST/ COST RATIO
Purple Lake and diesel base case	$35,740,000		$54,344,000	
Purple Lake and Chester Lake storage and diesel	$24,253,000	1.47	$30,951,000	1.76
Purple Lake and Chester Lake run-of-river and diesel	$21,153,000	1.69	$31,332,000	1.73

ALTERNATIVES CONSIDERED

The following generation alternatives were considered

1. Purple Lake with additional diesel generation as needed.

2. Purple Lake expansion
   a. Increase height of existing dam to raise lake level.
   b. Construct new dam to increase catchment area.
   c. Increase peaking capability by adding a fourth turbine and generator.

35b PROPOSED PROJECT (Continued)

Chester Lake
Project Title

CATEGORY POWER DEVELPOMENT

AGENCY ALASKA POWER AUTHORITY

PROGRAM ENERGY DEVELOPMENT

PROPOSED FUNDING YEAR FY 84

Revised Date

FY 84

000151

01 1143 17/83 - 15b

PROJECT DESCRIPTION (CONTINUED):

Of the original $1,000,000 appropriation, $350,000 was used for the feasibility update, alternatives evaluation, and independent cost estimating. The balance of $650,000 remains unexpended.

Metlakatla Indian Community has petitioned the Power Authority to begin the engineering design of the Chester Lake project with the $650,000 remaining, so equipment might be ordered and construction get underway by July 1983. They have requested that APA request funds in its FY 84 budget for full construction funding of the Chester Lake project. On their own initiative Metlakatla has applied to the Rural Electrification Administration for a loan as a back-up to state funding of the project. A formal response from APA is needed on Metlakatla's request. APA staff feels the law may be unclear on whether the balance can be used for design, since the SB 26 appropriation was for "feasibility studies, preconstruction designs, and engineering" and as 44.83.185(b) states "the Power Authority may not proceed with engineering or design of a proposed new project until the legislature approves the proposed new project."

APA staff are preparing the detailed findings and recommendations and will recommend the run-of-the river project for construction.

PROJECT JUSTIFICATION (CONTINUED):

3. Triangle Lake 3.0 MW project.

4. Woodwaste generation.

5. Chester Lake
   a. 2.5 MW storage project
   b. 2.5 MW run-of-river project
   c. 1.5 MW run-of-river project

In addition, since space and water heating is the largest component of the residential load, the following space and water heating alternatives were considered:

1. Electric resistance

2. Fuel Oil

3. Wood at varied costs

4. Heat pumps

Electric heat with wood supplement appeared to be the least cost heating alternative for this market area.

KEY ISSUES

There is a large amount of electric space heating in the market area which can be expected to be more sensitive to rate increases than other electrical energy end uses. This is a concern in trying to balance the project cost, KWH cost, and expected market reactions to higher costs. This is a concern when selecting a run-of-the river projec or a more expensive storage project with more firm energy. If the Chester Lake project is financed with bonds or loan funds, then a guarantee for purchase of some minimum amoun

35b PROPOSED PROJECT (Continued)

Chester Lake
Project Title

CATEGORY POWER DEVELOPMENT

AGENCY ALASKA POWER AUTHORITY

PROGRAM ENERGY DEVELOPMENT

PROPOSED FUNDING YEAR FY 84

Revised Date

FY 84

000152

01 1042 (7/83) 35b

PROJECT DESCRIPTION (CONTINUED):

PROJECT JUSTIFICATION (CONTINUED):

of energy will be necessary to cover debt service. This could be accommodated by operating a Chester Lake run-of-the river project as a base load facility with the balance of base load and peaking met by Purple Lake and diesel generation.

The community has indicated a preference for a storag project while APA staff recommends a run-of-river project. Adequate water supply storage can still be provided with the run-of-the river project.

The legislature needs to formally authorize this project before state funds are to be used for any further design and/or construction of this project.

OUTPUT

Installed Capacity (KW):	2,500
Firm/Dependable Capacity (KW):	Run-of-river
Plant Factor:	.44
Average Annual Generation (KWH):	9,800,000
Firm Annual Generation (KWH):	6,600,000

EXISTING SYSTEM (Most Recent Year)

Generation By Type:

Generation Type	Installed Capacity (KW)	Dependable Capacity (KW)	Net Generation (KWH)
Hydro	3,000	2,000	13,523,000 1/
Diesel	3,000	1,500	2,255,000
TOTAL	6,000	3,500	15,778,000

35b PROPOSED PROJECT (Continued)

Chester Lake
Project Title

CATEGORY POWER DEVELOPMENT

AGENCY ALASKA POWER AUTHORITY

PROGRAM ENERGY DEVELOPMENT

PROPOSED FUNDING YEAR FY 84

Revised Date

FY 84

01/11/83/001 35b

PROJECT DESCRIPTION (CONTINUED):

PROJECT JUSTIFICATION (CONTINUED):

Energy Sales (KWH): 13,456,000
Peak Demand (KW): 4,200
Year of Data and Source: 1981 Alaska Power Administration Electric Power Statistics

ENERGY COST

Average Cost (Revenue ÷ Total Net Generation): 6.4¢/KWH
Year of Data and Source: 1981, Revenue from Alaska Power Administration
Unsubsidized Residential Rate: 7.4¢/KWH

SERVICE AREA

Metlakatla population: 1,110
Source of Data and Date: U.S. Census, Metlakatla Indian Community, Pacific Rim Planners, 1980

ENERGY FORECAST

Energy

Year	Sales	Generation (KW)	Growth rate (Sales) 2/
1985	19,140,000	22,010,000	
1990	20,360,000	23,410,000	1.2%
2000	23,370,000	26,880,000	1.4%

35b PROPOSED PROJECT (Continued)

Chester Lake
Project Title

CATEGORY: POWER DEVELOPMENT
AGENCY: ALASKA POWER AUTHORITY
PROGRAM: ENERGY DEVELOPMENT
PROPOSED FUNDING YEAR: FY 84

Revised Date

FY 84

01 1342 (7/80) - 35b

PROJECT DESCRIPTION (CONTINUED):

PROJECT JUSTIFICATION (CONTINUED):

ANNUAL SALES GROWTH RATE, LAST FIVE YEARS

Year	MWH	% Change
1976	13,597	
1977	14,835	+ 9.0%
1978	14,564	- 2.0%
1979	12,608	-13.0% 3/
1980	14,888	+18.0%
1981	13,546	- 9.0% 3/

1976 - 1980 trend +1.8%/year
1977 - 1981 trend -1.9%/year

PEAKLOAD FORECAST

Year	Peak Load (KW)	Installed Capacity		
		Hydro	Diesel	Total
1980	4,770	5,500	500	6,000
1985	5,580	5,500	3,000	8,500
1990	5,940	5,500	3,000	8,500
2000	6,820	5,500	3,000	8,500

PREVIOUS PROJECT APPROPRIATIONS

Bill Number	Amount
SB 26 Feasibility and Design	$1,000,000 ($650,000 remaining)

ESTIMATE OF PROJECT COST (Design, Construction Management, Capital Cost, Owner's Cost, and Contingencies)

35D PROPOSED PROJECT (Continued)

Chester Lake
Project Title

CATEGORY POWER DEVELOPMENT

AGENCY ALASKA POWER AUTHORITY

PROGRAM ENERGY DEVELOPMENT

PROPOSED FUNDING YEAR FY 84

Revised Date

FY 84

000155

01 1142 17/83 35D

PROJECT DESCRIPTION (CONTINUED):

PROJECT JUSTIFICATION (CONTINUED):

Date of Estimate: January, 1982
Type of Estimate: Feasibility
Total Cost (Constant $, Base Date): 9,720,000 (January, 1982)
Total Cost (Nominal $, Inflation Rate): 13,750,000 (9%)
Estimated Start of Construction: late 1983
Estimated Year of Completion: early 1986
Cash Flow (To cover obligations):

Year	Constant $	Nominal $
FY 84	9,720,000	13,750,000

NOTE: This project has been exempted from FERC licensing and the community has obtained all permits required.

1/ This is about 200,000 kwh below the average hydro generation from this plant.

2/ Primarily related to new housing and public sector loads (school, docks). Per capita consumption is forecast to decrease.

3/ 1979 and 1981 reflect partial operation of LPK spruce mill in those years.

35b PROPOSED PROJECT (Continued)

Chester Lake
Project Title

CATEGORY POWER DEVELOPMENT
AGENCY ALASKA POWER AUTHORITY
PROGRAM ENERGY DEVELOPMENT
PROPOSED FUNDING YEAR FY 84

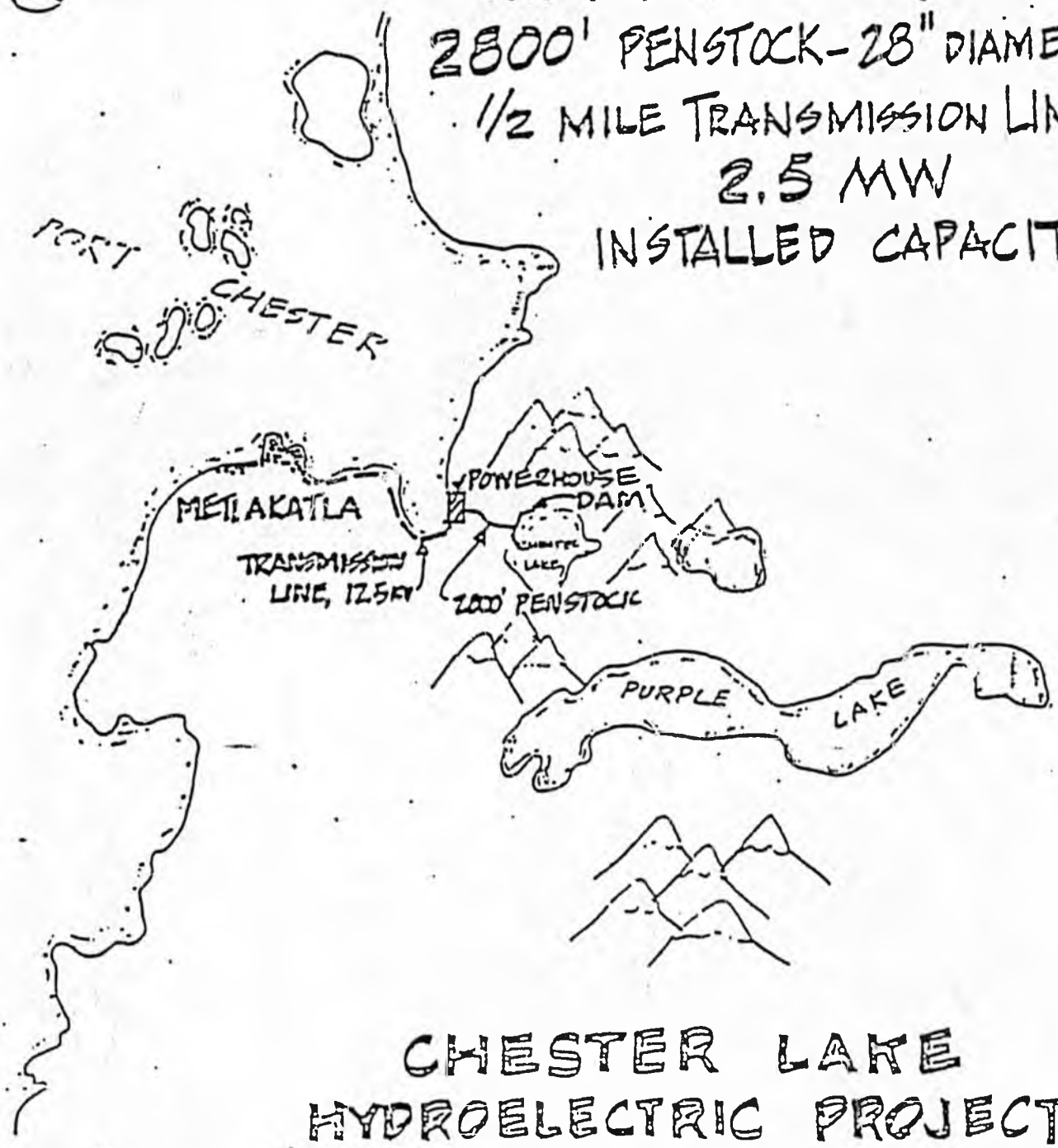
Revised Date

FY 84

000156

OF 1142 (7/83) - 35b

40' CONCRETE DAM
(NO POWER TUNNEL)
2800' PENSTOCK-28" DIAMETER
1/2 MILE TRANSMISSION LINE, 12.5KV
2.5 MW
INSTALLED CAPACITY



CHESTER LAKE HYDROELECTRIC PROJECT

9,800,000 KWH YEARLY AVERAGE OUTPUT

ESTIMATED CONSTRUCTION PERIOD
LATE 1985 TO EARLY 1986

CHESTER LK

000157

STATE OF ALASKA

OFFICE OF THE GOVERNOR

BILL ANALYSIS

Department	Sponsor (Principal)	Bill Number
Alaska Power Authority	McBride and Wendte	HB 232

Department Position

This bill is consistent with the approval steps needed to construct the Chester Lake Hydroelectric Project and is consistent with Alaska Power Authority recommendations to proceed with the Chester Lake Project.

Division Director	Date	Commissioner's Signature	Date

GOVERNOR'S OFFICE USE

Comments:

☐ Position Noted	By	Date

SUMMARY

1. a) Related Bills (Similar or Conflicting	1. b) Other Agencies Affected by Bill
The Administration Budget Request.	
2. a) Organizational Support for Bill	**2. b) Organizational Opposition to Bill**
Metlakatla Indian Community Metlakatla Power and Light Alaska Rural Electric Coop. Association	

3. Program Effects of Bill

This bill is consistent with Governor Sheffield's proposed capital budget which includes a request for first year construction funds for the 2.5 MW Chester Lake Project to serve Metlakatla. A feasibility study for the project was completed in 1982. The effect of this bill would be to allow detailed design, and subsequently, construction, of the project to proceed.

4. Fiscal Impact: ☐ None ☒ Fiscal Note Attached

5. Amendments Proposed:

To be consistent with the Governor's request and cost estimates, the authorization should be for $13,750,000 rather than $13,200,000.

6. Comments:

See attached page.

6. COMMENTS

Chester Lake first provided hydroelectric power for Metlakatla in 1927 with a small 150 KW unit and in 1937, a 250 KW unit was added. When the 3,000 KW Purple Lake project was installed in 1956 to serve Metlakatla the Chester Lake hydroelectric plant was abandoned and the reservoir has since been used only for village water supply. In the 1960's, 3,000 KW of diesel generation was added to the Metlakatla system. For several years, the Purple Lake hydroelectric project has been fully utilized and a greater portion of Metlakatla's energy needs are being met by diesel generation.

The Village of Metlakatla completed a study in 1977 which recommended redevelopment of the Chester Lake project, but subsequently had difficulty in arranging sufficient financing. The project has been exempted from Federal Energy Regulatory Commission licensing and the community has received other necessary permits for the project.

The 1981 Legislature appropriated $1,000,000 for feasibility and engineering of the Chester Lake Hydroelectric Project to serve Metlakatla. The Power Authority expended $350,000 for detailed studies of several alternatives to serve Metlakatla including:

1. Expansion of the existing Purple Lake Hydroelectric plant,
2. wood waste generation,
3. additional diesel generation,
4. a new hydroelectric project at Triangle Lake, and
5. two alternatives for a project at Chester Lake.

The Chester Lake project proved to be the most economical alternative. In addition to the Engineer's cost estimate, the Power Authority contracted a separate, independent cost estimate of the project during the summer of 1982. Based upon those two cost estimates, the Power Authority estimated the January 1982 feasibility level cost estimates to be $9,720,000 for a 2.5 MW run-of-the-river project at Chester Lake and $13,815,000 for a 2.5 MW storage project with a higher dam. Based upon economic analysis, the Power Authority staff recommends the low dam, run-of-the river project with some public water supply storage rather than the larger storage project. Based upon equipment procurement and construction beginning in January 1984, project completion by March 1986, and nine percent inflation, the total estimated construction costs are $13,750,000. This estimate does not include any interest charges should bonding be required.

Additional References:

Chester Lake Project Feasibility Report, for Alaska Power Authority by Harza Engineering Company, May 1982.

STATE OF ALASKA
PRELIMINARY STATEMENT OF FISCAL IMPACT

Bill No: HB 232 Date on Bill: 3/2/83
Title: An Act Authorizing Chester Lake Hydroelectric Project
Sponsor: McBride and Wendte
Requestor:

1. Estimated fiscal impacts on:

a. Expenditures:

(Thousands of Dollars)

			FY 83	FY 84	FY 85	FY 86		
Capital				5,440.0	8,301.0			
Operating						95.0	100.0	
Total								

b. Revenues:

Revenue						95.0	100.0	

2. Source of funds to offset fiscal impact of bill:

3. Assumptions:

4. Disclaimer:
This statement has not been reviewed by the OMB in the Office of the Governor. It does not represent the policy of the Sheffield Administration or the final estimate of fiscal impact.

Prepared By: Raymond T. Smith Phone: 276-0001
Division: Alaska Power Authority Date: 3-11-83

Approved by Commissioner: Date:
Department:

5. Distribution:
Original to Legislative Finance
Copy to OMB
Copy to Sponsor
Copy to Requestor

2/8/83

HB
256

APR 5 1983

STATE OF ALASKA

DEPT. OF ENVIRONMENTAL CONSERVATION

BILL SHEFFIELD, GOVERNOR

465-2600

POUCH O – JUNEAU 99811

April 4, 1983

The Honorable Richard Shultz
House of Representatives
Co-Chairman House Resources
Pouch V
Juneau, Alaska 99811

Dear Mr. Shultz:

Please accept this letter as a reiteration of DEC's position on HB 256 (attached). This department objects to proposed legislation to amend AS 16.10.020 to read DEC instead of DHSS. The permitting responsibility contained in .020 more appropriately belongs to the Department of Fish and Game and could easily blend into their current Title 16 permitting activities.

Accordingly this department supports amending AS 16.10.010 to read Department of Fish and Game instead of DEC and amending AS 16.10.020 to read Department of Fish and Game instead of DHSS. This would support the intent of Title 16.

Please feel free to call me or Randy Bayliss of my staff (465-2653) with any questions you may have on this position. Thank you for your attention to this matter.

Sincerely,

Richard A. Neve

Richard A. Neve
Commissioner

cc: Bruce Baker, DFG
Paddy McGuire, DFG
Randy Bayliss

HB 256 - RELATING TO PERMITS FOR
DEVELOPMENT OF SALMON STREAMS

ALASKA DEPARTMENT OF ENVIRONMENTAL CONSERVATION
POSITION PAPER

BEFORE THE HOUSE RESOURCES COMMITTEE
March 23, 1983

This department objects to proposed legislation to amend AS 16.10.020 to read DEC instead of DHSS, based upon the following reasoning:

1. Passage would result in duplication of existing permit functions in the Department of Fish and Game (AS 16.05.840-870).

2. This section is more habitat or enhancement-oriented than water quality.

3. DF&G staff agree that the permitting responsibilities contained in these two sections could be easily blended into DF&G's current Title 16 permitting activities.

The department does support amending AS 16.10.010 to read Department of Fish and Game instead of DEC and amending AS 16.10.020 to read Department of Fish and Game instead of DHSS. This would support the intent of Title 16 and minimize implementation costs.

Richard A. Neve'
Commissioner

commercial purposes and by the Alaska Constitution, art. VIII, § 15, providing that "no exclusive right or special privilege of fishery shall be created or authorized in the natural waters of the state." They were further modified by the enactment by the first state legislature of a law making it unlawful to erect, moor or maintain fish traps (SLA 1959, ch. 17), and by a later enactment (SLA 1959, ch. 95) making it unlawful to operate fish traps and prescribing penalties therefor. (See AS 16.10.070 — 16.10.110). Metlakatla Indian Community, Annette Island Reserve v. Egan, Sup. Ct. Op. No. 42 (File Nos. 21—23), 362 P.2d 901 (1961), vacated and remanded on other grounds, 369 U.S. 45, 82 S. Ct. 552, 7 L. Ed. 2d 562 (1962).

Chapter 10. Fisheries and Fishing Regulations.

Article
1. Interference with Streams and Waters (§§ 16.10.010 — 16.10.055)
2. Fish Traps and Other Illegal Fishing Devices (§§ 16.10.060 — 16.10.130)
3. Herring Spawn (§§ 16.10.140 — 16.10.173)
4. Migratory Fish and Shellfish (§§ 16.10.180 — 16.10.230)
5. Transportation of Fish and Shellfish (§§ 16.10.240 — 16.10.250)
6. Purchase of Fish (§§ 16.10.270 — 16.10.296)
7. Commercial Fishing Loan Act (§§ 16.10.300 — 16.10.370)
8. Salmon Hatcheries (§§ 16.10.375 — 16.10.475)
9. Fisheries Enhancement Loan Program (§§ 16.10.500 — 16.10.620)

Article 1. Interference with Streams and Waters.

Section
10. Interference with salmon spawning streams and waters
20. Grounds for permit or license
30. Violation of §§ 10 — 55 of this chapter a misdemeanor
40. Disposition of money received for fines and penalties
50. Construction of §§ 10 — 50 of this chapter
55. Interference with commerical fishing gear

Sec. 16.10.010. Interference with salmon spawning streams and waters. It is unlawful for a person to

(1) obstruct, divert or pollute waters of the state, either fresh or salt, utilized by salmon in the propagation of the species, by felling trees or timber in those waters, casting, passing, throwing or dumping any tree limbs or foliage, underbrush, stumps, rubbish, earth, stones, rock or other debris, or passing or dumping sawdust, planer shavings, or other waste or refuse of any kind in those waters;

(2) erect a dam, barricade or obstruction to retard, conserve, impound or divert these waters to prevent, retard or interfere with the free ingress or egress of salmon into these waters in the natural spawning or propagation process;

(3) render the waters inaccessible or uninhabitable for salmon for that purpose without first applying for and obtaining a permit or license from the Department of Environmental Conservation. The application shall set out the name and style of the person or concern, describe the waters and location and state in particular the plans, purpose and intention for which the application is made. (§ 39-2-31 ACLA 1949; am § 12 ch 117 SLA 1949; am § 6 ch 104 SLA 1971; am § 12 ch 208 SLA 1975)

Effect of amendment. — The 1975 amendemnt substituted "Department of Environmental Conservation" for "Department of Health and Social Services" at the end of the first sentence of paragraph (3) and substituted "set out" for "set forth" near the beginning of the second sentence of that paragraph.

Am. Jur. reference. — 22 Am. Jur., Fish and Fisheries, § 34 et seq.

Sec. 16.10.020. Grounds for permit or license. If in the judgment of the Department of Health and Social Services, the purpose of the applicant for the permit or license is to develop power, obtain water for civic, domestic, irrigation, manufacturing, mining or other purposes tending to develop the natural resources of the state, the department may grant the permit or license and may require the applicant to construct and maintain adequate fish ladders, fishways or other means by which fish may pass over, around or through the dam, obstruction or diversion in the pursuit of the propagation or spawning process. (§ 39-2-32 ACLA 1949; am § 12 ch 117 SLA 1949; am § 6 ch 104 SLA 1971)

Revisors's note (1962). — Under AS 16.05.840 the commissioner of fish and game determines when a fishway or other similar device should be constructed.

Sec. 16.10.030. Violation of §§ 10 — 55 of this chapter a misdemeanor. A person who violates §§ 10 — 55 of this chapter is guilty of a misdemeanor and, upon conviction is punishable by a fine of not less than $100 nor more than $500. (§ 39-2-33 ACLA 1949; am § 13 ch 208 SLA 1975)

Effect of amendment. — The 1975 amendment substituted "§§ 10 — 55" for "§§ 10 — 50."

Sec. 16.10.040. Disposition of money received for fines and penalties. The proceeds of all fines and penalties imposed under §§ 10 — 50 of this chapter shall be paid into the general fund and they shall be immediately available for expenditure by the Department of Fish and Game. (§ 39-2-34 ACLA 1949)

Sec. 16.10.050. Construction of §§ 10 — 50 of this chapter. Sections 10 — 50 of this chapter do not affect the vested rights or privileges granted by federal statute to any person. (§ 39-2-35 ACLA 1949)

Sec. 16.10.055. Interference with commercial fishing gear. A person who wilfully or with reckless disregard of the consequences of his activity, interferes with or damages the commercial fishing gear of another person is guilty of a misdemeanor. For the purposes of this section "interference" means the physical disturbance of gear which results in economic loss or loss of fishing time, and "reckless disregard of the consequences" means a lack of consideration for the consequences of one's acts in a manner that is reasonably likely to damage the property of another. (§ 1 ch 55 SLA 1[illegible])

Article

Section
60. [Repealed]
70. Fish traps un
waters in
80. Federal com
90. Penalties for
chapter
100. Fish traps
or waters

Sec. 16.10
Repealed b

Editor's note
derived from §

Sec. 16.10
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Purpose. —
16.10.070 —
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(1961), vacate
grounds, 369 U
2d 562 (1962).
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Rep. Schultz

Alaska State Legislature

House of Representatives

March 1, 1983

Official Business

Pouch V
State Capitol
Juneau, Alaska 99811

MAR 23 REC'D

MEMORANDUM

TO: Representative Joe Flood

FROM: Mark K. Johnson
Staff Counsel

SUBJECT: "An Act relating to permits for the development of natural resources affecting salmon spawning streams and waters."

This legislation represents a technical change to AS 16.10.020. The present statute calls for the Department of Health & Social Services to make certain determinations regarding the use of water and development of water power when those activities would have an effect on fisheries.

Research reveals that the Department of Health & Social Services has never possessed the technical capability to perform this function and is not currently performing it. Similar statutes in title 16 suggest that if the function is to be performed, it should be performed by the Department of Environmental Conservation. It could also be argued that the Department of Fish and Game should be the responsible agency. Regardless of which of these two agencies is designated, it is clear that the Department of Health & Social Services is not the appropriate agency. Committee hearings would hopefully resolve the Fish & Game/Environmental Conservation issue.

No statement on the advisability of the statute or of the agency implementing it is intended by this proposed legislation. Those questions should be resolved by committee deliberations.

STATE OF ALASKA
FISCAL NOTE

Revision Date , 1983

I. REQUEST

Bill/Resolution No.: House Bill 256
Title: Permits for Develop. of Salmon Streams
Sponsor: Flood, Uehling and Grussendorf
Requestor:

II. FISCAL DETAIL

Agency Affected: ADEC
Program Category Affected: Env. Consery.
BRU, Program of Subprogram(s) Affected:
EQO, Water Pollution Control, Drinking Water

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES	Ø	312.6	312.6	312.6	312.6	312.6
200 TRAVEL	Ø	22.5	23.0	23.5	24.0	24.5
300 CONTRACTUAL	Ø	14.7	14.7	15.2	15.2	15.7
400 COMMODITIES	Ø	3.5	3.5	4.0	4.0	4.5
500 EQUIPMENT	Ø	4.2	4.2	Ø	Ø	Ø
600 LAND & STRUCTURES	Ø	Ø	Ø	Ø	Ø	Ø
700 GRANTS, CLAIMS, ETC	Ø	Ø	Ø	Ø	Ø	Ø
TOTAL OPERATING	Ø	357.5	358.0	355.3	355.8	357.3
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND		357.5	358.0	355.3	355.8	357.3
FEDERAL FUNDS	Ø	Ø	Ø	Ø	Ø	Ø
OTHER (Specify Source)	Ø	Ø	Ø	Ø	Ø	Ø

POSITIONS:

FULL-TIME	Ø	7	7	7	7	7
PART-TIME	Ø	Ø	Ø	Ø	Ø	Ø
TEMPORARY	Ø	Ø	Ø	Ø	Ø	Ø

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

Increased general funds appropriation

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: Alex Vitsei
Phone: 465-2640, 2653
Division: Environmental Quality Management
Date: 5/23/83

Approved by Commissioner: Gillis Trost for K. Nome'
Date: 3/23/83
Department: Environmental Conservation

Distribution:
Original to Legislative Finance
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Copy to Department (for Governor introduced bills)
Copy to Sponsor
Copy to Requestor (if different from Sponsor)

3/8/8

COMMITTEE REPORT

HOUSE

(9)

FURTHER:

3/11/83

Date: April 18 1983

Mr. Speaker:

The Committee on RESOURCES has had HB 256

An Act relating to permits for the development of natural resources affecting salmon spawning streams and waters.

under consideration and reports it back as follows:

[✓] do pass [ ] do not pass

[ ] do pass with attached amendments(s)

[✓] replace with CS for HB 256 (Resources) [✓] same title [ ] new title

and recommends do pass

[ ] AND attaches a "Letter of Intent" [ ] New Fiscal Note [✓] Zero Fiscal Note Attached

[ ] reports it back without recommendation

[ ] referred to the _____ Committee

MEMBERS SIGNING DO PASS

MEMBERS HAVING OTHER RECOMMENDATIONS:

CHAIRMAN

H 60

STATE OF ALASKA 1984 LEGISLATIVE SESSION

HOUSE RESOURCES COMMITTEE

FISCAL NOTE

Revision Date: November 30, 1983

JAN 14 REC'D

I. REQUEST

Bill/Resolution No.: CSHB 256

Title: Permits for Development of Streams

Sponsor: House Resources Committee

Requestor:

Date of Request:

II. FISCAL DETAIL

Agency Affected: Fish and Game

Program Category Affected: NRMEC

BRU, Program of Subprogram(s) Affected:

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Source)						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						
TOTAL						

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

OFFICE OF MANAGEMENT & BUDGET

NOV 30 1983

BUDGET REVIEW

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: Beverly Reaume

Phone: 465-4120

Division: Administration

Date:

Approved by Commissioner: Dennis D. Kelso

Date: 11/29/83

Department: Fish and Game

Distribution:

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Copy to Requestor (if different from Sponsor)

9/14/83

HOUSE RESOURCES COMMITTEE OBSERVER/WITNESS SIGN-UP SHEET

DATE: 3-23-83 SPONSOR: Rep. Joe Flood

SUBJECT(S): HB 256 salmon spawning streams & waters.

NAME	REPRESENTING	ADDRESS	PHONE	Observer	Witness	For	Against
Mark Johnson	Rep. Flood		X4937		X	X	
David Bruce	H&SS	Pouch H01	3090		✓	✓	
~~[illegible]~~	~~F&G~~						
Carl Yanagawa	F&G						

HOUSE RESOURCES COMMITTEE OBSERVER/WITNESS SIGN-UP SHEET

DATE: 4/7/83 SPONSOR: Rep. Flood

SUBJECT(S): HB 256

NAME	REPRESENTING	ADDRESS	PHONE	Observer	Witness	For	Against
McCutcheon Herr	self	Auke Bay Box 984			✓		
BRUCE BAKER	DEPT. OF FISH & GAME	JUNEAU	465-4105		PREPARED TO ANSWER QUES.		
RANDY BAYLISS	ADEC	JNU	465-2655		✓		

HB 256 - RELATING TO PERMITS FOR
DEVELOPMENT OF SALMON STREAMS

ALASKA DEPARTMENT OF ENVIRONMENTAL CONSERVATION
POSITION PAPER

BEFORE THE HOUSE RESOURCES COMMITTEE
March 23, 1983

This department objects to proposed legislation to amend AS 16.10.020 to read DEC instead of DHSS, based upon the following reasoning:

1. Passage would result in duplication of existing permit functions in the Department of Fish and Game (AS 16.05.840-870).

2. This section is more habitat or enhancement-oriented than water quality.

3. DF&G staff agree that the permitting responsibilities contained in these two sections could be easily blended into DF&G's current Title 16 permitting activities.

The department does support amending AS 16.10.010 to read Department of Fish and Game instead of DEC and amending AS 16.10.020 to read Department of Fish and Game instead of DHSS. This would support the intent of Title 16 and minimize implementation costs.

Richard A. Neve'
Commissioner

STATE OF ALASKA
FISCAL NOTE

Revision Date April 6, 1983

I. REQUEST

Bill/Resolution No.: CS for HB 256
Title: "resources affecting salmon spawning..."
Sponsor: Resources
Requestor: Flood, Ueling & Grussendorf

II. FISCAL DETAIL

Agency Affected: FISH & GAME
Program Category Affected: N/A
BRU, Program of Subprogram(s) Affected: N/A

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

No Fiscal Impact

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: Beverly Reaume
Phone: 465-4120
Division: Administration
Date: April 6, 1983

Approved by Commissioner: Don W. Collinsworth
Date: April 7, 1983
Department: FISH & GAME

Distribution:
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Copy to Requestor (if different from Sponsor)

3/8/83

APR 5 1983

STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

DEPT. OF ENVIRONMENTAL CONSERVATION

465-2600

POUCH O – JUNEAU 99811

April 4, 1983

The Honorable Richard Shultz
House of Representatives
Co-Chairman House Resources
Pouch V
Juneau, Alaska 99811

Dear Mr. Shultz:

Please accept this letter as a reiteration of DEC's position on HB 256 (attached). This department objects to proposed legislation to amend AS 16.10.020 to read DEC instead of DHSS. The permitting responsibility contained in .020 more appropriately belongs to the Department of Fish and Game and could easily blend into their current Title 16 permitting activities.

Accordingly this department supports amending AS 16.10.010 to read Department of Fish and Game instead of DEC and amending AS 16.10.020 to read Department of Fish and Game instead of DHSS. This would support the intent of Title 16.

Please feel free to call me or Randy Bayliss of my staff (465-2653) with any questions you may have on this position. Thank you for your attention to this matter.

Sincerely,

Richard A. Nevé

Richard A. Nevé
Commissioner

cc: Bruce Baker, DFG
Paddy McGuire, DFG
Randy Bayliss

HB

266

D26

May 25, 1983

Dear Governor Sheffield:

As you are aware, several pieces of legislation have been introduced this session regarding subsistence. However in light of your stated intention to appoint a subsistence task force, no action was taken on these bills during the first half of the session. Later when a determination was made to give the Boards of Fish and Game the opportunity to resolve the issue, the House acted upon one of these bills, HB 266. To this date several public hearings have been held and testimony taken. In light of the recently-formed task force, however, no further action has been initiated by the legislature.

In order to better determine what action the House should take to aid in resolving this issue, it would be helpful if you could delineate what objectives have been set for the task force and under what parameters and constraints they will be working. For example, will the task force be considering possible improvements to the State and federal subsistence laws, or will it focus instead on how best to implement the existing laws?

Prior to adjournment, the House will determine what direction, goals, etc. it will set with regard to the subsistence issue. To avoid duplication of effort, your response would be most valuable if received before that time. We, too, would like to set this divisive issue to rest as soon as possible.

Sincerely,

Representative John Ringstad
Resource Committee Co-Chairman

Representative Joe Hayes,
Speaker of the House

Representative Dick Shultz
Resource Committee Co-Chairman

Representative Mae Tischer

MSG 83-00013023 PRTY 1 04/28/83 14:41:44 ORIG: LF05 IN= 0001 OUT= 0015
FROM: MAXINE/FBX TO: JUNO T/C
TARGET: 410$ SUBJ: HOUSE RESOURCES T/C 4/28 PAGE 0001

OMNI #1
FAIRBANKS TO TESTIFY
1. DOUG BUCHANAN,
2. GLENN W. DE SPAIN
3. MELBA CHARLES
4. CATE SZABO
5. GENE CARLSON
6. HAL LIVINGSTON
7. MARY BISHOP
8. IVER JOHNSON

---MORE TO COME---

NXT MSG U/R/S _ PREV MSG U/R/S _ RESEND _ CANCEL _

MSG 83-00013031 PRTY 1 04/28/83 14:57:16 ORIG: LL00 IN= 0006 OUT= 0016
FROM: LORI/SOLDOTNA TO: TIM,JNU TC
TARGET: 410$ SUBJ: H.RES.TC 4/28/83 PAGE 0001

OMNI# 1
OBSERVER
1. DAVE ALLEN GENERAL DELIVERY SOLDOTNA,AK 99669 283-3212

SG 83-00013032 PRTY 1 04/28/83 14:44:19 ORIG: LA08 IN= 0007 OUT= 0017
ROM: CANDY/ANCHORAGE TO: TIM/TOM
ARGET: 410$ SUBJ. HB 266 T/C PAGE 0001

MNI # 1
O SPEAK:
. REPRESENTATIVE VASKA
. BOB LOHR/RURAL CAP

NXT MSG U/R/S _ PREV MSG U/R/S _ RESEND _ CANCEL _

SG 83-00013034 PRTY 1 04/28/83 14:46:52 ORIG: LM00 IN= 0004 OUT= 0019
ROM: MARTIE/MATSU TO: T/C MODERATORS
ARGET: 410$ SUBJ: SUBSISTENCE T/C PAGE 0001

AT SU OMNI NO. 1
O TESTIFY:
. ED GRASSER, PO BOX 1350
O OBSERVE
. NANCY ROWLAND

NXT MSG U/R/S _ PREV MSG U/R/S _ RESEND _ CANCEL _

SG 83-00013035 PRTY 1 04/28/83 14:54:52 ORIG: LF05 IN= 0003 OUT= 0020
ROM: MAXINE/FBX TO: JUNO MODERATOR
ARGET: 410$ SUBJ: HOUSE RESOURCES T/C PAGE 0001

MNI #2
AIRBANKS TO TESTIFY
. BERT SHARP
0. [illegible]
1. TOM SCARBOROUGH
2.
BX OBSERVORS
. ROBYN RUSSELL
. SUSAN FISHER FROM DAILY NEWS-MINER
MORE TO COME

NXT MSG U/R/S _ PREV MSG U/R/S _ RESEND _ CANCEL _

SG 83-00013038 PRTY 1 04/28/83 14:57:14 ORIG: LI00 IN= 0005 OUT= 0021
ROM: MASSA AND ANNA MAY IN DILLINGHAM TO: TOM IN JUNEAU
ARGET: 410$ SUBJ: HB 266 CONSUMPTION OF FISH & GAME PAGE 0001

MNI # 1
E HAVE ONE PARTICIPANT:
MEG PETERS, BOX 189 DILLINGHAM, ALASKA 842-5257

NXT MSG U/R/S _ PREV MSG U/R/S _ RESEND _ CANCEL _

SG 83-00013039 PRTY 1 04/28/83 14:57:13 ORIG: LN00 IN= 0004 OUT= 0022
ROM: SANDY, NOME TO: TIM, JUNEAU
ARGET: 410$ SUBJ: HB266, HOUSE RESOURCES T/C 4/28 PAGE 0001

MNI #1
O TESTIFY:
. CALEB PUNGOWIYI, PRESIDENT, KAWERAK, INC. BOX 948, NOME, AK 99762/443-5231

O OBSERVE:
. MATTHEW IYA, KAWERAK, INC. BOX 948, NOME, AK 99762/443-5682
'M NOT SURE IF WE'LL HAVE ANYONE ELSE COMING IN, BUT WILL OMNI ASAP IF WE DO.

MSG 83-00013045 PRTY 1 04/28/83 15:01:55 ORIG: LF05 IN= 0005 OUT= 0024
FROM: MAXINE/FBX TO: JUNO MODERATOR
TARGET: 410$ SUBJ: HOUSE RESEARCH T/C PAGE 0001

OMNI #3
FAIRBANKS TO TESTIFY:
2. BUD WIESE
3. JOE VOGLER
MORE TO COME

NXT MSG U/R/S _ PREV MSG U/R/S _ RESEND _ CANCEL _

MSG 83-00013047 PRTY 1 04/28/83 15:04:09 ORIG: LA08 IN= 0008 OUT= 0025
FROM: CANDY/ANCHORAGE TO: TIM
TARGET: 410$ SUBJ: HOUSE RESOURCES ON HB 266 PAGE 0001

OMNI # 2
TO SPEAK:
3. HENRY MITCHELL/BERING SEA FISHERMEN
4. BOB HUNTER/ALASKA SPORTSFISHING ASSOC.
OBSERVERS:
1. JUDE HENZLER/RURAL CAP
2. WARREN OLSON

NXT MSG U/R/S _ PREV MSG U/R/S _ RESEND _ CANCEL _

MSG 83-00013048 PRTY 1 04/28/83 15:05:19 ORIG: 460$ IN= 0003 OUT= 0026
FROM: DOROTHY/PETERSBURG TO: TOM/TIM
TARGET: 410$ SUBJ: HB 266 PERSSONAL COMSUMPTIVE USE F&G PAGE 0001

TO TESTIFY:

1. JOHN E. LONGWORTH BOX 328, PETERSBURG 772-4623
OBSERVERS:
1. CHRIS RIELLEY BOX 930, PETERSBURG 772-4623
2. E.L. YOUNG BOX 667, PETERSBURG 772-3801
OMNI 1.

NXT MSG U/R/S _ PREV MSG U/R/S _ RESEND _ CANCEL _

MSG 83-00013049 PRTY 1 04/28/83 15:00:50 ORIG: LK00 IN= 0007 OUT= 0027
FROM: EVELYN/KETCHIKAN TO: JUNEAU T/C
TARGET: 410$ SUBJ: F&S T/C PAGE 0001

OMNI #1
TO OBSERVE IN KETCHIKAN:
1. JOHN VALENTINE, REPRESENTING FISH & GAME
STATE OFFICE BLDG., KETCHIKAN, ALASKA 99901
PHONE: 225-5195
EOM

NXT MSG U/R/S _ PREV MSG U/R/S _ RESEND _ CANCEL _

MSG 83-00013049 PRTY 1 04/28/83 15:00:50 ORIG: LK00 IN= 0007 OUT= 0027
FROM: EVELYN/KETCHIKAN TO: JUNEAU T/C
TARGET: 410$ SUBJ: F&S T/C PAGE 0001

OMNI #1
TO OBSERVE IN KETCHIKAN:
1. JOHN VALENTINE, REPRESENTING FISH & GAME
STATE OFFICE BLDG., KETCHIKAN, ALASKA 99901
PHONE: 225-5195
EOM

MSG 83-00013054 PRTY 1 04/28/83 15:08:17 ORIG: LB00 IN= 0008 OUT= 0029
FROM: WALLY IN BETHEL TO: MODERATOR
TARGET: 410$ SUBJ: HB266 T/C PAGE 0001

OMNI #1
TO TESTIFY
1. JOHN P. JONES, BETHEL
2. JANET KAISER, NUNAM KITLUTSISTI, PO BOX 2068, BETHEL 543-2856
3. DAVID FRIDAY, BETHEL

TO OBSERVE
1. NORMAN COHAN,

NXT MSG U/R/S _ PREV MSG U/R/S _ RESEND _ CANCEL _

MSG 83-00013056 PRTY 1 04/28/83 15:19:56 ORIG: LF05 IN= 0007 OUT= 0030
FROM: MAXINE/FBX TO: JUNO MODERATOR
TARGET: 410$ SUBJ: HOUSE RESEARCH ON GOING T/C PAGE 0001

OMNI #5
FAIRBANKS TO TESTIFY:
4. SPUD WILLIAMS, TANANA CHIEFS CONF
OBSERVERS:
2. JIM KOWALSKY, TANANA CHIEFS CONF
3. RICK CAULFIELD, AK DEPT FISH & GAME
----------EOM

NXT MSG U/R/S _ PREV MSG U/R/S RESEND _ CANCEL _

MSG 83-00013059 PRTY 1 04/28/83 15:09:31 ORIG: L001 IN= 0002 OUT= 0031
FROM: KODIAK / LORNA TO: JUNEAU T/C
TARGET: 410$ SUBJ: HOUSE RESOURCES T/C PAGE 0001

OMNI #1
HERE TO OBSERVE ONLY:
DOG FLANDERS, KODIAK DAILY MIRROR
KODIAK, ALASKA 99615
486-3227

NXT MSG U/R/S _ PREV MSG U/R/S _ RESEND _ CANCEL _

MSG 83-00013062 PRTY 1 04/28/83 15:11:05 ORIG: LZ00 IN= 0003 OUT= 0032
FROM: MARY IN KOTZ. TO: MODERATOR
TARGET: 410$ SUBJ: T/C PAGE 0001

TO OBSERVE:OMNI #1
JIM COCHRAN KOTZ RADIO KOTZEBUE,ALASKA 99752 442-3434

NXT MSG U/R/S _ PREV MSG U/R/S _ RESEND _ CANCEL _

MSG 83-00013068 PRTY 1 04/28/83 15:21:32 ORIG: LA08 IN= 0009 OUT= 0034
FROM: MICKI IN ANCHORAGE TO: JUNEAU T/C
TARGET: 410$ SUBJ: HOUSE RESOURCES HB 266 PAGE 0001

ADDITIONAL ANCHORAGE PARTICIPANT
OMNI #3
1. DON MITCHELL, 411, W. 4TH AVE. SUITE 1A ANCHORAGE 99501
WE NOW HAVE THE FOLLOWING AS A COMPLETE LIST
TO SPEAK
1. BOB LOHR
2. HENRY MITCHELL
3. BOB HUNTER
4. DON MITCHELL

EOM

NXT MSG U/R/S _ PREV MSG U/R/S _ RESEND _ CANCEL _

MSG 83-00013074 PRTY 1 0 28/83 15:30:37 ORIG: LN00 IN= 0005 OUT= 0013
FROM: SANDY, NOME TO: TIM
TARGET: 410$ SUBJ: CONSUMPTIVE USE T/C 4/28 PAGE 0001

OMNI #2
MY ONE OBSERVER WOULD NOW LIKE TO TESTIFY. NEW SET-UP:
TO TESTIFY:
1. CALEB PUNGOWIYI (ALREADY TESTIFIED)
2. MATTHEW IYA
I HAVE NO OTHER OBSERVERS OR PEOPLE TO TESTIFY.

NXT MSG U/R/S R PREV MSG U/R/S _ RESEND _ CANCEL _

MSG 83-00013095 PRTY 1 04/28/83 16:10:02 ORIG: LN00 IN= 0006 OUT= 0009
FROM: SANDY, NOME TO: TIM
TARGET: 410$ SUBJ: CONSUMPTIVE USE OF FISH AND GAME T/C PAGE 0001

OMNI #3
TO OBSERVE:
1. BRENDA H. JOHNSON,MEMBER, STATE GAME BOARD, BOX 924, NOME, AK 443-5743

NXT MSG U/R/S _ PREV MSG U/R/S _ RESEND _ CANCEL _

MSG 83-00013110 PRTY 1 04/28/83 16:37:27 ORIG: LZ00 IN= 0006 OUT= 0006
FROM: CAROL , OTZ TO: MODERATOR
TARGET: 410$ SUBJ: FISH & GAME CONSUMPTIVE T/C PAGE 0001

OMNI #4
FINAL LIST
OBSERVERS
TIMOTHY COCHRAN, KOTZ RADIO, KOTZEBUE, ALASKA 99752 442-3434
ROLAND QUIMBY, ALASKA DEPT. OF FISH AND GAME, KOTZEBUE, ALASKA, 442-3420
DEREK CRAIGHEAD, ALASKA DEPT. OF FISH AND GAME, KOTZEBUE, ALASKA 442-3420
JOSEPH JESSUP, KOTZEUBE, ALASKA

NXT MSG U/R/S _ PREV MSG U/R/S _ RESEND _ CANCEL _

MSG 83-00013123 PRTY 1 04/28/83 17:02:13 ORIG: LN00 IN= 0007 OUT= 0005
FROM: SANDY, NOME TO: JUNEAU T/C
TARGET: 410$ SUBJ: HB 266, H. RES. T/C, 4/28 PAGE 0001

F I N A L S T A T S:
TO TESTIFY:
1. CALEB PUNGOWIYI, PRESIDENT, KAWERAK, INC., BOX 948, NOME, AK 99762/443-5231
2. MATTHEW IYA, KAWERAK, INC., BOX 948, NOME, AK 99762/443-5682
TO OBSERVE:
1. BRENDA H. JOHNSON, MEMBER, STATE GAME BOARD, BOX 924, NOME, AK 443-5743
2. MURIEL M. GERMEAU, AK DEPT. OF FISH&GAME BOX 1143, NOME, AK 443-2193

MSG 83-00013083 PRTY 1 04/28/83 15:46:00 ORIG: LM00 IN= 0005 OUT= 0027
FROM: MARTIE/MATSU TO: T/C
TARGET: LJH7 SUBJ: T/C SUBSISTENCE

MATSU NO, 2

TO TESTIFY
2. RAY MORGAN, HAS TIME CONSTRAINTS

4/28

11. Resources Personal Consumptive Use of Fish & Game.

Witness

Galena

✓ Sidney Huntington

1 observer

Gambel

✓ Paul Apanglook

Haines: Leo Land

Homer: David Bentley

Wainwright: ✓ Natha Kayutak

HB 266

HOUSE RESOURCES COMMITTEE OBSERVER/WITNESS SIGN-UP SHEET

DATE: 4-~~21~~ 22-83 SPONSOR: Rep. Mae Tischer

SUBJECT(S): HB266-Consumptive use/fish+game

Please fill in complete row

NAME	REPRESENTING	ADDRESS	PHONE	Observer	Witness	For	Against
Rupe Andrews	Alaska Sportsmen Council		789-7422				
Bob Rausch	Self		789-3764				
Ron Skoog	Self		789-0047				
Ron Somerville	Territorial Sportsmen		789-3450				
Henry S. Smith	NPFF		789-9923				
Russ Barton	USAG (Gillnetters)		9-3206	didn't get to have to talk			
Ken Parker	UFA						

HB 266

HOUSE RESOURCES COMMITTEE OBSERVER/WITNESS SIGN-UP SHEET

DATE: 4-22-83 SPONSOR: Rep. Tischer

SUBJECT(S): HB 266

Please fill out complete row.

NAME	REPRESENTING	ADDRESS	PHONE	Observer	Witness	For	Against
Inge Tischer	self						

John Ringstad, Co-Chair
Richard Shultz, Co-Chair
House Resources Committee
Alaska State Legislature
Pouch V (MS 3100)
Juneau, Alaska 99811
April 24, 1983

RE: House Bill No. 266 (personal consumptive use of fish and game)

Dear Sirs:

Of the bills concerning subsistence introduced into the Legislature this session H.B. 266 seems to propose the most far-reaching effects. Some of the proposed changes I support; such as the elimination of references to gender in existing subsistence statutes, and the addition of a definition for "barter" (lines 18 - 24, pg. 9). However, there are several items in the bill that I question.

As you know, the foundation for the States' subsistence laws is the Alaska National Interest Lands Conservation Act of 1980 (ANILCA). In this Act, and in the Congressional Record for the House (November 12, 1980) Congress requires that the State meet certain conditions in its statutes and regulations before it is allowed to manage the taking of fish and wildlife for subsistence purposes. In Title VIII (the Subsistence Title) of ANILCA, Section 802(1) states that "...The utilization of public lands in Alaska is to cause the least adverse impact possible on rural residents who depend upon subsistence uses of the resources of such lands...". It further states that "... The purpose of this title is to provide the opportunity for rural residents engaged in a subsistence way of life to do so...". Section 804 establishes three priority criteria for subsistence use if fish and wildlife populations are in short supply. Section 805 allows the Secretary of the Interior to manage, in effect, Alaska's fish and wildlife populations so as to accomodate subsistence uses and needs; but it also allows the State a continued lead role in this if it adopts certain measures.

Nowhere in ANILCA is economic need mentioned as a criteria for priority use of subsistence resources. On the contrary, in the Congressional Record concerning ANILCA it is said that "... The policy requires that regulatory systems which employ income requirements not be imposed upon rural residents."

If my understanding of the situation is correct, the provisions in H.B. 266 (lines 4 - 14, pg. 3, and lines 12 - 22, pg. 4) for the adoption of income eligibility regulations would be contrary to fed-

eral law. This, if I read Section 805 of ANILCA correctly, would result in a loss to the State of most of its management prerogatives for fish and game. Therefore, I urge the deletion of these provisions from the bill, and urge the retainment of the original language in AS 16.05.251(b), and AS 16.05.255(b), concerning criteria for prioritizing consumptive uses.

I would also like to comment on the language in the bill that would drop the ADF&G Subsistence Section's duty to determine which users and what methods of use should be determined "personal consumptive use" (lines 6 - 8, pg. 2). According to Section 804 of ANILCA if the priority criteria for harvesting fish or game in an area have to be implemented, it will be on the basis of: customary and direct dependence on the resource; local residency; and the availability of alternative resources. It would seem to me that who the personal consumptive users are has a direct bearing on implementing this part of ANILCA. You must know this in order to decide who has customary and direct dependence on the resource, and who has alternative resources to turn to. Therefore, I urge the retainment of the original language in the Alaska Statutes (Section 16.05.094(4)).

In Section 16.05.257 of the Statutes there are two provisions concerning public petitioning for the adoption of personal consumptive hunting in a game management unit, which H.B. 266 proposes to delete (lines 18 - 23, pg. 5). I would argue that, although the local advisory commitees provide a good mechanism for citizen input on this matter, the petitioning provision is a good "safety net" for citizens. It should be made clear, though, that petitioning should be resorted to only after other means found in this section have been exhausted.

On page nine, lines two thru six, is added the provision that fishing with hook, line, and pole in certain areas be a personal consumptive use harvest method. This is consistent with lines six thru eight on page two (concerning the deletion of the determination of what users and methods should be allowed). However, in my opinion, this cuts a bit too deep into the management prerogatives of ADF&G, and should be deleted from the bill.

My overall impression of this bill is that its authors had little sympathy for the concept of a "subsistence lifestyle" in Alaska. I will have to admit that this lifestyle is nearly gone in their home-districts, but it is alive and functioning in more rural parts of Alaska.

But beyond a recognition of its existence is the need to recognize that it also entails behavior patterns, ways of looking at the world, and a general knowledge of ones surroundings that differs as much from urban Alaska as urban New York City does from the Amish sections of Pennsylvania. Having been raised in urban Alaska (Anchorage),

I'll confess to a similar ignorance and lack of sympathy at one time in my life. However, a little first-hand knowledge and a lot of personal exposure to rural people has changed my mind. Alaska's fish and game resources should be thought of as more than just cheap food. It should be thought of as a part of a way of life that is uniquely Alaskan among the fifty States.

Thank you for yor time on this matter. A copy of this letter has been sent to My representative, Peter Goll.

Very truly yours,

Paul M. Wild

Paul M. Wild
PO Box 531
Skagway, AK
99840

COMMITTEE TAPE LOG

HOUSE RESOURCES COMMITTEE

DATE: 4-28-83 TAPE #: _____

TIME: 3:00pm TO TIME: _____

BILL(S): HB 266
Telecont

MEMBERS PRESENT:

X Rep. John Ringstad, Co-Chairman
X Rep. Dick Shultz, Co-Chairman
X Rep. Rick Uehling, Vice-Chairman
X Rep. Charlie Bussell
X Rep. John Cowdery
X Rep. Peter Goll
X Rep. Ron Larson
X Rep. John Liska
___ Rep. Tony Vaska – via tele in Anchorage

PREVIOUS ACTION:

OTHER COMMENTS: Rep. Mae Tischer sat at cmte table

HOUSE RESOURCES COMMITTEE OBSERVER/WITNESS SIGN-UP SHEET

HB 266

DATE: 4/28/83 SPONSOR: TISCHER, ETAL

SUBJECT(S): PERSONAL CONSUMPTIVE USE OF FISH & GAME

PLEASE FILL IN A COMPLETE ROW

NAME	REPRESENTING	ADDRESS	PHONE	Observer	Witness	For	Against
Laird A. Jones	T&H	One Sealaska Plaza Suit 200 Juneau	586-1432	✓			—

COMMENTS ON SUBSISTENCE - HB266
HELEN M. CHYTHLOOK
ALEKNAGIK, ALASKA
APRIL 22, 1983

As we are aware, there are Alaska State laws and regulations for hunting, fishing, as well as, for trapping that we all abide by. Plus, there's license and permit fees that are required for the hunters, trappers, and fishermen to buy before they can pursue their game for food or as a way of providing for their livelihood.

By now, we know that most rural Alaska Natives do hunt, fish, as well as trap to help meet their livelihood needs, such as food, fuel, clothing and the necessities of every day living. You also know that some of the rural areas of Alaska are so remote that you can't run to the grocery store to get one thing, because the grocery store may be 50 to 75 air miles away. You would have to air charter a plane to get to your shopping destination, unless the bush airlines had a scheduled route to your village. Therefore, in order for most rural Alaska Natives, as well as those persons interested in surviving in the "Bush," you have to live off the land.

The hunting, fishing, and trapping are done by the seasonal availability of the resource, and each game unit has limits set per hunting season. For instance, in Unit 17(C), Dillingham area, the bag limit for moose is 1 bull per season. In Unit 9(E), the Bristol Bay region, bag limits for caribou for part of the hunting season is four.

The Joint Boards of Fisheries & Game on Subsistence have set procedures for subsistence users. In 5 AAC 99.010., Section 2, it states that "Each Board will identify subsistence uses of fish or game resources, recognizing that subsistence uses are customary and traditional uses by rural Alaska residents for food, shelter, fuel, clothing, tools, transportation, making of handicrafts, customary trade, barter and sharing." Section 2 (b) provides that customary and traditional subsistence uses will be identified in rural Alaska with the following criteria:

Section 2 (b)(1): a long-term, consistent pattern of use, excluding interruption by circumstances beyond the user's control such as regulatory prohibitions;

Section 2 (b)(2) - a use pattern recurring in specific seasons of each year;

Section 2 (b)(5) the means of handling, preparing, preserving and storing fish or game which has been traditionally

used by past generations, but not excluding recent technological advances where appropriate.

To this day, the Alaska Native men are the meat/fish providers in the villages. The men usually hunt for meat needed when the Fish & Game Management opens the hunting season. The meat caught is still shared with friends, relatives, and elders who cannot hunt for various reasons, without a second thought. We are taught to treat with respect what nature provides for us, as well as to share our catch.

Therefore, I am opposed to HB 266 because I feel it would do away with the current Subsistence Laws, as well as with the ADF&G Subsistence Division, because it would be replaced with a "new" division entitled, "Consumptive Use Section." To me, having a "Subsistence Section" in the ADF&G Department is something I can relate to, especially now that the term, "Subsistence" is much more widely known than "consumptive use." In my opinion, "consumptive use" is a term that was used during the last election by those who wanted to do away with subsistence. However, that term and ballot measure was handily defeated at the polls by Alaskan voters. By this name change, is the bill trying to do what the Alaskan voters refused to do?

I would recommend that you legislators leave the subsistence law as it is and quit trying to interfere with those who wish to continue living a subsistence way of life.

 TO: Hse Resources Cmte

Testimony -- House Resource Committee
HB 266, April 28, 1983

Mary Bishop 455-6151
SR 20145-D
Fairbanks, Alaska 99701

My name is Mary Bishop. I've been a resident of Interior Alaska for about 22 years.

First and foremost, I want to thank the Committee for addressing the subsistence issue through its hearings on HB 266. I think that there are elements of this bill which are superior to the current priority law. For example, all people who personally consume wild resources are given some priority over commercial users. Perhaps it's necessary to add that, in general, this does not mean that commercial use is to be eliminated. But certainly commercial use of a species should not be allowed if personal use has been eliminated. This may have been the cause of the original subsistence furor regarding king salmon in Cook Inlet.

In HB 266, unlike the current priority law, there is no discrimination on the basis of past customary and traditional use. This emphasis on past customary and traditional use, rather than current need or dependency is one of the most undesirable aspects of the current law. HB 266 would provide a priority based upon economic need in certain cases. The mechanics of how this need is to be measured are of minor consideration. The major consideration is whether to base a priority on current measurable need or upon past customary and traditional use.

Hearings on HB 266 allow us to consider other changes in the language of the current law. The current law says that the priority for customary and traditional use occurs "Whenever there are

restrictions..." There are several interpretations of that wording, but we do always have restrictions in the form of hunting and fishing regulations. Priority advocates, during the past few years, have attempted to assure us that this means that the priority is only triggered in times of an unusual shortage. Indeed, if that is what the language means, then priority advocates should have no objection to having the law rewritten so that we are all in agreement upon what the words of this law relate.

The point was made during your Juneau hearing last week that at least some of the opponents of the current law have a history of opposing Native and rural issues. It is only fair to also point out that at least some of us have a history of supporting Native and rural issues. Any inference, intended or otherwise, that those of us who oppose the current priority are inclined to be racists is very unfortunate. I am confident that I am not a racist. I doubt that the majority of Fairbanks area residents are racists. Yet a majority of Fairbanks area voters voted FOR Proposition No. 7 and should not feel guilt or intimidation for having done so.

Lastly, those of us who have been encouraging a change in the priority law have been placed in a very awkward position by the Governor. Perhaps you, as legislators, would give us some advice. The Governor is evidently going to appoint a subsistence task force. But it is reported that this task force will only address how to better implement the current law. It is not to consider any possible changes in the current law. Because we believe that the basic problem revolves around the language of the law, and not its implementation, it is our judgement that this task force would be, sadly, a "waste of

time and energy". After all, courts rule on the language of a law. If we refuse to participate, we will be labeled "uncooperative". If we participate, the Governor can claim that he is addressing the issue--when he really isn't. We've been placed in a no win situation. Do you have any recommendations?

If the Governor insists that his task force be limited in this fashion, would you please reconsider the House Resolution that would establish a legislative task force on the subsistence law.

Thank you again for your consideration of this issue. I would be pleased to receive any advice regarding my last inquiry or questions on any part of my testimony.

005 Ringstad called mtg. to order
019 Anch. - Vaska
Sec. 4+6 - "heart of the bill
eliminate subs. - consumptive use
sport fishing over commercial fishing priority

112 Ringstad stated members present - Rep Tischer present
120 Anch - Bob Lohr - Rural Cap, gov. task force
P.S." inappropriate minority reaction" - leave subs. law alone
155 Fbx - Doug Buchanon - in support of HB 266
177 Mat-Su - Ed Grasser (self) - bill is a step in rt. dir.
problem - Board shall should be [may].
194 Ringstad
202 Haines - Leo L (member of ANB)
250 Petsbg - John - "poor law" - another layer of govt.
that would confuse the law.
278 Dillingham - Greg Peters - Bristal Bay Native Assoc.
they are opposed to legislation.
305 Nome - Kaleb Pongpwee - create "admin. nightmare"
(inconsistant in Act).
360 Galena - Sydny Hunnington - semi-inaudible
459 Homer - David Bentley - trap nets - "flat opposed)
494 Wainwright - Nitana -
508 Check w/ teleconf sites APANDLOOK
535 Fbx - Glen Dispayne - in favor (agnst new F+G Dept)
582 Bethel - Jones -
656 discriminates rural people
690 Anch - Henry Mitchell - Ex. Dir. Bering Sea Fishermen

005 Henry Mitchell, continued - work w/ present law
018 Nome - Matthew Eya - Eskimo Walrus Commision
027 Fbx - Melb Charles - agree w/ Buchanon
032 Anch. Bob Hunter - Pres. AK. Fishermen Assoc.
step in rt. dir. - supports bill
concerns - letting F+G operate under w/out help
need sportfishing representatives in F+G Dept

076 Bethel - Janet Kaizer - opposed
gov. - subs. task force
098 Wasilla Matsu - Ray Morgan - needs a lot of work!
create an administrative "boondoggle"
144 Fbx - Kate Zabo - top priority - Pers. consump.
188 Bethel - David Friday -
209 Anch - Don Mitchell - Council to Nat'l Fed. of Natives
do not support HB 266 - makes 2 classes of Ak's
discriminatory.
301 Ringstad - task force - requested public msg.
regarding personal opinions
320 Fbx - Gene Carlson - Chitna Dipnether Assoc. -
supports bill

FBX
↓

384

425 Fbx. - Iver Johnson -
460 Birk Sharp - "Darter privelege" -
548 Tom Scarborough - moving in rt. direction - except -
discrimination is present.
637 Bud Weiss - (Int. Wildlife Assoc.) - boundaries shouldn't
be used - leg. should elect their own task force
681 Joe - unconstitutional!

005 Spud Williams - opposed
026 Ringstad thanked participants - more opinions
welcomed. adj. 4:35
038 End of Tape.

ALL members

TELECOPY COVER SHEET

TO: House Resources PHONE:

FROM: FAIRBANKS L.I.O. PHONE: 452-4448

INSTRUCTIONS: Testimony for telecon. on HB266 going on Now.

RECEIVED: DATE: TIME:

SENT: DATE: 4/28/83 TIME: 12:45

BY: (YOUR OFFICE AND PHONE NO.) Please Deliver

DISPOSAL OF ORIGINAL: _____ THROW AWAY

_____ HOLD FOR PICK UP

NUMBER OF PAGES: 1 (NOT COUNTING THIS COVER SHEET)

To: House Resources (1)

The following comments and personal opinions pertain to Alaskan residents only and have no bearing whatsoever upon Outside Trophy Hunters, as it would not even be considered to allow them to be subsistence users.

I am [redacted] OPPOSED to House Bill 266 which concerns re-interpretation of the subsistence laws to allow ANYONE to hunt subsistence if the meat is ". . . for personal and consumptive use."

I feel this is just another attempt on the part of the "sore losers" in the last election to push their views on subsistence on the rest of the State. May I repeat what I indicated in a letter last fall to Governor Sheffield - the voters turned down the proposed Subsistence Initiative, Proposition 7. Their views were clearly stated. Let's let it lie and interpret the existing law as is. The existing law is fair and equitable and the best possible for the people of the State, for the environment, and to sustain a healthy population of the natural resource of wildlife (wild game). Another problem is that I dont believe the average Alaskan understands the meaning of subsistence and the existing subsistence law. I feel that I do. I have read the law itself and the criteria which determine whether one is a subsistence user or not. If all the criteria are met, it is a fair and just law.

The wild game population of this State, particularly the moose, which is the most popular as far as taking "for personal and consumptive use" is concerned, just cannot sustain itself if Anchorageites, Fairbanksans, etc. (urban dwellers having jobs and access to food through grocery stores) are allowed to hunt in any other manner than is now prescribed by Fish & Game laws. Urban dwellers can RIGHT NOW hunt during hunting season according to existing Fish & Game laws. I just cannot see why they have any gripe whatsoever. I feel what the people are desiring is to be able to kill a moose, whenever they see one, no matter what the season, even if it is a calf or a female with a calf, or a cow when there is no cow season, or a pregnant female, etc. etc., with no regard to limits, time of year, whether or not it is on the road, etc. etc. That just cannot be allowed. Much research has been done on the wild game population and the effect hunting will have or has had before Fish & Game laws are enacted. I would venture to say that if House Bill 266 passes, there will literally be thousands of people claiming the right to hunt THEIR INTERPRETATION OF SUBSISTENCE. It cannot help but have a drastic negative effect on the game population of our state.

What person doesnt kill wild game for "their own personal and consumptive use?" While I hear rumors that a few individuals have taken game for sale and financial gain, it is my opinion that these people are so few in number that they are almost negligible. Then there is always the problem of someone living OUTSIDE who has a good friend who is a resident. The outsider could kill his trophy and the resident would keep the meat. Is this still personal and consumptive use??? This happens more than you know and it is extremely difficult to prove. All this bill would do is drastically reduce, maybe to the point of no return, the game population surrounding the urban areas and on the road system. It would take longer, no doubt, to deplete the game population in areas reachable only by boat, snow machine or airplane, but, that, too, could, and would happen. Leave the existing subsistence laws as is and enforce them as they are!

[illegible] that should be considered [illegible] as far as subsistence hunting is concerned is [illegible]. If it is determined and proven that [illegible] subsistence [illegible] more than he and his family [illegible] the case of a native in a village, more than one village [illegible] use and attempts to sell the game or wastes it should be fined with punishment meted out similar to other Fish & Game violations, (take away hunting license, fine, jail term, etc.).

In conclusion, may I once again state that I AM [redacted] OPPOSED TO HOUSE BILL 266. LEAVE OUR SUBSISTENCE LAWS AS THEY ARE!

Sincerely,

Sandra Sedwarft

Sandra Sedwarft
104 "E" St.
Fairbanks, Ak 99701
H- 456-4766
W- 452-1741

Alaska State Legislature

JOHN RINGSTAD, CO-CHAIRMAN
RICHARD SHULTZ, CO-CHAIRMAN
POUCH V
JUNEAU, ALASKA 99811
(907) 465-3715

HOUSE OF REPRESENTATIVES

COMMITTEE ON RESOURCES
meets
Monday through Friday
3:00 - 5:00pm
Rm. 118

FIVE-DAY NOTICE OF PUBLIC HEARING

BILL NUMBER AND TITLE: HJR 43 Requesting that Birch Creek and Beaver Creek be removed from designation as wild rivers.

DATE OF HEARING: Tuesday, May 3, 1983

BILL NUMBER AND TITLE:

Jt. House/Senate Briefing

Mineral Development

(Fairbanks State Forest)

SB 108 "An Act establishing the Tanana Valley State Forest and a program for the management of state forests and forest land of the state; and providing for an effective date."

DATE OF HEARING: Friday, May 6, 1983

STATE OF ALASKA
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

POUCH Y - STATE CAPITOL
JUNEAU ALASKA 99811
907-465-3800

M E M O R A N D U M

March 8, 1983

SUBJECT: Consumptive use of fish and game (Work Order No. 13-0661)

TO: Representative Mae Tischer

FROM: Richard C. Folta
Legislative Counsel

You have requested a sectional analysis of your bill draft entitled:

> "An Act establishing personal consumptive use of fish and game as the highest and best use of fish and game and creating in the Department of Fish and Game a section of consumptive use."

Section 1. Intent. This section broadens the present "subsistence user priority". It establishes "personal consumptive use as the highest and best use" of fish and game resources. The only substantial change, from a legal point of view, is the modification to "personal consumptive use". Whereas there has been difficulty and disagreement in the past defining subsistence, the words "personal consumption" are relatively unambiguous.

Sections 2 and 3. These provisions provide for a personal consumptive use hunting and fishing section within the Department of Fish and Game and duties which are modified to reflect the new personal consumptive use responsibilities of the section.

Section 4. This section provides for the highest and best use of fish and game to be consumption for personal use and eliminates the three-tier test for determining restrictions and limitations on the resources with a "poverty income level for Alaska". It is significant to note that this provision only comes into play when there is a shortage of resources and the Board of Fisheries or the Board of Game

determines that it is necessary to further restrict the harvesting of fish and game resources. [See attached Alaska Planning Information pages.] According to state officials, this index is the best indicator available for a poverty index and is revised each year by the Department of Labor.

The replacement of the three-tier test in this section and in sec. 6, is perhaps the most critical part of the personal consumptive use bill. With the recent repeal of the Alaska Income Tax, there is no longer an easy way to ascertain the income levels of personal consumptive use applicants. The poverty level index provides an income level and perhaps could be implemented by an oath along with the application which the applicant signs under penalty of perjury that his income level is within the poverty index. Perhaps, as in the state energy audit and the twenty-five cent license program, there could be a random enforcement audit to determine the abuse level. However, there is a danger of implementing a bureaucracy such as the Limited Entry Commission in expending considerable sums in policing the activity. As in the present subsistence program, there is a potential for abuse in the personal consumptive use program because of the difficulty of pinning down incidental income and the nature of fish and game use.

Sections 5, 6, and 7. These sections provide for adoption of regulations by the Board of Game and the Board of Fisheries for personal consumptive use.

Sections 8 and 9. These sections substitute consumptive use for subsistence.

Sections 10, 11, and 12. These sections relate to the definitions of three words -- fishing, personal consumptive uses, and barter; amending the prior definitions.

Under sec. 10 under the definition of personal consumptive use; additional fishing methods are added for hook and line held in the hand; by hook and line with the line attached to a pole; or pole which is held in the hand or closely attended. These fishing methods are also the methods used in sport fishing.

In sec. 11, as in prior sections the words "customary and traditional uses" and "rural Alaskan residents" are replaced or eliminated to conform to the personal consumptive use concept. These changes, along with the three-tier method as

described earlier, may also raise issues of sufficiency under sec. 8.

All the other sections through sec. 28 relate to changing the word "subsistence" where it is found in the statutes and replacing it with the words "personal consumptive use". As you might expect subsistence also relates to board and room and other definitions. However, those sections were not changed in any way by this bill.

Section 29. This was a repealer section of eight provisions, however, since we are amending provisions instead of repealing them to make them conform to personal consumptive use, I propose to eliminate sec. 29.

This section-by-section analysis of the personal consumptive use draft bill has been necessarily short due to the press of time.

If you would like additional work done on this, please let me know.

RCF:ljb

Enclosure
1/005

MEMORANDUM State of Alaska

TO Honorable Bill Sheffield
Governor

DATE: February 25, 1983

FILE NO: 166-448-83

TELEPHONE NO: 465-3600

FROM Norman C. Gorsuch
Attorney General

SUBJECT: Subsistence Law

During the recent election, a great deal of publicity was generated by Ballot Measure No. 7, which would have repealed the state subsistence law and added new statutory language severely restricting the authority of the Boards of Fisheries and Game. Misinformation about the law and the ballot measure was widely circulated. The voters defeated the measure, but considerable confusion remains.

I recently asked the members of my staff who work in the area of fish and game and who have been working closely with the subsistence law, to outline the state statutory and regulatory framework, and its relationship to the federal Alaska National Interest Lands Conservation Act (ANILCA). Attached is the resulting memorandum on the subject prepared. The discussion also encompasses three actual problems in implementing the law and identifies several specific issues that require attention. The three actual problems are:

1. the definition of "rural", which needs to be amended or repealed;

2. the need to avoid disruption of non-subsistence harvest opportunities, which can be accomplished in part through the personal use category; and

3. confusion among some state officials and their apparent reluctance to follow the advice of the Attorney General.

The memorandum additionally examines twelve items which erroneously have been perceived as difficulties, and explains their basis in misinterpretation and misinformation. The facts demonstrate that they are not really problems requiring action,

other than clarification to the public. The memorandum explains that the subsistence law:

1. is constitutional;

2. does not provide for exclusive use;

3. does not permit harm to fish and game resources;

4. will not dilute advisory committee effectiveness nor create regional council regulatory authority;

5. does not result in courts managing resources;

6. does not permit waste;

7. does not contain racial criteria;

8. does not guarantee a particular harvest to particular individuals;

9. does authorize subsistence harvests to be regulated without triggering the priority;

10. does not require precipitous regulatory change;

11. does not threaten the limited entry system and does not allow commercial sale of subsistence harvested fish or game; and

12. cannot be amended consistent with ANILCA to define subsistence uses by economic need.

I believe the attached memorandum provides a useful summary of three real problems with implementing the subsistence law, and of twelve misconceptions or perceived problems. I believe it is imperative that this review be provided to the Commissioner of Fish and Game and to the Boards of Fish and Game as they embark upon their duties. With your concurrence, I would like to provide copies of it to them following your review. If I or my staff can be of further assistance, please let me know.

MEMORANDUM State of Alaska

TO: Hon. Bill Sheffield
Governor

DATE: February 25, 1983

FILE NO: 166-448-83

TELEPHONE NO:

FROM: Norman C. Gorsuch
Attorney General

SUBJECT: Subsistence law: real and perceived problems

I recently asked the attorneys on my staff who work in the fish and game area to prepare an overview of the current status of the state subsistence law, with relevant background information for your review. The material which follows is the result of that effort. I have reviewed it personally and concur fully with its content.

OVERVIEW

The framework for the implementation of the subsistence law is now in place. The approach codified in regulation by the Joint Boards of Fisheries and Game is fairly straightforward, and with one notable exception, the definition of "rural," it is likely to be upheld by Alaska courts. See Madison v. ADF&G, 3KN 81-542, CIV; Gjosund v. ADF&G, 3HO 80-92, 77-22104 Homer. This memorandum will explain the state statutory and regulatory framework and its relationship to federal law. It also will discuss three actual problems and twelve perceived "problems" in the current situation and identify specific issues that require attention.

STATE LAW

The Alaska Boards of Fisheries and Game are authorized by the legislature to allocate Alaska's fish and game resources among various uses, so long as sustained yield will not be jeopardized. Since statehood, the boards and their predecessor, the Board of Fish and Game, have had the discretion to decide which non-subsistence uses (for example, sports, commercial) should be allowed in each area of the state, and to what extent. Under AS 16.05.251(b) and 255(b), the boards are required to adopt regulations allowing subsistence uses, unless sustained yield will be jeopardized. Attachment A.

Although contained in the same statute, the requirement to allow subsistence uses is separate from the priority for subsistence uses over non-subsistence uses, which is triggered only by a relative resource shortage. The boards must accord the priority to subsistence uses whenever "it is necessary to

restrict the taking" of a fish stock or game population in order to assure maintenance of sustained yield or continuation of subsistence uses. AS 16.05.251(b) and 255(b). Attachment A. As discussed below, the mere existence of regulations authorizing subsistence uses does not mean that taking is "restricted" so as to trigger the priority. Rather, the priority comes into play only in relative resource shortage, when restrictions on non-subsistence uses must be imposed because harvest competition among user groups or decline in numbers of fish or game would jeopardize sustained yield of the resource or subsistence uses of the resource.

The legislature has defined subsistence uses as "customary and traditional uses" of wild, renewable resources for certain purposes. AS 16.05.940(26). Attachment B. The state statutory definition of "subsistence uses" is practically identical to that found in Title VIII of the federal Alaska National Interest Lands Conservation Act (ANILCA). Virtually the only difference is ANILCA's specification that subsistence uses are "customary and traditional uses by rural Alaska residents." ANILCA §803 (emphasis added). Attachment C.

However, the boards have determined that the state definition of "subsistence uses" also is limited to customary and traditional uses by "rural Alaska residents." 5 AAC 99.010(a). Attachment D. Not all uses of fish and game by rural Alaska residents are "subsistence uses." Rather, subsistence uses by rural Alaska residents are customary and traditional uses, which can be identified by eight criteria. 5 AAC 99.010(b). Attachment D. See April 1, 1982, memorandum from our office to Clint Buckmaster, Chairman of the Joint Boards of Fisheries and Game, A66-432-82. These criteria are based upon the ten criteria in 5 AAC 01.597 which the Board of Fisheries has employed to identify which uses of salmon in Cook Inlet are subsistence uses. The ten criteria have been upheld by two state superior court judges in the last year. Madison v. ADF&G, supra; Gjosund v. ADF&G, Supra. In approving the ten criteria, the court in Madison concluded at page 4 of the March 5, 1982, findings of fact and conclusions of law that:

> The intent of AS 16.05.251(b) and .940(26) is to provide for and protect personal use ... fisheries conducted by persons who reside in rural communities which historically have been dependent upon hunting and fishing as a significant characteristic of the social and economic life of the community. (Emphasis added.)

The boards determine on a case by case basis whether a use qualifies as a subsistence use by evaluating information presented by the public, the advisory system, and the Department of Fish and Game in light of the criteria. Attachment D. The joint board regulation also sets out the procedures each board will follow in allocating between subsistence uses and other uses. 5 AAC 99.010. In brief, if a fish stock or game population can be harvested without jeopardizing sustained yield, the board will provide reasonable opportunities for subsistence uses of that resource. If the resource population is adequate, the board may permit opportunities for other uses as well. Attachment D.

FEDERAL LAW

ANILCA established a procedure for the state to continue managing fish and game on federal lands and in all the waters of Alaska if the state meets certain standards. In particular, ANILCA §805(d) requires the state to have "laws of general applicability" which mirror the federal provisions in three areas: (1) the definition of "subsistence uses," (2) a preference for those uses in times of relative resource shortage, and (3) public participation which includes advisory committees and regional councils. The Department of the Interior has determined that the state statutes, together with the boards' procedural regulation (5 AAC 99.010) and the regulations governing fish and game advisory committees and regional councils (5 AAC 96), satisfy the requirements of ANICLA. See December 2, 1981, and April 28, 1982, letters from our office to Governor Hammond, A66-120-82. Thus, under the approach now in place, the state is authorized to continue to regulate the taking of fish and game on federal lands and in all the waters of Alaska.

ACTUAL PROBLEMS

There are three actual problems with the implementation of the subsistence law which have not yet been resolved.

1. "Rural": When the joint boards adopted the criteria and procedures specified in 5 AAC 99.010, they also adopted a definition of "rural" in 5 AAC 99.020, Attachment E:

> In this chapter 'rural' means outside the road connected area of a borough, municipality, or other community with a population of 7,000 or more as determined by the Alaska Department of Community and Regional Affairs.

The definition poses serious equal protection problems under state and federal constitutions, in part in that whether an area of the state is "rural" is to be determined by whether the area has or has not organized as a borough. Equal protection requires that persons similarly situated be treated alike. Ketchikan Gateway Borough, Alaska v. Breed, 639 P.2d 995 (Alaska 1981). A definition of "rural" keyed to the presence or absence of a borough appears to violate that principle. For example, the Matanuska-Susitna Borough boundary bisects game management unit 13. Under 5 AAC 81.055(c)(3), rural residents of game management 13 who meet certain other requirements qualify for a subsistence permit to hunt Nelchina caribou. If the definition of "rural" in 5 AAC 99.010 is applied, residents of game management unit 13 living outside the borough are eligible, and those living inside are not. Information supplied to the Department of Law by the Alaska Department of Fish and Game would probably lead a court examining the classification to conclude that persons living inside and outside the borough are apparently similarly situated, except for the location of the borough boundary line. That boundary appears to be entirely unrelated to factors considered important by the boards in identifying subsistence uses, such as available opportunities. Consequently, a court would probably conclude that classification of land as being within a borough is a factor which does not reflect a difference in the pattern of harvest and use of resources and that different treatment of Alaskans based only on their residency in a borough violates equal protection principles. See June 17, 1982, memorandum from our office to Ronald Skoog, Commissioner of Fish and Game, J99-098-82.

The current definition of "rural" is also potentially flawed by vagueness. Regulations must be precise enough to enable the agency implementing them and the public to know what is intended. Woodards v. State, 604 P.2d 250 (Alaska 1979). For that reason, the Department of Law discourages the use in regulations of words like "adjacent" or "near", since courts have found that other such relative terms are too vague to be enforceable. Marks v. City of Anchorage, 500 P.2d 644 (Alaska 1972). Similarly, in the definition of "rural" the term "road connected area" is potentially vague. There is no way of knowing whether the definition of "road" was intended to include frozen

rivers in winter, logging roads, animal trails, or railroads. Nor is there any information on the amount of "area" anticipated to be included in terms of specific distances in yards or miles from a "road." It should also be mentioned that even if specific guidelines were set out, a differentiation in treatment based on proximity to a road also would have to bear a fair and substantial relationship to a legitimate governmental purpose under an equal protection analysis. Isakson v. Rickey, 550 P.2d 359 (Alaska 1976).

A definition of "rural" is not required by state law. The April 2, 1982, letter from our office to Representative Ramona Barnes, J66-561-82, points out that it is not necessary under federal law either. ANILCA requires only that subsistence uses be rural customary and traditional uses, not that "rural" be defined. ANILCA §803, §805(d). As the April 2, 1982, letter discusses, the legislative history of ANILCA indicates that Congress envisioned subsistence uses occurring in rural areas, and rural areas being places where subsistence uses occur. Although seemingly circular, that approach enables the state to provide for subsistence uses on a case-by-case basis through the operation of criteria which have the effect of limiting those uses to rural areas. The joint boards' eight criteria for identifying subsistence uses and their acknowledgement in 5 AAC 99.010(a)(2) that subsistence uses are rural uses would probably be sufficient under ANILCA to accomplish the rural focus. For example, Madison, supra, and Gjosund, supra, held that the Board of Fisheries' ten criteria, which are similar to the joint boards eight criteria, identified rural subsistence uses in the Cook Inlet area.

In addressing the concept of "rural," consideration also should be given to the term "residents" as used in section 803 of ANILCA and 5 AAC 99.010(b). Enforcement of the subsistence regulations will require a definition of residency for subsistence purposes. A possible model is the definition of "domicile" recently approved by the Board of Fisheries at its January meeting. See 5 AAC 39.975(30) (not yet filed with Lt. Governor's office).

2. Avoiding disruption of non-subsistence harvest opportunities: Another problem related to implementation of the subsistence law is the authorization and use of a workable system to avoid disrupting harvest opportunities of those whose uses are no longer classified by the boards as subsistence uses and are not commercial or sport. A solution to this problem is the personal use category established by the Board of Fisheries in 5 AAC 77.001-015, in response to the court's action in Madison,

supra. */ This category is intended to authorize regulations which provide access to fishery resources for those whose uses do not qualify under the criteria as subsistence uses, and cannot be classified as commercial or sport.

This personal use category has generated concern among some members of the public. There are those who fear that it will receive a disproportionately high allocation of the resource, and others that it will consistently be relegated to the lowest position. If the relationship between personal use and sport and commercial use can be resolved, the application of the personal use category as the board addresses different fisheries can be a useful tool to assure the adequacy of harvest opportunities when a particular use is not classified as subsistence use. For example, suppose a fishery has been conducted on a particular fish stock under subsistence fishing regulations for a number of years. As the Board of Fisheries considers proposals for regulations, the uses of that fish stock are examined, and only some of the uses are identified under the criteria as subsistence ses. In addition to providing for the identified subsistence uses, the board could authorize a personal use fishery to continue the uses no longer eligible to be classified as subsistence uses. Assuming the target stock and the continuation of subsistence uses would not be jeopardized, the personal use harvests could be regulated as before, except

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*/ In 1981 in Cook Inlet, the board had identified the non-commercial gillnet fisheries in Port Graham, English Bay and Tyonek as subsistence use fisheries. Gillnet fisheries had long occurred in other parts of Cook Inlet under previous subsistence regulations, but the board in 1981 simply eliminated those other harvests. In Madison, the court did not find that the subsistence law was flawed, nor that the board had erred under the law or the constitution in identifying subsistence uses in Cook Inlet. However, the court ruled at the preliminary injunction stage that the board's action in eliminating the other gillnet harvests which did not qualify as subsistence uses violated due process, in that all use groups had not been treated fairly. In response, the board established the personal use category. For 1982, a personal use gillnet fishery was permitted in Cook Inlet for gillnet harvests not qualifying as subsistence uses. 5 AAC 77.547.

under a new name. If it ever became necessary to restrict the harvest of that particular fish stock, the board would then of course treat the personal use and subsistence fisheries differently.

3. Apparent reluctance to follow Attorney General's advice and confusion among state officials:

There has been reluctance by some board members and some Department of Fish and Game personnel to follow the advice of the Department of Law in implementing the subsistence law. For example, that department chose to ignore our recommendation that the flawed definition of "rural," Attachment E, be severed and not be applied in issuing permits for the subsistence hunt of the Nelchina caribou herd. Such a procedure would have allowed any qualifying resident of game management unit 13 to apply for a subsistence permit, rather than only those living outside the Matanuska-Susitna Borough. That would have avoided the equal protection problem discussed above, which was caused by the use of the borough boundary in the classification of uses. See July 23, 1982, memorandum from our office to Ronald Skoog, Commissioner of Fish and Game, 366-042-83.

Another example is the refusal to publish a legal notice for the March 1982 meeting of the Joint Boards of Fisheries and Game which was adequate to allow action at that time to bring the state into compliance with ANILCA. Under the Administrative Procedure Act, state agencies are required to give notice to the public at least 30 days before taking action adopting proposed regulations. The notice must be specific enough to give a clear idea of the area in which action may be taken. AS 44.62.190, .200. For the March 1982 joint board meeting, despite advice from our office, a decision was made not to publish a notice sufficient to give the boards the flexibility to adopt regulations to meet the specifications of ANILCA at that session.

An additional ongoing problem is confusion among some board members and department personnel about what is possible or necessary under the subsistence statutory and regulatory framework. For example, some board members continue to insist that partial compliance is sufficient under ANILCA. As discussed earlier, ANILCA §805(d) requires the state law to be the same as the federal law in three areas: (1) the definition of "subsistence uses," (2) preference for those uses in times of relative resource shortage, and (3) a public participation system (advisory committees and regional councils). Although this has

been explained on a number of occasions by our office, suggestions have continued to be made by some board members that Alaska could fail to comply in one or more of the areas specified and somehow still retain management on federal lands and in all the waters of Alaska.

Another example of ongoing confusion is the discussion outline prepared by the boards' executive director for the joint board meeting which began on November 30, 1982. The thrust of the outline is the purported need to formulate a "policy" on subsistence when, in fact, as discussed earlier, 5 AAC 99.010 already clearly sets out the boards' approach. Attachment D. It is now simply a matter of following those procedures.

PERCEIVED "PROBLEMS"

Numerous other "problems" which are perceived as stemming from the subsistence law are based on misinformation and misinterpretation.

1. Misperception: unconstitutional: In an April 1, 1982, memorandum to Clint Buckmaster, Chairman of the Joint Boards of Fisheries and Game, A66-432-82, our office analyzed the most commonly alleged constitutional flaws in the state subsistence law and concluded that the law was constitutionally sound.

Article VIII, section 4, of the Alaska Constitution allows for preferences "among beneficial uses." Kenai Peninsula Fisherman's Cooperative Association v. State, 628 P.2d 897, 904 (Alaska 1981), affirmed the authority of the Board of Fisheries to provide for "different treatment of such diverse user groups as commercial, sports, and subsistence." That authority is not diminished by Article VIII, section 15, of the Alaska Constitution, which prohibits exclusive fisheries and was derived from 48 USC §222, The White Act. 1961 Op. Att'y Gen., No. 3. The intent of the White Act, and Article VIII, section 15, was to preclude creation of classes of use of Alaska's fisheries for which some individuals could never qualify. Hynes v. Grimes Packing Co., 11 Alaska 564, 165 F.2d 323 (9th Cir. 1947), vacated and remanded on other grounds, 23 Alaska 348, 337 U.S. 86 (1949). As discussed below, the subsistence law is not the equivalent of exclusive use, nor does it create a class closed to participation by people who wish to qualify.

The constitutionality of the subsistence law also is not affected by Article VIII, section 3, of the Alaska Constitution, which reserves fish and wildlife to the people for common use. As the April 1, 1982, memorandum explains in more detail, the record of Alaska's constitutional convention shows that section was intended to prohibit private ownership of fish or game still in their natural state. This does not occur under the subsistence law.

The April 1, 1982, memorandum also concluded that identifying subsistence uses as rural uses was permissible under state law. The classification does not violate the equal protection clause of the Alaska Constitution, since the boards have received substantial evidence that basic differences exist between rural and urban areas with respect to economies, social and cultural systems, and resource use characteristics. Indeed, in another context the state supreme court has acknowledged the great differences. In Alvarado v. State, 486 P.2d 891, 894 (Alaska 1971), the court described the differences:

> ... economies which rely on hunting, fishing, and gathering activities, strong kinship bonds, isolation from those parts of Alaska that approximate mainstream America, different seasonal activity patterns, concepts of time and scheduling, which, in accordance with other cultural divergences, may be quite different from those of mainstream America, and finally, very limited participation in the cash economy.

2. Misperceptions: exclusive use: Participation in subsistence uses is not restricted to a closed class. This means eligibility is not limited in a way that precludes entry; it is not limited to individuals who have lived here since statehood, or to Alaska Natives. For example, in Cook Inlet the Board of Fisheries has determined that the uses of salmon by English Bay, Port Graham, and Tyonek are subsistence uses, and that any person domiciled in those communities may participate. 5 AAC 01.580(a). The class is not closed, since individuals may move to one of the communities and enter the subsistence system, or may move away.

The subsistence law also does not automatically preclude non-subsistence uses, for example, sport and commercial fishing. As always, no harvest is allowed if sustained yield would be jeopardized, but the legislature obviously intended non-subsistence uses to continue, and the boards have the discretion to authorize them. AS 16.05.251(a) and .255(a). For

example, when the Board of Fisheries provides for subsistence uses identified by the eight criteria, some fisheries which previously have been termed "subsistence" may not qualify. That does not mean those harvests will cease to exist. As discussed above, the personal use category can be employed at the board's discretion to permit continued resource harvest opportunity.

If relative resource shortage, which is described earlier, occurs and the priority must be implemented, the boards still have available all their traditional management options to restrict non-subsistence uses and to continue regulating subsistence uses, such as altering seasons or prohibiting use of aircraft. These options can be used to implement the priority in ways that do not exclude non-subsistence uses, although that option is available to the boards in extreme cases.

3. Misperception: harm to resource: Under the regulations, statutes, and Article VIII, section 4 of the Alaska Constitution, maintaining sustained yield of the resource is always the paramount consideration. No uses, including subsistence uses, are allowed to interfere with that. If any harvest of a fish stock or game population will jeopardize sustained yield, no harvests, subsistence or otherwise, may be authorized on that stock or population.

4. Misperception: dilution of advisory committee effectiveness and creation of regional council regulatory authority: Created by the boards to assist in gathering information on resource issues, fish and game advisory committees have existed in all regions of Alaska long before the state or federal subsistence laws. Currently, there are 67 of these advisory committees, each of which is represented on one of the state's six regional councils, which were formed by the boards before passage of ANILCA.

In order to satisfy the public participation requirements of ANILCA §805, modifications were made to the advisory system regulations, some of which strengthened the regional councils' role in the regulatory process. Two concerns have since emerged regarding the regional councils. The first is that the councils will replace the committees, and thus hinder public access to the boards. However, under the current regulations, individuals may express their views directly to the boards, councils and committees. Committees may channel information both to the councils and to the boards. The councils supplement, rather than replace, communication with the boards by individuals and committees.

The second concern is that the councils will have undue authority over the boards, or will have separate regulatory authority. In conformance with the specifications of ANILCA §805(d), the boards now give limited deference to council recommendations concerning subsistence uses, although they receive council recommendations on all fish and game issues. The boards may reject the recommendations concerning subsistence uses if they are not supported by substantial evidence, if they would violate conservation principles, or if they would harm subsistence uses. 5 AAC 96.610(e). The regional councils have no authority to promulgate regulations; rather, they are authorized to make recommendations to the boards.

5. Misperception: courts managing resources: Although the subsistence law was enacted in 1978 (ch 15, SLA 1978), the boards did not begin implementing it immediately. In fact, the boards' actions were often inconsistent with the law. As a consequence, the state lost four lawsuits in 1980. For example, Tyonek v. Alaska Board of Fisheries, 3AN 80-3073, ruled that it was improper for the board to authorize a sport fishery on Susitna River king salmon while not allowing a subsistence fishery on those stocks, when sustained yield would not be jeopardized by harvest of the fish.

However, once the boards began articulating and applying standards for implementation of the subsistence law, recent litigation has been more successful. For example, the Board of Fisheries' approach to subsistence uses in Cook Inlet has been upheld completely in Madison, supra, and in large part in Gjosund, supra. The state's success in such cases hinges primarily on the boards' reasonableness in following the requirements of the law.

6. Misperception: waste permitted: The subsistence law does not authorize waste, which is prohibited separately by statute and regulation. See, for example, AS 16.05.831. Waste is not allowed by any use, subsistence or otherwise.

7. Misperception: racial criteria: The requirements of the subsistence law are race neutral. This is true of both the state statute and ANILCA.

8. Misperception: guaranteed take: 5 AAC 99.010(c) requires that "reasonable opportunities" for subsistence be provided. Attachment D. No participant is guaranteed a harvest.

9. Misperception: subsistence harvests may not be regulated without triggering the priority: AS 16.05.251(b) and .255(b) require the boards to "adopt regulations" allowing subsistence fishing and hunting. Attachment A. However, the fact that a subsistence harvest is regulated does not automatically trigger the priority. The priority becomes active if "it is necessary to restrict the taking" of fish and game, because of relative resource shortage, which is described earlier. AS 16.05.251(b) and .255(b). Attachment A. See February ___, 1983, memorandum from our office to Don Collinsworth, Commissioner of the Department of Fish and Game, 166-423-83. This is also true under ANILCA §804. See S. Rep. No. 413, 96th Cong., 1st Sess. 269 (1979).

Just as with other uses, subsistence harvests can be regulated by specified areas, openings, and other management measures. Indeed, regulation of subsistence uses has been and is part of sound resource management, and it was expected by the legislature. For example, the legislature indicated in section 1, ch. 151, SLA 1978, the intent section of the subsistence law, that beneficial uses of fish and game by all state residents "should be carefully monitored and regulated." Historically, the Board of Fisheries has adopted regulations denominated "subsistence." The Board of Game has generally regulated subsistence uses without designating the regulations as "subsistence."

10. Misperception: requirement for precipitous change: As discussed in the March 22, 1982, memorandum regarding subsistence regulations from our office to Clint Buckmaster, Chairman of the Joint Boards of Fisheries and Game, the regulatory process contemplated by ANILCA is ongoing. Under ANILCA §806, the Department of the Interior will monitor the state's subsistence program on a continuing basis. Accordingly, instantaneous regulatory change in all fishing and hunting situations statewide is neither necessary nor desirable. As potential problems are identified and as data become available, the boards should act according to the procedures in 5 AAC 99.010. Attachment D. See May 4, 1982, memorandum to Milstead Zahn, Executive Director, Boards of Fisheries and Game, regarding effect of joint boards' subsistence regulations.

11. Misperception: limited entry system threatened and commercial sale of subsistence harvested fish or game allowed: Both state and federal laws include "customary trade" as a component of "subsistence uses." AS 16.05.940(26), Attachment B; ANILCA §803, Attachment C. However, legislative history indicates that Congress was mostly concerned about trapping, and neither state law nor ANILCA authorizes significant commercial activity. The state law limits the scope of customary trade by the phrase "for personal or family consumption." AS 16.05.940(26). Attachment B. Although those words do not modify "customary trade" in ANILCA §803, legislative history is clear that Congress did "not intend that 'customary trade' be construed to permit the establishment of significant commercial enterprises under the guise of 'subsistence uses'." S. Rep. No. 413, 96th Cong., 2nd Sess. 234. See December 2, 1981, letter from our office to Governor Hammond, A66-120-81, p. 26-29. Thus, under the subsistence law any exchanges involving cash which are eventually authorized by board regulation would be of a very limited nature, perhaps recognizing established exchange and distribution networks within subsistence economic systems.

The inclusion of "barter" as a component of "subsistence uses" as defined in AS 16.05.940(26) does not authorize commercial exchanges, either. "Barter" is defined in AS 16.05.940(27) as the exchange of fish or game taken for subsistence uses for other fish or game, or for "other food or nonedible items other than money if the exchange is of a limited and noncommercial nature."

12. Misperception: flexibility to define subsistence uses by economic need: It has been suggested that either the legislature or the boards should narrow the definition of subsistence to encompass only economic need, based, for example, on individual income level. Whatever the policy advantages or disadvantages of that approach, it is not an amendment that can be made if the state is to remain in compliance with federal law. An economic need requirement would be inconsistent with the language of ANILCA and with Congressional intent, as amply evidenced in legislative history. For example, in discussing the policy expressed in ANILCA §802(1), Representative Udall noted that it "also requires that regulatory systems which employ income requirements not be imposed upon rural residents." 126 Cong. Rec. H10546 (daily ed. November 12, 1980).

CONCLUSION

State regulations and statutes provide a framework for implementing the subsistence law in a manner consistent with ANILCA. Many "problems" which have been perceived with the framework actually arise from misinformation and misinterpretation. Providing the public with correct information on the law would dispel the impression that these "problems" exist.

One problem which needs to be addressed is the authorization and use of a workable system to avoid disrupting harvest opportunities for those whose uses are no longer classified by the boards as subsistence uses. The personal use category established by the Board of Fisheries is a potential solution, though its relation to sport and commercial uses needs to be resolved. For example, Cook Inlet is a highly populated area where all four categories of fishery -- subsistence, sport, commercial, and personal use -- occur. Examining the appropriate application of the personal use category in Cook Inlet could develop a model not only for Cook Inlet but for other areas in the state.

Another problem is the current definition of "rural", which is vulnerable to equal protection and vagueness challenges. The definition could be amended, or even repealed, since a definition of "rural" is not required by either state or federal law.

If I can provide any further information or assistance, please let me know.

Sec. 16.05.251. Regulations of the Board of Fisheries.

(b) The Board of Fisheries shall adopt regulations in accordance with the Administrative Procedure Act (AS 44.62.010 — 44.62.650) permitting the taking of fish for subsistence uses unless the board determines, in accordance with the Administrative Procedure Act, that adoption of such regulations will jeopardize or interfere with the maintenance of fish stocks on a sustained-yield basis. Whenever it is necessary to restrict the taking of fish to assure the maintenance of fish stocks on a sustained-yield basis, or to assure the continuation of subsistence uses of such resources, subsistence use shall be the priority use. If further restriction is necessary, the board shall establish restrictions and limitations on and priorities for these consumptive uses on the basis of the following criteria:

(1) customary and direct dependence upon the resource as the mainstay of one's livelihood;

(2) local residency; and

(3) availability of alternative resources. (§ 3 ch 206 SLA 1975; am § 2 ch 218 SLA 1976; am § 4 ch 151 SLA 1978; am §§ 1, 2 ch 110 SLA 1980)

Sec. 16.05.255. Regulations of the Board of Game.

(b) The Board of Game shall adopt regulations in accordance with the Administrative Procedure Act (AS 44.62.010 — 44.62.650) permitting the taking of game for subsistence uses unless the board determines, in accordance with the Administrative Procedure Act, that adoption of such regulations will jeopardize or interfere with the maintenance of game resources on a sustained-yield basis. Whenever it is necessary to restrict the taking of game to assure the maintenance of game resources on a sustained-yield basis, or to assure the continuation of subsistence uses of such resources, subsistence use shall be the priority use. If further restriction is necessary, the board shall establish restrictions and limitations on and priorities for these consumptive uses on the basis of the following criteria:

(1) customary and direct dependence upon the resource as the mainstay of one's livelihood;

(2) local residency; and

(3) availability of alternative resources. (§ 3 ch 206 SLA 1975; am § 5 ch 151 SLA 1978)

ATTACHMENT A

Sec. 16.05.940. Definitions. In AS 16.05.010 — 16.05.950

(26) "subsistence uses" means the customary and traditional uses in Alaska of wild, renewable resources for direct personal or family consumption as food, shelter, fuel, clothing, tools, or transportation, for the making and selling of handicraft articles out of nonedible by-products of fish and wildlife resources taken for personal or family consumption, and for the customary trade, barter or sharing for personal or family consumption; for the purposes of this paragraph, "family" means all persons related by blood, marriage, or adoption, and any person living within the household on a permanent basis;

ATTACHMENT B

DEFINITIONS

SEC. 803. As used in this Act, the term "subsistence uses" means the customary and traditional uses by rural Alaska residents of wild, renewable resources for direct personal or family consumption as food, shelter, fuel, clothing, tools, or transportation; for the making and selling of handicraft articles out of nonedible byproducts of fish and wildlife resources taken for personal or family consumption; for barter, or sharing for personal or family consumption; and for customary trade. For the purposes of this section, the term— 16 USC 3113.

(1) "family" means all persons related by blood, marriage, or adoption, or any person living within the household on a permanent basis; and

(2) "barter" means the exchange of fish or wildlife or their parts, taken for subsistence uses—

(A) for other fish or game or their parts; or

(B) for other food or for nonedible items other than money if the exchange is of a limited and noncommercial nature.

ATTACHMENT C

5 AAC 99.010. JOINT BOARDS OF FISHERIES AND GAME SUBSISTENCE PROCEDURES. (a) In applying a subsistence priority, the Board of Fisheries and the Board of Game will provide for conservation and development of Alaska's fish and game resources according to the following procedures:

(1) each board will assess the biological status of fish or game resources and determine whether a surplus may be harvested during a regulatory year consistent with the conservation and development of the resources on the sustained yield principle and compatible with the public interest;

(2) each board will identify subsistence uses of fish or game resources, recognizing that subsistence uses are customary and traditional uses by rural Alaska residents for food, shelter, fuel, clothing, tools, transportation, making of handicrafts, customary trade, barter and sharing.

(b) Customary and traditional subsistence uses by rural Alaska residents will be identified by us of the following criteria:

(1) a long-term, consistent pattern of use, excluding interruption by circumstances beyond the user's control such as regulatory prohibitions;

(2) a use pattern recurring in specific seasons of each year;

(3) a use pattern consisting of methods and means of harvest which are characterized by efficiency and economy of effort and cost, and conditioned by local circumstances;

(4) the consistent harvest and use of fish or game which is near, or reasonably accessible from, the user's residence;

(5) the means of handling, preparing, preserving, and storing fish or game which has been traditionally used by past generations, but not excluding recent technological advances where appropriate;

(6) a use pattern which includes the handing down of knowledge of fishing or hunting skills, values and lore from generation to generation;

(7) a use pattern in which the hunting or fishing effort or the products of that effort are distributed or shared among others within a definable community of persons, including customary trade, barter, sharing, and gift-giving; customary trade may include limited exchanges for cash, but does not include significant commercial enterprises; a community may include specific villages or towns, with a historical preponderance of subsistence users, and encompasses individuals, families, or groups who in fact meet the criteria described in this subsection; and

(8) a use pattern which includes reliance for subsistence purposes upon a wide diversity of the fish and game resources of an area, and which provides substantial economic, cultural, social, and nutritional elements of the subsistence user's life.

(c) After identifying subsistence uses based upon the criteria set out in (b) of this section, each board will determine the approximate amount of fish or game necessary to provide fully for reasonable opportunities to engage in these customary and traditional uses.

(d) Each board will adopt regulations that provide an opportunity for the subsistence taking of fish or game resources in amounts sufficient to provide for the customary and traditional uses identified in (b) of this section, and consistent with sound conservation and management practices. In no instance may the subsistence taking jeopardize or interfere with the maintenance of a specific fish stock or game population on a sustained-yield basis.

(e) Each board will, in its discretion, adopt regulations that provide an opportunity for non-subsistence uses of the resource, to the extent that the non-subsistence uses do not jeopardize or interfere with the conservation and development of fish or game resources on a sustained-yield basis, or with the opportunity for taking these resources for customary and traditional subsistence uses as provided in (d) of this section.

(f) When circumstances such as increased numbers of users, weather, predation, or loss of habitat may jeopardize the sustained yield of a fish stock or game population, each board will exercise all practical options for restricting non-subsistence harvest before subsistence uses are restricted. If all available restrictions for non-subsistence uses have been implemented and further restrictions are needed, each board will reduce the take for subsistence uses in a series of graduated steps, by giving maximum protection to subsistence users who

(1) live closest to the resource;

(2) have the fewest available alternative resources, and

(3) have the greatest customary and direct dependence upon the resource.

(g) In no event, however, will a board allow uses which will jeopardize or interfere with the conservation and management of fish stocks or game populations on a sustained-yield basis. (Eff. 5/30/82, Reg. 82)

Authority: AS 16.05.251(b)
AS 16.05.255(b)

ATTACHMENT D

5 AAC 99.020. DEFINITIONS. In this chapter, "rural" means outside the road connected area of a borough, municipality, or other community with a population of 7,000 or more, as determined by the Alaska Department of Community and Regional Affairs. (Eff. 5/30/82, Reg. 82)

Authority: AS 16.05.251(b)
AS 16.05.255(b)

ATTACHMENT E

APR 05 1983

alaska federation of natives, inc.

411 W. 4th Avenue, Suite 1A • Anchorage, Alaska 99501 • Phone 907-274-3611

March 31, 1983

Representative Mike Szymanski
Alaska House of Representatives
Pouch V
Juneau, Alaska 99811

Re: HB 266

Dear Mike:

Thank you for sending me a copy of HB 266 and requesting AFN's views on the bill. Although the AFN Board of Directors has not had an opportunity to consider the bill, when it does, the board undoubtedly will determine that the policies embodied in the bill are inconsistent with both the State of Alaska's commitment to ensuring the continuation of subsistence uses of fish stocks and game populations and with relevant sections of the Alaska National Interest Lands Conservation Act (ANILCA).

As you know, the state subsistence laws, A.S. 16.05.251(b) .255(b) and .940(26), implement a policy decision made by the legislature in 1978 that protection of subsistence uses of fish stocks and game populations by residents of rural Alaska is important to all the citizens of the state. HB 266 would repeal that policy decision and establish a new policy which implies that the reliance on fish and game by Alaskans who live in our urban population centers is the same as it is for Alaskans who live in rural villages. Such a policy would not reflect the reality of life in either urban or rural Alaska. In addition to abandoning a policy which analyzes hunting and fishing on the basis of its role in the economic life of rural communities, HB 266 also would require the Alaska Board of Fisheries and Board of Game to differentiate among Alaskans solely on the basis of state poverty guidelines. Rural families with income above an artificial poverty level would be forced to compete for access to limited resources on an "equal" basis with numerically superior sport and trophy hunters and fishermen. Aside from the questions of whether such a system is fair or whether destroying the economic viability of rural village economies is in the best interest of all Alaskans particularly during a period of declining state revenues, such a system would require a new, large and expensive state bureaucracy to administer.

The enactment of HB 266 also would result in sport fishing (which is defined in the bill as "personal consumptive use fishing") being afforded a statutory priority over commerical fishing. Whether such a result is or is not good public policy has nothing whatsoever to do with the regulation of subsistence uses of fish and game. If the legislature intends to enact such a radical change in allocation policy (at the moment neither sport fishing nor commercial fishing is afforded a priority over each other), it should do so only after sport and commercial fishermen have been notified of the proposed change and have been provided an opportunity to present their views to the legislature.

Lastly, title VIII of ANILCA conditions the State of Alaska's authority to regulate hunting on Federal lands and fishing on navigable waters on the State's development and implementation of a fish and game management program which conforms to the requirements of section 805(d) of that Act. Section 805(d) requires the State to have a statute such as A.S. 16.05.251(b) and .255(b) and a definition of "subsistence uses" such as that included in A.S. 16.05.940(26). HB 266 would amend those statutes in a manner which would make them inconsistent with the requirements of section 805(d) which in turn would result in a Federal takeover of most of the State's authority to regulate hunting and fishing. A result which I am sure you would agree would be a disaster for all Alaskans and for the wise management of the fish stocks and game populations which would be subject to two management systems.

Unlike HB 266, the present state subsistence laws satisfy the requirements of ANILCA and establish a fair and workable system for allocating access to finite fish stocks and game populations in instances in which harvest demands by all user groups exceed the harvestable surplus of the stock or population. The Alaska Board of Fisheries and Board of Game have made considerable progress in adopting regulations interpreting the state subsistence laws to assist them in identifying subsistence uses of individual stocks and populations. In my judgment the boards should be provided an opportunity to use their new regulations to implement the subsistence laws in a fair and reasonable manner. I also would note that hunting and fishing by Alaska residents which do not fall within the definition of "subsistence uses" are not compromised by the state subsistence laws. A subsistence priority does not mean exclusive use. Rather, non-subsistence uses of fish and game may be authorized and regulated by the boards pursuant to their discretionary administrative authority under A.S. 16.05.251(a) and .255(a) rather than pursuant to their authority to regulate subsistence uses under A.S. 16.05.251(b) and .255(b).

Thank you for the opportunity to express AFN's views on HB 266 and on the important policy questions embodied in that bill. If I can be of any further assistance with respect to your consideration of HB 266 or any other bill being considered by the legislature please do not hesitate to contact me.

Sincerely,

ALASKA FEDERATION OF NATIVES, INC.

Janie Leask

Janie Leask
President

xc: AFN Board of Directors
Representative Tischer

Glender

Mon - HB 232 Chester Lake Hydro

Tues - * HJR 43

WED - Cook Inlet Fisheries Briefing

THURS - HB 320, HB 370, HB 371 Royalty Oil Contracts

FRI - Joint House/SENATE Briefing/Mineral Development
* SB 108 Fairbanks STATE FOREST

"highest & best"

Midnight Sun Arctic Adventures

Rural Alaskan Natives
Urban Sportsmen

no clear markers on a yardstick

economic need:

Native Concerns
Guiding Concerns

Rupert Andrews - Alaska Sportsmen's Council
ambiguity

Ron Summerville

Bob Rausch

Ron Skoog

HB

267

HOUSE RESOURCES COMMITTEE OBSERVER/WITNESS SIGN-UP SHEET

DATE: March 30 SPONSOR: Rep. Fuller

SUBJECT(S): HB 267 - herring stripping

NAME	REPRESENTING	ADDRESS	PHONE	Check One: Observer	Check One: Witness	Check One: For	Check One: Against
Adelheid Herrmann	District 26	Pouch V	4942		X		
Linda Wilde	Fuller	Pouch V			X		

REP. JOHN G. (JACK) FULLER

DISTRICT 22

ALAKANUK
BERING MISSION
CHEVAK
DIOMEDE
ELIM
EMMONAK
GAMBELL
GOLOVIN
HOOPER BAY
KOTLIK
KOYUK
NOME
SAVOONGA
SCAMMON BAY
SHAKTOOLIK
SHELDON'S POINT
SHISHMAREF
STEBBINS
ST. MICHAEL
TELLER
UNALAKLEET
WALES
WHITE MOUNTAIN

CHAIRMAN, RULES COMMITTEE

MEMBER
FINANCE COMMITTEE
POLICY COMMITTEE
COMMITTEE ON COMMITTEES
REAA BUDGET OVERSIGHT COMMITTEE
BLUE RIBBON COMMISSION ON PERSONNEL

Alaska House of Representatives

MEMORANDUM

TO: Fisheries Committee members DATE: March 21, 1983

FROM: Rep. Jack Fuller

SUBJECT: HB 267 re herring stripping
Fisheries Committee teleconference
3:30 pm, March 24, 1983

HB 267 extends the time that herring stripping is allowed to take place in the Bering Sea until 1986. "Stripping" is the process by which herring roe is extracted from the carcass. The herring is first either lightly salted for three - four days or frozen, then processing workers extract the roe. After this process, the carcass is discarded.

A brief background on the bill, taken from hearings on legislation two years ago which first allowed stripping to continue in the Bering Sea, will bring you up to date on the subject. Legislative policy on utilization of herring, as adopted in 1977, states that stripping "is wasteful and does not constitute utilization of this resource for the maximum benefit of the people. Therefore, it is the policy of the legislature that this process should be eliminated to the fullest extent possible." Reacting to the mounting pressure against stripping, the Board of Fisheries prohibited by regulation the stripping of herring effective for the 1979 season. The result of this was that most of the herring from the Bering Sea (Fish and Game estimates 70%) were lightly salted and shipped overseas, bypassing Alaskan processors and labor altogether.

HB 590, passed in 1980, prohibited export of unprocessed herring and allowed herring stripping in the Bering Sea through the 1982 season. This was to encourage the development of Alaska-based processing facilities and allow processors to ease into the requirement that the whole herring be utilized. Once the ban on stripping is reinstated, processors will have to find some use for the herring carcasses. This means that they will have to be reduced - turned into fish meal or fertilizer - since this is about all that a herring carcass is good for after the roe extraction process. There are no reduction plants along the Bering Sea coast, with the closest one being in Seward.

In 1981 the Unalakleet Co-op processed its own herring for the first time. Due to poor conditions, they were unable to process last year. This year they had intended to strip three to five hundred tons,

HOME
P.O. BOX 659
NOME, ALASKA 99762
(907) 443-2968

WHILE IN JUNEAU
POUCH V
JUNEAU, ALASKA 99811
(907) 465-3789
465-3764 465-3765

but need to be allowed to dispose of the carcasses. Current regulations provide that carcasses be dumped outside of the three-mile limit. The regulations are still on the books and will remain in place for the coming season if this legislation is enacted. It is estimated that the stripping operation will bring in between $20,000 and $35,000 to the local economy. This bill would allow them to continue herring stripping until 1986, when they will have enough experience and will have built up enough of an infrastructure to dispose of the carcassas some other way.

Allowing the stripping of herring until 1986 will give local processors time to build up a base of investment for their developing fisheries as well as create jobs and economic benefits for the area. It is a realistic approach to phasing in the local processing industry. Dumping of the herring carcasses at this time is the most economical use of this by-product, where there is no market at all for them. Following department regulations, the herring carcasses are disposed of in an ecologically safe manner far out to sea. This bill will not affect other areas of the state.

MAR 23 1983

3NC FISHERIES
P.O. BOX 100
UNALAKLEET, ALASKA 99684

Representative Jack Fuller
Alaska State Legislature
Pouch V(MS-Space 3100)
Juneau, Alaska 99811

Dear Representative Fuller:

The three village Corporations of Unalakleet, Shaktoolik and Stebbins along with the Norton Sound Fishermen's Cooperative have formed a new joint venture for commercial fishing in the southern Norton Sound. The interim board is made up of myself as Chairman, member Chuck Degnan from Unalakleet Native Corporation; Eugene Asicksik as vice-chairman and Alex Sookiayak from Shaktoolik Native Corporation; Cornelius Dan as Secretary/Treasurer and member Morris Coffey from Stebbins; and R. Weaver Ivanoff from the Norton Sound Fishermen's Cooperative.

In our second organizational meeting a motion was passed unanimously to send you a letter of support toward requiring a 2-year residency in the State of Alaska to qualify for fisheries loans and also increasing the minimum loan amount of $35,000 on the Fisheries Mortgage and Note Sale Program. We feel that the 1-year requirement opens to the program to too many fishermen which puts even more constraints on our local fishermen qualifying for the loans. The least that should be required is that the one year be 12 consecutive months. The current $15,000 limits ourselves to getting a small somewhat substandard boat and outboard motor. The minimum a work outboard motor costs is approximately $5,000. If we allocate $2,000 for freight, that leaves us only $8,000 to buy a boat. The base price for a 24-foot Monson Boat open model, costs $10,000. We have had fishermen interested in this boat, but because of the $15,000 limit, it cannot be bought with that loan program. The 26-foot boat that most would like costs $12,500 and it would be impossible to buy this boat with the loan program.

We have been informed that House Bill 267 has been introduced by yourself regarding dumping of herring carcass in western Alaska. Through a telephone poll our Board of Directors would like to go on record as fully supporting such a bill.

As you well know and as classified by the Board of Fish, herring fishing in the Norton Sound is a developing fisheries. We have been fishing herring since 1976 but the real effort by local fishermen did not start until 1979. In 1980 the Norton Sound Fishermen's Cooperative entered into it's first contract for herring and in that year approximately 800 tons of herring flown out of Unalakleet. It was flown out because of lack of experience of handling the fish product any other way, much less processing of the herring. In 1981 the Norton Sound Fishermen's Cooperative processed herring and experienced a modest success of approximately 400 tons. It proved more of a success in creating an opportunity for employment by our local labor force rather than a profitable one for the Cooperative. Approximately $60,000 in wages were paid with all local labor and a few women flown in from St. Michael. Attempts were made to bring in more laborers, but because of the fast pace of the herring season, it did not materialize. In 1982 partially becasure of the need to review all facets of herring operations, Norton Sound Fishermen's Cooperative did not process herring but had the fishermen deliver directly to floating processors who brought the fish elsewhere in Alaska for processing. Needless to say, Norton Sound Fishermen's Cooperative did not benefit as much from the herring season that year.

The 3NC Board supports House Bill 267 because of the past experience learned by Norton Sound Fishermen's Cooperative. As a group of village corporations with a joint venture, we feel responsible in utilizing our investment to have the broadest positive impact to our area and our stockholders. Unless we are able to dump the herring carcass into the Norton Sound we would not be able to process herring locally. Financial analysis show that a stripped herring carcass in the Norton Sound is worth in the neighborhood of $200 per ton but at the same time it would cost approximately $400 per ton to ship that product out. Clearly more money is spent shipping the product out than what the product is worth and the economics of that alone would prevent us from processing herring.

In ar area where employment is one of the lowest in the State, any means of assistance that the State could allow would be a boost for our standard of living. Were we to dump the herring carcass in the Norton Sound we would be able to create jobs for our people, especially women. The men have an opportunity to derive income from fishing and with processing herring we would be able to hire as processors, women, college students and those not able to participate in herring fishing. For discussion purposes if 3NC processed 500 tons of herring in Unalakleet, Stebbins or Shaktoolik and the processors were paid .50 cents per pound for eggs extracted and we averaged 8% roe recovery, that means that there would be roughly 80,000 pounds of eggs processed. This would provide $40,000 paid to processors. Additionally there would be helpers, generally high school aged males to do lifting and other sundry workers that would probably earn half again the amount paid to processors so that 3NC would have approximately $60,000 in wages paid to local employees. At this time of the year, after a long winter of not working, this income would be a valuable source of new income to the communities. This would pay for approximately 30,000 gallons of heating fuel, or other much needed basic necessities otherwise not possible should there not be any processing.

Sincerely,

Henry Ivanoff, Chairman
3NC Fisheries

Bering Sea
Fishermen's Association
805 West 3rd Avenue
Anchorage, Alaska 99501
(907) 279-6519

March 17, 1983

Representative Fuller
Juneau

Representative Fuller:

The Bering Sea Fishermen's Association supports House Bill No. 267 which will significantly benefit all Western Alaska herring fishermen who are trying to increase their economic returns from the roe herring fishery. The dumping of herring carcasses after the stripping operations represents the most economical use of that by-product for Western Alaska, given the present level of infrastucture development. Furthermore, the carcasses can be disposed of in an ecological and safe manner following current ocean dumping guidelines.

There are several specific reasons why we support this Bill:

1) The ability to dispose of the herring carcasses allows fishermen and Western Alaska processors to strip the roe from the herring and therefore realize a greater profit. By stripping the roe themselves, the local economies benefit by the extra labor payments, extended use of the local fish plants, tendering of the carcasses out to sea, the processing profits, and the gain in expertise and consequent gain in local control of their fisheries. Kotzebue and southern Norton Sound have locally controlled processing facilities which could be used for a roe stripping operation, and the Kokechik Bay, Goodnews Bay, Security Cove, and Togiak fishermen could also strip herring roe with some planning.

Unalakleet stripped herring roe at their plant in 1981 at a labor cost of about $70/ton. Using this labor cost as an assumption, the ability to strip 300 - 500 tons of herring would mean an influx of between $21,000 and $35,000 in wages to the local economies.

The utilization of the local processing plants (Kotzebue and Unalakleet) would help spread the overhead costs of those facilities over more time, and therefore make them more efficient. The herring stripping operation is relatively simple; the round herring can either be frozen in the round (an option for Unalakleet) and then thawed and stripped, or it can be brined and then stripped (an option for both plants).

The brining/stripping process offers an excellent market alternative to Togiak gillnet fishermen who sometimes find that their usual buyers (floating freezer

ships) are plugged and therefore refuse to buy the gillnet herring. Because it is a relatively low capital investment operation, an enterprising processor could set up a brining/stripping operation which could act as a safety valve and relieve some of the pressure on the buyers who freeze herring in the round. Some of the herring tenders in Togiak - who stay on the grounds for the opening of the salmon season - would be logical processing platforms for the stripping operation.

In the extreme case, the fishermen of Goodnews Bay and Security Cove might have herring roe stripping as their only option if, because of exclusive registration, freezer/processors decide not operate in those two areas.

2) By taking the herring roe from a raw state to a semi-processed, preserved state, the fishermen and local processors would also have improved their marketing position. They can now hold on to their product until they can come to an agreement with a buyer of their choice, rather than having to sell it immediately and in a lower-value state. The quality of the roe is also better after stripping (the unacceptable eggs are culled in the stripping process) and this also brings a better price.

3) In the case of Unalakleet, Stebbins, St. Michael, and Shaktoolik, where some if not all of the stripping will be done by the freeze-thaw-strip method, the ability to dump most of the carcasses makes it possible to use some of the carcasses for human or dog food. The better quality carcasses could be air dried in the same way that tom cod carcasses are currently used.

4) Most fishermen and local processors won't have the facilities available to freeze the herring prior to stripping. For these people, the brining method is the only option. After brining, the carcasses are too salty to be good for anything except meal. There are currently no meal/reduction plants in Western Alaska, and the closest one is in Seward. One estimate of the freight costs of getting the salted carcasses to Seward from Togiak is $300/ton, and even then the meal plant would pay nothing for the carcasses. The market price for herring carcasses in Japan is $0.10 - 0.15/lb., but the freight costs to Japan would be around $0.20/lb. It therefore appears that there is no viable market at the present time for the herring carcasses from Western Alaska.

Regards,

Henry V. Mitchell

Henry Mitchell

STATE OF ALASKA

OFFICE OF THE GOVERNOR

BILL ANALYSIS

Department	Sponsor (Principal)	Bill Number
Fish and Game	Fuller	HB 267

Department Position

Neutral

Division Director	Date	Commissioner's Signature	Date
Steven Pennoyer SP	3/16/83	Don W. Collinsworth DWC for DWC	3-17-83

GOVERNOR'S OFFICE USE

Comments:

☐ Position Noted	By	Date

SUMMARY

1. a) Related Bills (Similar or Conflicting	1. b) Other Agencies Affected by Bill
SB 180	Department of Environmental Conservation

2. a) Organizational Support for Bill	2. b) Organizational Opposition to Bill
Unknown	Unknown

3. Program Effects of Bill

None

4. Fiscal Impact: ☒ None ☐ Fiscal Note Attached

5. Amendments Proposed:

None

6. Comments:

Stripping of herring roe and in-water disposal of herring carcasses has been allowed for the Bering Sea in the past with no apparent damage to the natural resources of the area. The disposal provision lapsed this year, which will now require that herring carcasses not be wasted. The current non-waste disposal method has been to deliver the carcasses to reduction plants in Kodiak and Seward, but the Kodiak plant will be closed or operating at reduced levels during 1983, making non-wasteful disposal of Bering Sea herring very difficult.

The Board of Fisheries does have a regulation (5 AAC 27.093) in place that will govern carcass disposal in the Bering Sea.

The Department estimates that the Bristol Bay herring fishery may open as early as the

first or second week in May this year. Therefore, to be effective this season, this bill would have to be signed into law no later than April 30.

Article 3. Herring Spawn.

Section
175. Removal of herring from state

Sec. 16.10.172. Legislative policy on utilization of herring.

Editor's notes. — Section 1, ch. 27, SLA 1980 provides: "LEGISLATIVE FINDINGS AND POLICY ON HERRING STRIPPING. (a) Notwithstanding AS 16.10.172, the legislature finds that in certain circumstances the processing technique described in AS 16.10.172(3), commonly referred to as "stripping", provides benefits of such importance to the state economy that the benefits may

outweigh the waste involved in the process.

"(b) It is the policy of the legislature that notwithstanding AS 16.10.173 the disposal of herring carcasses is acceptable only if

"(1) the herring is taken from waters in which the herring population is large enough to support a stripping industry without substantially reducing the availability of the herring for other uses; and

"(2) the stripping process is conducted in an area of the state where local industry either does not exist or, if it does exist, it is insufficient to provide reasonable economic support to the people who live in the area."

Sec. 16.10.173. Utilization of commercially taken herring.

Editor's notes. — Section 1, ch. 27, SLA 1980 provides: "HERRING STRIPPING. (a) Notwithstanding AS 16.10.173 and until July 1, 1982, the stripping of commercially taken herring for the purpose of removing and selling the roe product is authorized if the herring is taken from and the carcass disposal process occurs in the Bering Sea.

"(b) The Board of Fisheries shall adopt regulations in accordance with the Administrative Procedure Act (AS 44.62) [AS 44.62.010 — 44.62.650] regarding disposal of herring carcasses for each adminsistrative area where disposal occurs

"(c) The provisions of AS 46.03.100 apply to the disposal of herring carcasses under this section."

Sec. 16.10.175. Removal of herring from state. (a) It is unlawful for a person to remove herring from the state before the herring has been frozen or otherwise processed for shipment.

(b) In this section, "processed for shipment" includes, but is not limited to, icing, stripping or salting of the herring; however, it does not include salting of the herring if five percent or more of the body weight of the herring consists of roe. (§ 3 ch 27 SLA 1980)

5 AAC 27.070. REGISTRATION AND INSPECTION DOCUMENTS. Repealed 4/14/82.

ARTICLE 3.
PROHIBITIONS

Section
90. Unlawful possession of herring or herring gear
92. Unlawful acts within an adjacent seaward biological influence zone
93. Disposal of herring
95. General restrictions
96. Violation of reporting requirements
97. Violation of landing requirement
98. Violation of regulations

5 AAC 27.090. UNLAWFUL POSSESSION OF HERRING OR HERRING GEAR. (a) It is unlawful for any person to possess unprocessed herring aboard a vessel licensed as a commercial fishing vessel within any statistical area unless the season is open or unless the person is acting under the authorization of 5 AAC 27.030(b). This prohibition does not apply to herring possessed for subsistence or personal bait purposes under applicable cable regulations.

(b) It is unlawful for any person to possess aboard a vessel licensed as a commercial fishing vessel within any statistical area any herring or any gear used in the taking of herring if the herring or herring gear are prohibited by other regulations in 5 AAC 27 governing the area, unless the vessel is acting under the authorization of 5 AAC 27.030(b).

(c) It is unlawful for any person to possess, purchase, sell, barter, or transport herring within the state or within waters subject to the jurisdiction of the state if that person knows or has reason to know that that herring was taken or possessed in contravention of the regulations of this chapter. (In effect before 1982; am 4/14/82, Reg. 82)

Authority: AS 16.05.251(a)(4),(7) and (10)
AS 16.05.720
AS 16.05.900
AS 16.05.920

5 AAC 27.092. UNLAWFUL ACTS WITHIN AN ADJACENT SEAWARD BIOLOGICAL INFLUENCE ZONE. It is unlawful for any person to take, attempt to take, cause to be taken, or possess herring, or to operate, attempt to operate, or cause to be operated any vessel or gear or to possess any gear or to take, attempt to take, cause to be taken, or fail to take any action in violation of 5 AAC 27.010(b).

Authority: AS 16.05.251(a)(4),(7) and (10)
AS 16.05.720
AS 16.05.900
AS 16.05.920

5 AAC 27.093. DISPOSAL OF HERRING. In statistical areas N, T, W and Q, herring carcasses may be disposed of only as follows:

(1) any vessel with less than 5 metric tons of herring on board may only dump herring carcasses in waters more than five fathoms in depth;

(2) any vessel with five metric tons or more of herring on board may only dump herring carcasses in waters more than three miles from the mainland;

(3) or as specified by a permit issued by the Department of Environmental Conservation.

Authority: AS 16.05.251(a)(7)
AS 16.10.172–16.10.173

5 AAC 27.095. GENERAL RESTRICTIONS. A person shall obtain a permit from the department before taking herring during the period June 15 through February 28 in statistical areas K, L, M and N. (In effect before 1982; am 4/14/82, Reg. 82)

Authority: AS 16.05.251(a)(2) and (7)

5 AAC 27.096. VIOLATION OF REPORTING REQUIREMENTS. (a) It is unlawful for any person to file a fish ticket representing the catch governed by the fish ticket as having been taken in a particular statistical area when in fact the catch or part of the catch were taken in another statistical area.

(b) It is unlawful to file any fish ticket containing information which has been purposely falsified.

Authority: AS 16.05.251(a) AS 16.05.900
AS 16.05.690 AS 16.05.920
AS 16.05.720

5 AAC 27.097. VIOLATION OF LANDING REQUIREMENT. It is unlawful for any vessel

CITATION Sec. 16.10.172.

LEGISLATIVE POLICY ON UTILIZATION OF HERRING.
The legislature finds the following: (1) extensive and valuable herring populations are available for harvest in waters subject to the jurisdiction of the state; (2) commercial markets are available for herring processed in several forms; (3) one processing technique presently employed involves deliberately permitting decomposition of the herring carcass to allow for removal and subsequent sale of the roe product, with the consequence that the flesh is unusable and discarded. The legislature declares that the process referred to in (3) of this section is wasteful and does not constitute utilization of this resource for the maximum benefit of the people. Therefore, it is the policy of the legislature that this process should be eliminated to the fullest extent possible.

HISTORY (Sec. 1 ch 9 SLA 1977)

CITATION Sec. 16.10.173.

UTILIZATION OF COMMERCIALLY TAKEN HERRING.

(a) It is unlawful for a person, as defined in AS 01.10.060 and including a joint venture, to waste or to cause to be wasted any commercially taken herring.

(b) As used in this section, "waste" means the failure to use the flesh of commercially taken herring for reduction to meal, production of fish food, human consumption, food for domestic animals, scientific or educational purposes, or round herring bait. Normal, inadvertent loss of flesh associated with the uses described in this subsection which cannot be prevented by practical means does not constitute waste. The commissioner may authorize other uses of commercially taken herring not inconsistent with the intent of this section and sec. 172 of this chapter at his discretion upon receipt of a request accompanied by a detailed justification.

(c) For purposes of this section, "flesh" means all muscular body tissue surrounding the bony skeleton of the herring.

(d) The Board of Fisheries may adopt regulations under the Administrative Procedure Act (AS 44.62) it considers necessary for implementation of this section. The board may delegate its authority under this section to the commissioner.

(e) The provisions of this section do not apply to herring taken commercially in the Bering Sea (including appurtenant bays, sounds, estuaries, and water of the state) north of 56 North Latitude, until January 1, 1979.

HISTORY (Sec. 1 ch 9 SLA 1977)

Sec. 46.03.100. Waste disposal permit. (a) A person who conducts an operation which results in the disposal of solid or liquid waste material or heated process or cooling water into the waters or onto the land of the state must procure a permit from the department before disposing of the waste material or water. The permit must be obtained for direct disposal and for disposal into publicly operated sewerage systems

(b) This section does not apply to a person discharging only domestic sewage into a sewerage system. (§ 3 ch 120 SLA 1971; am § 3 ch 220 SLA 1976)

Effect of amendment. — The 1976 amendment in the first sentence of subsection (a), substituted "an operation" for "a commercial or industrial operation," inserted "or heated process or cooling water" and "or onto the land," and added "or water" to the end of the sentence.

Sec. 46.03.110. Waste disposal permit procedure. (a) An application for a permit shall be made on forms prescribed by the department or on forms prescribed by the United States Environmental Protection Agency and shall contain the name and address of the applicant, a description of his operations, the quantity and type of waste material sought to be disposed of, the proposed method of disposal, and any other information considered necessary by the department. Application for permit shall be made at least 60 days before commencement of a proposed discharge.

(b) Upon receipt of a proper application the department shall publish notice of the application in two separate publications of a newspaper of general circulation within the general area in which the disposal of waste material is proposed to be made. The notice may also be published in other appropriate information media. The notice shall include a statement that a person who wants to present his views to the department in regard to the application may do so in writing to the department within 30 days of the second publication of the notice. The written response entitles the writer to a copy of the application.

(c) When the department receives an application, the commissioner shall immediately send copies of the application to the commissioner of fish and game, the commissioner of natural resources, the commissioner of commerce and economic development and the commissioner of health and social services.

(d) The department may specify in a permit the terms and conditions under which waste material may be disposed of. The terms and conditions shall be directed to avoiding pollution and to otherwise carry out the policies of this chapter. No permit may be effective for a period in excess of five years from the date of issuance.

(e) If the department has certified a National Pollutant Discharge Elimination System permit under sec. 401 of the Federal Water Pollution Control Act Amendments of 1972 (33 U.S.C. sec. 1341), and the United States Environmental Protection Agency has issued that permit to a person, the department may waive the requirements of this section, and adopt the federal permit as the permit required under § 100 of this chapter. (§ 3 ch 120 SLA 1971; am § 6 ch 104 SLA 1971; am § 116 ch 218 SLA 1976; am §§ 4, 5 ch 220 SLA 1976)

Effect of amendments. — The first 1976 amendment substituted "commissioner of commerce and economic development" for "commissioner of economic development" in subsection (c).

The second 1976 amendment inserted "or on forms prescribed by the United States Environmental Protection Agency" in the first sentence of subsection (a) and added subsection (e).

Article 3. Herring Spawn.

Section
140 — 170. [Repealed]
172. Legislative policy on utilization of herring
173. Utilization of commercially taken herring

Secs. 16.10.140 — 16.10.170.
Repealed by § 2 ch 91 SLA 1970.

Sec. 16.10.172. Legislative policy on utilization of herring. The legislature finds the following: (1) extensive and valuable herring populations are available for harvest in waters subject to the jurisdiction of the state; (2) commercial markets are available for herring processed in several forms; (3) one processing technique presently employed involves deliberately permitting decomposition of the herring carcass to allow for removal and subsequent sale of the roe product, with the consequence that the flesh is unusable and discarded. The legislature declares that the process referred to in (3) of this section is wasteful and does not constitute utilization of this resource for the maximum benefit of the people. Therefore, it is the policy of the legislature that this process should be eliminated to the fullest extent possible. (§ 1 ch 9 SLA 1977)

Effective date. — Section 2, ch. 9, SLA 1977, provid "This Act takes effect January 1, 1978."

Sec. 16.10.173. Utilization of commercially taken herring. (a) It is unlawful for a person, as defined in AS 01.10.060 and including a joint venture, to waste or to cause to be wasted any commercially taken herring.

(b) As used in this section, "waste" means the failure to use the flesh of commercially taken herring for reduction to meal, production of fish food, human consumption, food for domestic animals, scientific or educational purposes, or round herring bait. Normal, inadvertent loss of flesh associated with the uses described in this subsection which cannot be prevented by practical means does not constitute waste. The commissioner may authorize other uses of commercially taken herring not inconsistent with the intent of this section and § 172 of this chapter at his discretion upon receipt of a request accompanied by a detailed justification.

(c) For purposes of this section, "flesh" means all muscular body tissue surrounding the bony skeleton of the herring.

(d) The Board of Fisheries may adopt regulations under the Administrative Procedure Act (AS 44.62) it considers necessary for implementation of this section. The board may delegate its authority under this section to the commissioner.

(e) The provisions of this section do not apply to herring taken commercially in the Bering Sea (including appurtenant bays, sounds, estuaries, and water of the state) north of 56° North Latitude, until January 1, 1979. (§ 1 ch 9 SLA 1977)

Effective date. — Section 2, ch. 9, SLA 1977, provides: "This Act takes effect January 1, 1978."

COMMITTEE REPORT

HOUSE

(9) FURTHER:

3/25/83

Date: 3/30/83

Mr. Speaker:

The Committee on RESOURCES has had HB 267

An Act relating to herring stripping; and providing for an effective date.

under consideration and reports it back as follows:

[✓] do pass [ ] do not pass

[ ] do pass with attached amendments(s)

[ ] replace with CS for _____ [ ] same title [ ] new title

and recommends _____

[ ] AND attaches a "Letter of Intent" [ ] New Fiscal Note [✓] Zero Fiscal Note Attached

[ ] reports it back without recommendation

[ ] referred to the _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS:

CHAIRMAN

H 60

HB

273

HOUSE RESOURCES COMMITTEE OBSERVER/WITNESS SIGN-UP SHEET

DATE: 3-23-83 SPONSOR: Resources Committee

SUBJECT(S): HB 273 - Guide Board / marine mammal licence

NAME	REPRESENTING	ADDRESS	PHONE	Observer	Witness	For	Against
Lt. Conrad SEIBEL	Public Safety	Juneau	465-2427	✓			
Paddy McGuire							
Harry Traeger							
Mark Jensen	Guide Board						
Guy Oliver	Self	PO Box 1808 Juneau	586-4042		✓		

STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

DEPARTMENT OF PUBLIC SAFETY
OFFICE OF THE COMMISSIONER

POUCH N
JUNEAU, ALASKA 99811
PHONE:

March 21, 1983 465-4322

The Honorable John Ringstad
Chairman, House Resources Committee
Pouch V
Juneau, Alaska 99811

Dear Representative Ringstad:

The Division of Fish and Wildlife Protection, Department of Public Safety, supports HB 273. The Guide Board has been instrumental in decreasing guide violations by disciplining those who have violated and has fairly dealt with the industry in other areas. We concur with your recognized need for this Board and will support your efforts to see passage of this piece of legislation.

Sincerely,

Robert J. Sundberg
Commissioner

cc: Colonel Robert M. Henderson, Director, F&WP

12-L2LH

HB 273 "An Act continuing the Guide Licensing and Control Board, and authorizing the board to license marine mammal guides."

SHORT SECTIONAL ANALYSIS

Section 1 simply extends the sunset date on the board from June 30, 1982 to June 30, 1986. The board was extended last year in SB 834, but the bill was vetoed by the Governor because it contained certain unrelated language regarding the validity of regulations promulgated by the administration. Governor Hammond saw the additional section as an invasion of the separation of powers provision of the Constitution.

Technically, the board sunsetted at the end of the last fiscal year, and is now in its wind-down year. Unless the legislature extends its life, it will completely cease to function on June 30.

Section 2 would allow the Guide Licensing and Control Board to take on marine mammal guiding, for which it has already adopted the necessary regulations. It is anticipated that at some point in the next few years the state will regain management authority over marine mammals from the federal government, and it would be helpful to have in place the necessary statutes and regulations to manage the guiding industry on those species.

Editor's notes. — This section was redrafted by the revisor of statutes to remove personal pronouns in conformity with AS 01.05.031(c) and § 4, Chapter 58, SLA 1982.

Cross references. — As to constitutionality of ch. 102, SLA 1976, see notes to AS 09.65.536 and Alas. Const., art. II, § 14.

Chapter 03. Termination, Continuation and Reestablishment of Regulatory Boards.

Section
10. Termination dates for regulatory boards
20. Procedures governing termination, transition and continuation

Cross references. — As to review of the activities of agencies, boards and commissions, see AS 44.66.010 et seq.

Sec. 08.03.010. Termination dates for regulatory boards. (a) Boards listed in this subsection have a termination date of June 30, 1979:

(1) Repealed by § 3 ch 36 SLA 1980.
(2) Repealed by § 3 ch 40 SLA 1980.
(3) Repealed by § 3 ch 87 SLA 1980.
(4) Repealed by § 3 ch 74 SLA 1979.
(5) Repealed by § 3 ch 39 SLA 1980.
(6) Repealed by § 3 ch 37 SLA 1980.
(7) Repealed by § 3 ch 38 SLA 1980.
(8) Repealed by § 3 ch 41 SLA 1980.
(9) Repealed by § 3 ch 67 SLA 1980.
(10) Repealed by § 2 ch 43 SLA 1980.
(11) Repealed by § 3 ch 42 SLA 1980.

(b) Boards listed in this subsection have a termination date of June 30, 1980:

(1) Repealed by § 15 ch 52 SLA 1980.
(2) Repealed by § 5 ch 159 SLA 1980.
(3) Collection Agency Board (AS 08.24.011) (obsolete);
(4) Repealed by § 5 ch 159 SLA 1980.
(5) Repealed by § 11 ch 71 SLA 1980.
(6) Repealed by § 7 ch 72 SLA 1980.
(7) Repealed by § 2 ch 53 SLA 1981.
(8) Repealed by § 8 ch 143 SLA 1980.
(9) Repealed by § 42 ch 167 SLA 1980.
(10) Repealed by § 2 ch 153 SLA 1980.
(11) Repealed by § 13 ch 52 SLA 1981.

(c) The following boards have the termination date provided by this subsection:

(1) Board of Nursing (AS 08.68.010) — June 30, 1983.
(2) Board of Chiropractic Examiners (AS 08.20.010) — June 30, 1984.

(3) Board of Examiners in Optometry (AS 08.72.010) — June 30, 1984.
(4) Board of Pharmacy (AS 08.80.010) — June 30, 1984.
(5) Board of Dispensing Opticians (AS 08.71.010) — June 30, 1985.
(6) Board of Dental Examiners (AS 08.36.010) — June 30, 1986.
(7) Board of Veterinary Examiners (AS 08.98.010) — June 30, 1985.
(8) State Physical Therapy Board (AS 08.84.010) — June 30, 1986.
(9) Board of Nursing Home Administrators (AS 08.70.010) — June 30, 1986.
(10) Board of Psychologist and Psychological Associate Examiners (AS 08.86.010) — June 30, 1982.
(11) State Medical Board (AS 08.64.010) — June 30, 1983.
(12) Board of Marine Pilots (AS 08.62.010) — June 30, 1983.
(13) Board of Welding Examiners (AS 08.99.010) — June 30, 1981 (obsolete).
(14) Board of Electrical Examiners (AS 08.40.010) — June 30, 1986.
(15) State Board of Registration for Architects, Engineers, and Land Surveyors (AS 08.48.011) — June 30, 1984.
(16) Board of Barbers and Hairdressers (AS 08.13.010) — June 30, 1984.
(17) Board of Public Accountancy (AS 08.04.010) — June 30, 1984.
(18) Real Estate Commission (AS 08.88.011) — June 30, 1986.
(19) Board of Governors of the Alaska Bar Association (AS 08.08.040) — June 30, 1985.
(20) Guide Licensing and Control Board (AS 08.54.010) — June 30, 1982.

(d) Repealed by § 3 ch 74 SLA 1979.

(e) Repealed by § 3 ch 74 SLA 1979 (§ 2 ch 149 SLA 1977; am §§ 1, 3 ch 74 SLA 1979; am §§ 1, 3 ch 36 SLA 1980; am §§ 1, 3 ch 37 SLA 1980; am §§ 1, 3 ch 38 SLA 1980; am §§ 1, 3 ch 39 SLA 1980; am §§ 1, 3 ch 40 SLA 1980; am §§ 1, 3 ch 41 SLA 1980; am §§ 1, 3 ch 42 SLA 1980; am §§ 1, 2 ch 43 SLA 1980; am §§ 1, 3 ch 67 SLA 1980; am §§ 10, 11 ch 71 SLA 1980; am §§ 6, 7 ch 72 SLA 1980; am §§ 2, 15 ch 82 SLA 1980; am §§ 1, 3 ch 87 SLA 1980; am §§ 7, 8 ch 143 SLA 1980; am §§ 1, 2 ch 153 SLA 1980; am §§ 2, 5 ch 159 SLA 1980; am §§ 41, 42 ch 167 SLA 1980; am §§ 1, 13 ch 52 SLA 1981; am §§ 1, 2 ch 53 SLA 1981; am § 1 ch 28 SLA 1982; am § 1 ch 60 SLA 1982; am § 1 ch 96 SLA 1982)

Revisor's notes. — Subsection (c) was rearranged by the revisor of statutes pursuant to AS 01.05.031 to conform to a logical arrangement of the subject matter.

Cross references. — For present provisions covering the subject matter of subsection (c) as it read prior to the 1979 amendment and of former subsections (d) and (e), see AS 08.03.020.

Effect of amendments. — The 1979 amendment repealed paragraph (1) of subsection (a), which read "Board of Nursing (AS 08.68.010)," rewrote subsection (c), and repealed subsections (d) and (e), which read: "The termination, dissolution, continuation or reestablishment of a regulatory board shall be governed by the legislative oversight procedures of AS

for shipping to its destination for the purpose of human consumption. If the meat is delivered to a person other than the person who took the animal, a signed and dated statement or receipt stating the kind and quantity of meat received in approximate pounds or named portions of the carcass must be obtained from the recipient and presented upon request to any officer authorized to enforce this chapter. (Eff. 6/28/74, Reg. 50)

Authority: AS 08.54.050

12 AAC 38.120. COOPERATION WITH OFFICIALS. Failure on the part of a guide to assist the Departments of Fish and Game and Public Safety in determining the truth of any statements reported in accordance with 12 AAC 38.030 – 12 AAC 38.180 is considered a violation of ethical conduct. (Eff. 6/28/74, Reg. 50)

Authority: AS 08.54.050

12 AAC 38.130. REQUIREMENT FOR AN ASSISTANT GUIDE LICENSE. Repealed 5/12/79.

12 AAC 38.140. REQUIREMENTS FOR A REGISTERED GUIDE LICENSE. In addition to the requirements of AS 08.54.110, to be qualified for a registered guide license, a person must

(1) demonstrate to the board that he has spent 90 days in the field acting as an assistant guide as certified by the master or registered guides who employed him;

(2) not have violated a federal or state sport fish, game or guide statute or regulation or engaged in unethical activity, unsafe activity or activity which adversely affects the natural resources of the state for the preceding five years. (Eff. 6/28/74, Reg. 50)

Authority: AS 08.54.050
AS 08.54.110(12)

12 AAC 38.150. REQUIREMENTS FOR A MASTER GUIDE. In addition to the requirements of AS 08.54.100, to be qualified for a master guide license a person must have acted as a registered guide for 12 consecutive years. (Eff. 6/28/74, Reg. 50)

Authority: AS 08.54.050
AS 08.54.100(5)

12 AAC 38.155. REQUIREMENTS FOR MARINE MAMMAL GUIDE LICENSE. (a) To help provide economic opportunity for residents of rural coastal Alaska who engage in subsistence uses of marine mammals, the board will, in its discretion, issue a marine mammal guide license to an applicant who meets the following criteria:

(1) is at least 21 years old;

(2) has legally hunted marine mammals during each of at least 10 years, in a manner directly contributing to his experience and competency as a marine mammal guide;

(3) is physically able to perform the services of a marine mammal guide;

(4) demonstrates to the board sufficient standards of competence and ethical conduct and has not been convicted of a crime of moral turpitude;

(5) passes a qualification examination approved by the board and administered by the board or its agent, which covers the following areas:

(A) fishing, hunting, and guiding regulations;

(B) relevant characteristics of marine mammals;

(C) relevant characteristics of the ice, ocean, currents, and weather;

(D) field preparation of trophies;

(E) care of meat;

(F) firearms safety;

(G) practical first aid;

(H) photography; and

(I) booking and contracting guided hunts.

(b) A marine mammal guide will be authorized only to contract for and conduct guided hunts for species of marine mammals and in geographic areas of the state designated by the board.

(c) No marine mammal guide may contract for, or guide, more than two hunters in the field on any one hunt.

(d) A marine mammal guide must comply with AS 08.54 and 12 AAC 38. (Eff. 10/15/82, Reg. 84)

Authority: AS 08.54.040(a) and (b)
AS 08.54.050

12 AAC 38.156. REQUIREMENTS FOR ASSISTANT MARINE MAMMAL GUIDE LICENSE. (a) To help provide economic opportunity for residents of rural coastal Alaska who engage in subsistence uses of marine mammals, the board will, in its discretion, issue an assistant marine mammal guide license to an applicant who meets the following criteria:

(1) is at least 19 years old;

(2) has legally hunted marine mammals during each of at least seven years, in a manner directly contributing to his experience and competency as an assistant marine mammal guide;

(3) is physically able to perform the duties of an assistant marine mammal guide; and

(4) demonstrates to the board sufficient standards of competence and ethical conduct and has not been convicted of a crime of moral turpitude.

(b) No assistant marine mammal guide may

(1) book or contract for a guided marine mammal hunt;

(2) conduct a guided hunt for marine mammals; or

(3) guide for a marine mammal, unless under the immediate supervision of a licensed marine mammal guide. (Eff. 10/15/82, Reg. 84)

Authority: AS 08.54.040(a) and (b)
AS 08.54.050

12 AAC 38.160. IMPROPER CERTIFICATION. No master or registered guide may improperly certify that a person has met the qualifications for a guide license. (Eff. 6/28/74, Reg. 50)

Authority: AS 08.54.050

12 AAC 38.170. IMPROPER REPORTING. No guide may knowingly falsify any information required to be set out on any form required by the Alaska Department of Fish and Game or the Guide Licensing and Control Board. (Eff. 6/28/74, Reg. 50)

Authority: AS 08.54.050

12 AAC 38.175. EMPLOYMENT AND SUPERVISION OF ASSISTANTS. A registered or master guide may employ an unlimited number of registered, master, or class A guides to assist in his guiding operation; a registered or master guide may employ or have under his supervision an unlimited number of employees and helpers who hold assistant guide licenses, but not more than three employees may act in the capacity of, or be employed as, assistant guides at the same time by the same registered or master guide. No assistant guide employed or acting in a capacity other than as assistant guide may count any period of such other employment toward qualification for a registered, master or class A guide license. (Eff. 6/15/80, Reg. 74)

Authority: AS 08.54.210(a)(6)
AS 08.54.050
AS 08.54.040(a)(2)

12 AAC 38.180. GUIDING ETHICS. Unethical activity includes, but is not limited to

(1) not fully cooperating with state and federal wildlife officials or not abiding by and advising clients and personnel of all applicable conservation and game laws and regulations or condoning their violation;

(2) misrepresenting or not clearly defining rates, accommodations and services to prospective clients prior to booking and acceptance of deposit, or otherwise misleading prospective clients through false or fictitious advertising;

(3) being unwilling or incapable of making financial restitution to a client for any breach of

DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT
POSITION PAPER

HB 273: "An Act continuing the Guide Licensing and Control Board, and authorizing the board to license marine mammal guides; and providing for an effective date."

The Department of Commerce and Economic Development supports the continuation of the Guide Licensing and Control Board and the addition of licensing and regulating functions for marine mammal guides to the board.

In 1982, legislation to continue the board was passed by the Legislature and was subsequently vetoed by the Governor. The veto was due to language that "violated the consitutional separation-of-powers doctrine and determined to violate Article III, sections 1, 16 and 24 of the Alaska Constitution by infringing upon the inherent authority of the Guide Board to adopt interpretative regulations to execute AS 08.54." (Letter from Governor Hammond to Senate President Jalmar Kerttula, dated June 24, 1982.) This language is not in SB 138.

The board has responsibly addressed issues that concern licensed professional guides and the protection of resources. Two major issues which involved the board were land withdrawals under D2 and their effects on the guiding industry, and the preparation of a licensing program in anticipation of the Federal Government returning marine mammal protection and management to State jurisdiction. A marine mammal guide licensing program, including an examination (both oral and written), has been formulated and administered on a trial basis. The board held meetings in Western Alaska, and worked with Native representatives from the Arctic villages to establish the program.

The Alaska Professional Hunters Association also supports continuation of the Guide Licensing and Control Board.

Harry D. Treager

Harry D. Treager, Director
Division of Occupational Licensing
3-22-83

3/22/83

Richard A. Lyon, Commissioner
Department of Commerce and
Economic Development

STATE OF ALASKA
FISCAL NOTE

Revision Date March , 1983

I. REQUEST

Bill/Resolution No.: HB 273
Title: An Act continuing the Guide Licensing & Control Bd.
Sponsor: Resources Committee
Requestor:

II. FISCAL DETAIL

Agency Affected: Commerce & Econ. Development
Program Category Affected: Public Protection
BRU, Program of Subprogram(s) Affected: Licensing Boards

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL OPERATING	18.0	19.0				
CAPITAL						
REVENUE	* 38.8					

FUNDING: (Thousands of Dollars)

GENERAL FUND	18.0	19.0				
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: Harry D. Treager, Director
Phone: 465-2534
Division: Occupational Licensing
Date: 3-22-83

Approved by Commissioner: Richard A. Lyon
Date: 3/22/83
Department: Commerce & Economic Development

Distribution:
Original to Legislative Finance
Copy to Office of Management and Budget (for Legislature introduced bills)
Copy to Department (for Governor introduced bills)
Copy to Sponsor
Copy to Requestor (if different from Sponsor)

3/8/83

HB 273: FISCAL NOTE ANALYSIS

Expenditures are those funds allocated for board per diem and travel only, under the division's budget - Licensing Boards component.

Additional expenditures in support of the board are allocated through the Administrative component of the division's budget. The licensing examiner assigned to the Guide Board serves two other licensing boards in addition to the Guide Licensing and Control Board.

The legislation, as written, will not add a fiscal impact.

Funding for the board has been included in the FY '84 request.

GUIDE LICENSING AND CONTROL BOARD STATISTICS

I. NUMBER OF CURRENT LICENSEES BY TYPE OF LICENSE - 12/31/82

Assistant Guide		666
Class A Assistant Guide		122
Registered Guide		346
Master Guide		41
	Subtotal	1,175
Transporter		75
	Total	1,250

II. HEARINGS FOR LICENSE VIOLATIONS AND AREA NONUSE (FY '82)

	Lic.	Area
Pending	4	17
Opened	6	44
Held	9	49
Completed	8	46

5 Revoked
1 Suspended
1 Denied
1 Approved
8

III. NUMBER OF LICENSES ISSUED BY FISCAL YEAR BY TYPE OF LICENSE

YEAR	MASTER	REGISTERED	CLASS A	ASSISTANT	TRANSPORTER
1973	11	397*	126*	735*	---
1974	17	*	*	*	---
1975	1	*	*	*	---
1976	3	11	40	202	---
1977	4	18	23	109	6**
1978	4	18	18	112	47
1979	2	18	9	135	24
1980	2	16	12	151	15
1981	2	21	11	123	32
1982	1	26	6	124	26
TOTALS	47	525	245	1,691	150

* Figures for 1973-5 merged
** Licensing of transporters began in FY '77

IV. EXCLUSIVE AREAS

There are 466 exclusive areas statewide.

PREPARED BY THE DIVISION OF OCCUPATIONAL LICENSING

STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

ROBERT J. SUNDBERG
COMMISSIONER

DEPARTMENT OF PUBLIC SAFETY

DIVISION OF FISH & WILDLIFE PROTECTION

P. O. BOX 6188, ANNEX
ANCHORAGE, ALASKA 99502

February 4, 1983

Paul Conger
Legislative Aide
Department of Public Safety
450 Whittier Street
Juneau, Alaska 99801

Dear Paul:

This is in response to the request by the House Resource Committee for information on the hunting and fishing guides in the State of Alaska.

In regards to fishing guides we have numerous individuals who provide charter and commercial fishing trips throughout the state, however, there is only one area within the state that has specific regulations relating to sport fishing guides, and that is on the Kenai River, located on the Kenai Peninsula. I am enclosing a copy of the codification of Register 82, 5 AAC 56.036, Kenai River Guiding Requirements. The sport fish guides on the Kenai River are required to maintain logs and provide information on their trips, however, reporting of monetary remuneration is not required.

It is estimated that a guided sport fish trip on the Kenai River costs approximately $80.00 to $100.00 per person.

The following information pertains to the sport fish guides who registered with the Department of Fish and Game in 1982, the first year of the regulation being in effect.

207	Sport fish guides who registered and were issued log books
43	Did not actually fish -- no logs
56	Sport fish guides who took 50 or more clients
125	Separate sport fish guide business, with one or more guides employed
179	Boats registered by guides

There were approximately 24,880 man days of sport fishing efforts by the guides and clients on the Kenai River in 1982.

It is a requirement for game guides to submit a statement of financial remuneration report that does reflect the name of the client(s) who was/were guided. Enclosed is a blank statement of a financial remuneration form that shows the required information that must be submitted on all guided hunts.

There is no requirement that a guide must show the amount of monetary remuneration received from a client for the guide service provided.

There is a space provided on the form that the guide must mark to indicate if financial remuneration was or was not received from a client.

We have the following classification and numbers of guides in the state of Alaska as of this date.

Master Guides	41
Registered Guides	346
Class A Assistant Guides	122
Assistant Guides	666

In 1981 there were approximately 1120 non-resident clients and 350 non-resident alien clients who were provided guide service.

In 1980 there were a combined total of 1600 non-resident and non-resident alien clients provided with guide service. We have not had an opportunity to compile the number of clients receiving guide service for 1982.

The following information is an estimated high and low cost that a guide charges for the animal hunted by a client.

Sheep	$4,500 to $5,500
Moose	$3,000 to $4,000
Caribou	$1,500 to $2,500
Black Bear	$1,500 to $2,500
Brown Bear	$5,000 to $9,000

There are some guides who will charge a client a lesser overall price for a combination hunt as when compared to a single animal hunt. For more information on prices we suggest contacting the Alaska Professional Hunters Association.

If we can be of further assistance to you on this matter, please let us know.

Sincerely,

Captain James R. Nutgrass
Operations Commander

JRN/rt
Attachment

STATE OF ALASKA
FISCAL NOTE

Revision Date , 1983

I. REQUEST

Bill/Resolution No.: HB 273
Title: "Guide Licensing & Control Board"
Sponsor: House Resources
Requestor: House Resources

II. FISCAL DETAIL

Agency Affected: Public Safety
Program Category Affected: F&WP
BRU, Program of Subprogram(s) Affected: Fish and Wildlife Protection

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL OPERATING		-0-	-0-	-0-	-0-	-0-
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

IV. ANALYSIS: Attach a separate page for any Analysis No fiscal impact anticipated

Prepared By: Paul A. Conger Phone: 464-4338
Division: Administrative Services Date: 3/21/83

Approved by Commissioner: [signature] Date: 3/21/83
Department: Public Safety

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3/8/83

SENATE BILL 138 EXTENDS THE GUIDE LICENSING & CONTROL BOARD FOR ANOTHER" FOUR YEARS. I WOULD URGE ITS PASSAGE FOR THE FOLLOWING REASONS:

TESTIMONY BEFORE OUR SENATE COMMITTEE SHOWED THE PROFESSION IS A VERY VIABLE INDUSTRY GENERATING $20 MILLION INTO THE ECONOMY. IN MANY RESPECTS, IT IS A FACTOR OF THE TOURIST TRADE. THE HUNTER CLIENT SPENDS MONEY FOR TRAVEL, HOTEL, SPECIAL GIFTS, AND STATE LICENSES AND GAME TAGS. THE NON-RESIDENT LICENSE MONEY IS USED ON A 4 TO 1 MATCHING PROGRAM UNDER THE FEDERAL PITTMAN-ROBINSON ACT. THE MONEY HAS FUNDED 80 TO 90% OF STATE PROGRAMS.

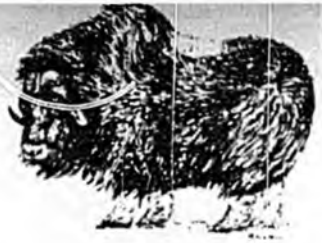
THE GUIDE BOARD HAS BEEN INEXISTENCE FOR TEN YEARS. IT HAS ACCOMPLESHED MANY THINGS. IT HAS DEVELOPED A HIGH STANDARD OF PERFORMANCE. IN DOING SO IT HAS REVOKED OVER 25 GUIDE LICENSES. MANY OF THESE WERE SOME OF THE BIG OPERATORS IN THE STATE. THE INDUSTRY HAS BECOME VERY CONSERVATION MINDED AND HAS WORKED CLOSELY WITH BOTH THE DEPARTMENT OF GAME AND THE FISH AND WILDLIFE PROTECTION.

THE BOARD HAS ESTABLISHED ORDER BY HAVING BOUNDARIES IN WHICH THE GUIDE MUST WORK. THIS HAS ELIMINATED CONFLICT IN THE FIELD.

THE BOARD HAS HELD HEARINGS AND WORKED CLOSELY WITH THE WALRUS COMMISSION TO DEVELOP REGULATIONS FOR LICENSING MARINE MAMMAL GUIDES. THE STATE IS IN THE PROCESSE OF TAKING OVER MANAGEMENT AND WHEN THIS HAPPENS IT WILL BE A BIG HELP IN SUPPLEMENTING THE ARCTIC ECONOMY.

TESTIMONY WAS RECEIVED FROM NEW AND YOUNG GUIDES, THAT THE PROGRAM IS WORKING AND THEY HAVE AN OPPORTUNITY TO WORK INTO THE SYSTEM.

I URGE THE PASSAGE OF S.B. 138.



Nunivak Island Guide Service

Ed J. Shavings, Sr.
Registered Alaskan Guide

ASSISTANT GUIDES
Chuck Shavings
Tom G. Amos

P.O. BOX 31
MEKORYUK, ALASKA 99630

GUIDED TOURS FOR
WALRUS – MUSK-OX
SPORT FISHING
PHOTOGRAPHY ADVENTURES

MEMBER
A.P.H.A. – N.R.A.
S.C.I.

Associates
L & S OUTFITTERS

March 17,1983

Rep.Ringstead,Co-Chairman
House of Resource Committee
Pouch V
Juneau,Alaska 99811

Dear Rep.Ringstead:

This is to let you know that I am fully supporting Guide Bill 138 in the House.

I would like to see continuation of the Guide Board in the State we live in today as with out Guide Baard,guiding in Alaska will not function right.

Being Arctic representative I have been working hard to get Sea Mammal Guides started in coastal areas for walrus and Polar bear hunting.

There are many Ivory carvers in coastal areas, but there are good hunters who needs to be licensed to become Sea Mammal Guides.

Sincerely yours,

Edward J. Shavings Sr.

Edward J. Shavings,Sr.
Arctic Representative for
Alaska Professional Hunter's Association

Top Quality Arctic Adventures

STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

DEPARTMENT OF PUBLIC SAFETY
OFFICE OF THE COMMISSIONER

POUCH N
JUNEAU, ALASKA 99811
PHONE:

March 21, 1983 465-4322

The Honorable John Ringstad
Chairman, House Resources Committee
Pouch V
Juneau, Alaska 99811

Dear Representative Ringstad:

The Division of Fish and Wildlife Protection, Department of Public Safety, supports HB 273. The Guide Board has been instrumental in decreasing guide violations by disciplining those who have violated and has fairly dealt with the industry in other areas. We concur with your recognized need for this Board and will support your efforts to see passage of this piece of legislation.

Sincerely,

Robert J. Sundberg
Commissioner

cc: Colonel Robert M. Henderson, Director, F&WP

12-L2LH

HB

276

STATE OF ALASKA
FISCAL NOTE

Revision Date , 1983

I. REQUEST

Bill/Resolution No.: HB 276
Title: An act amending the ag loan act
Sponsor: Schultz and others
Requestor:

II. FISCAL DETAIL

Agency Affected: DNR
Program Category Affected: ARLF
BRU, Program of Subprogram(s) Affected:

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL OPERATING		-0-	-0-	-0-		
CAPITAL		-0-	-0-	-0-		
REVENUE		-0-	-0-	-0-		

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: Sharon Barton
Phone: 465-2400
Division: Commissioner's Office
Date: 4-7-83

Approved by Commissioner:
Date: 4-7-83
Department: Natural Resources

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3/8/83

(2) designate agents and delegate its powers to them as necessary;

(3) adopt rules and regulations necessary to carry out its functions;

(4) establish amortization plans for repayment of loans, which may include delayed payments of principal and interest for not to exceed five years;

(5) enter into agreements with private lending institutions, other state agencies or agencies of the federal government, to carry out the purposes of this chapter. (§ 4 ch 122 SLA 1953; am § 1 ch 156 SLA 1955; am § 1 ch 41 SLA 1961; am § 1 ch 113 SLA 1982)

Effect of amendments. — The 1982 amendment, effective June 25, 1982, inserted "clearing land for agricultural purposes" in paragraph (1).

Sec. 03.10.030. Limitations on loans. (a) A farm development, chattel, or irrigation loan made under this chapter

(1) may not exceed a term of 30 years;

(2) may not, when added to the outstanding balance of other loans made under this chapter, exceed a total outstanding balance of $1,000,000;

(3) shall be secured by a real estate or chattel mortgage of any priority, except that the portion of a loan that exceeds $500,000, when added to prior indebtedness that is secured by the same property, must be secured by a first mortgage;

(4) shall bear interest at a rate that may not be less than eight percent or more than the commercial rate, unless the commercial rate is eight percent or less; in this paragraph "commercial rate" means the prevailing rate of interest at private lending institutions in the state for loans similar to those referred to in this subsection.

(b) Repealed by § 72 ch 113 SLA 1982.

(c) A short term loan, to be amortized within one year, not to exceed $200,000 to any one borrower may be made for operating purposes.

(d) Repealed by § 72 ch 113 SLA 1982.

(e) An installment payment is delinquent unless it is mailed by the borrower on or before the 30th day after the date specified for payment in the loan agreement or unless it is received by the department on or before the 30th day after the date specified for payment in the loan agreement. If an installment payment is delinquent, the director may assess a delinquency penalty. The delinquency penalty shall be an amount equal to seven percent of the delinquent payment, but the combined delinquency penalty and loan interest may not exceed 15 percent.

(f) A farm product processing loan may not exceed $250,000. A mortgage which secures a farm product processing loan may be of any priority if the total indebtedness on the real estate, including the secured farm product processing loan, does not exceed $250,000. A farm product processing loan which, if made, would raise the existing

APPENDIX A

STATE OF ALASKA
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF AGRICULTURE
AGRICULTURAL REVOLVING LOAN FUND
TYPE OF LOANS AND TERMS
For the Fiscal Year Ended June 30, 1982

Loan Types and Terms

As specified by AS 03.10.030, the following six types of loans are made:

Type	Limit	Current Interest Rate	Terms	Purpose
Short-term	$200,000	Not addressed	1 year	Operation of farm
Chattel	Total outstanding balance may not exceed $1,000,000 when added to other loans	(Note 1)	30 years	Animals, equipment
Farm Development			30 years	Land, improvements, buildings
Irrigation			30 years	Irrigation equipment
Farm Product Processing	$250,000	Not less than 8%	30 years	Processing of agricultural products
Land Clearing	$250,000	Not less than 8%	20 years	Clear land for planting

Note 1: Chapter 113, SLA 1982, effective June 25, 1982, amended the statutory interest rate to not less than eight percent or more than commercial rate, unless the commercial rate is eight percent or less. The Commissioner may establish interest rates for loans within these statutory guidelines.

TELEGRAM

Alascom Telegraph Office

TELEGRAM

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28 MAR 83 11:17

TEL NR 474-7188
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DISP WPU
CLERK & TIME 10:05/29
LWWC 91254 3/29

02204 NL TDA JUNEAU AK 154 03-28 752 AST

PMS JAMES DREW 4793947 474-7188

4848 PALO VERDE

FAIRBANKS AK 99701

02289

I AM IN RECEIPT OF YOUR LETTER CONVEYING RECOMMENDATIONS MADE BY THE AGRICULTURE TASK FORCE AT THEIR FIRST MEETING. AS YOU KNOW I HAVE ALREADY EXPRESSED SUPPORT OF THE RAISING OF THE LOAN LIMIT AS PROPOSED BY CSSB 124. WITH REGARD TO YOUR URGING SUPPORT OF THE GRAIN RESERVE LEGISLATION, I AM INCREASINGLY PURSUADED THAT SOME MARKET CERTAINTY IS IMPORTANT FOR THE UPCOMING PLANTING SEASONS AND THAT ACTION BE TAKEN PROMPTLY. I WOULD BE WILLING, THEREFORE, TO CONSIDER A ONE YEAR PROGRAM THAT WOULD PROVIDE THE ASSURANCE NEEDED FOR THIS YEARS PLANTING BUT WOULD TERMINATE AFTER ONE YEAR. THIS WILL ALLOW TIME FOR THE TASK FORCE AND THIS ADMINISTRATION TO FORMULATE A LONG TERM AGRICULTURAL POLICY FOR ALASKA. I HAVE INSTRUCTED THE APPROPRIATE COMMISSIONERS AND STATE OFFICIALS TO WORK TOGETHER TO DEVELOP A PROGRAM AND ADVISE ME THIS WEEK WHAT REASONABLE STEPS MIGHT BE TAKEN TO SOLVE THE IMMEDIATE NEEDS OF THE FARMERS.

BILL SHEFFIELD, GOVERNOR

MEMORANDUM State of Alaska

MAR 14 1983

TO: The Honorable Bettye Fahrenkamp
Alaska State Senate

DATE: March 14, 1983

FILE NO:

TELEPHONE NO.

FROM: Sharon L. Barton
Special Assistant
Department of Natural Resources

SUBJECT: SB 124

While the Department does not have a big problem with the $300,000 operating loan limit, we feel that under normal circumstances the $200,000 is still sufficient. The ARLF Board concurs in this view. As an alternative to raising the maximum, we recommend leaving in the disaster provision of SB 124 and expanding it to authorize the waiving or raising of the $200,000 maximum in case of a declared area disaster. To accomplish the purpose of this legislation, language should be drafted in such a way that offers relief in the current situation at Delta.

MAR 14 1983

STATE OF ALASKA
PRELIMINARY STATEMENT OF FISCAL IMPACT

Bill No: CSSB 124 Date on Bill: 2-14-83
Title: An Act amending the Alaska Agricultural Loan Act etc.
Sponsor: Moss
Requestor:

1. Estimated fiscal impacts on:

a. Expenditures:

(Thousands of Dollars)

			FY 83	FY 84	FY 85	FY 86	
Capital							
Operating							
Total				-0-	-0-	-0-	

b. Revenues:

Revenue							

2. Source of funds to offset fiscal impact of bill:

3. Assumptions:

4. Disclaimer:
This statement has not been reviewed by the OMB in the Office of the Governor. It therefore does not represent the final estimate of fiscal impact.

Prepared By: Sharon Barton Phone: 465-2400
Division: Commissioner's Office Date: 3-15-83

Approved ~~By~~ For Commissioner: Mary Hallerson Date: 3-15-83
Department: Natural Resources

5. Distribution:
Original to Legislative Finance
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2/15/83

Alaska State Legislature

BETTYE FAHRENKAMP
CHAIRMAN
ROBERT H. ZIEGLER, SR.
VICE-CHAIRMAN
DICK ELIASON - PAUL FISCHER
VIC FISCHER - BOB MULCAHY
ARLISS STURGULEWSKI

POUCH V
STATE CAPITOL
JUNEAU, ALASKA 99811
(907) 465-3834
(907) 465-3835

Senate

Committee on Resources

TO: Senate Resources Committee Members

FROM: Senate Resources Committee Staff

RE: Committee Substitute for SB 124,
Amending the Alaska Agricultural Loan Act

DATE: March 11, 1983

Attached is a Committee Substitute for SB 124 which will be considered by the Committee at a meeting which will be held Monday, March 14 at 3:00 p.m. in the Beltz Room.

The Committee Substitute contains only the following provisions:

1) reduces the terms for chattel loans from 30 years to 7 years maximum;

2) increases the maximum short term loan for operating purposes from $200,000 to $350,000

The first provision was supported by the Administration and the bill's sponsor as being consistent with the normal life of "chattel". The second provision is intended to provide short-term relief for those farmers who cannot borrow additional monies for seed this spring without exceeding the maximum short-term borrowing limits.

All provisions relating to reduction in interest rates and changes in the composition and operations of the Loan Board were deleted.

It is hoped that final Committee action could be taken on SB 124 at the Monday meeting.

STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

DEPARTMENT OF NATURAL RESOURCES

OFFICE OF THE COMMISSIONER

POUCH M
JUNEAU, ALASKA 99811
PHONE: (907) 465-2400

March 31, 1983

The Honorable Richard Shultz
Alaska State Legislature
Pouch V
Juneau, AK 99811

Dear Representative Shultz:

In preparation for the House Resources Committee hearing on HB 276, I would like to offer the following comments on behalf of the Department of Natural Resources:

1. The proposed legislation reduces the term for chattel loans from thirty to ten years. While the Department supported the reduction of term to seven years in SB 124, we believe that fifteen years will exceed the expected useful life of most chattel. Therefore, we would prefer a term of seven years.

2. We support raising the maximum to $300,000 (as proposed in SB 124) or $350,000 for operating loans, since that would allow the Board the flexibility to offer larger loans if an operation is large enough to warrant that amount. It should be noted, however, that the $200,000 maximum represents more than the maximum recommended debt burden for short term monies at the expected level of production on any one farm unit at Delta this year.

If the objective of HB 276 is to offer relief in the current situation at Delta, we would further recommend a disaster provision authorizing the Department to waive or extend the operating limit in times of a declared disaster. The Department is already authorized to waive payments of principal and interest for up to five years.

We will be available to testify on this bill as needed.

Sincerely,

Sharon L. Barton

Sharon L. Barton
Special Assistant
to the Commissioner

10-J9 LH

HOUSE RESOURCES COMMITTEE OBSERVER/WITNESS SIGN-UP SHEET

DATE: 4/7/83 SPONSOR: Rep. Shultz

SUBJECT(S): HB 276

NAME	REPRESENTING	ADDRESS	PHONE	Observer	Witness	For	Against

HB

278

Protecting fishery is prime concern

Mr. Chappell neglected several important points in his article in last Sunday's Daily News "Battle rages over Kenai River salmon." In a telephone interview, March 19, he asked me several times what our group's primary goal was and I told him each time that it was for "preservation of the resource" — that is the king salmon run itself. This point wasn't ever mentioned in his article. The resource preservation has been our prime goal since our association was formed last summer.

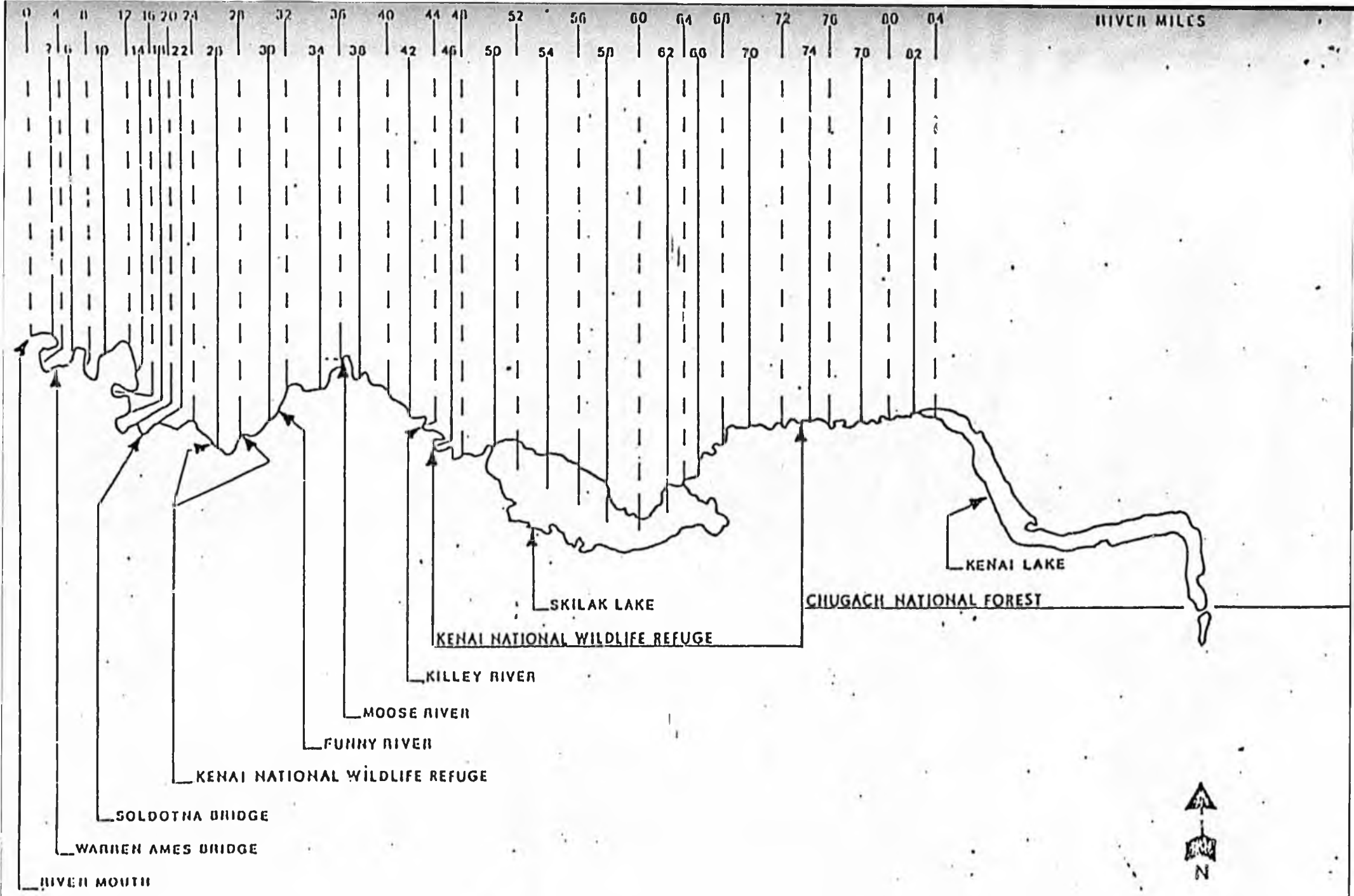
We strongly protest the action by the fisheries board last July that allowed the commercial overharvesting of the second king salmon run in the Kenai. That 13-day continuous "emergency opening" of 24-hour commercial fishing blocked this second run of large king salmon from even getting to the river — it may have wiped out the run.

When I was quoted as saying, "Why does the commercial fisherman have more right to those fish than my kids do?" it was stated in regard to the "emergency opening" last July that allowed some 85 or so commercial fishermen to harvest over 700,000 red salmon. Those fish that were netted would have allowed a daily bag limit for instance to over 200,000 sport fishermen. Why wasn't the sportsman limit for reds raised from three to six or more salmon for that same period of time? It's incredible that the sportsman received an "emergency closure" so the commercial fisherman could have an "emergency opening."

We do not blame any commercial fisherman or set netter for harvesting any fish that he's allowed to by the fisheries board. We do, however, stronly object to that board's policy when its action allows the possible destruction of a salmon run — as it did last July. We have never advocated nor did I tell Mr. Chappell that we were against the present July 1 to Aug. 15 commercial fishing period. We do, however, feel the period shouldn't start before July 1 as it has several times in the past.

Once again, our bottom line from day one has been for the protection of the resource. There are fish for all of us, commercial and sportsmen, however, nobody wants to see the last king salmon caught as was almost done in Cook Inlet during the 1950s and '60s. Those records of overharvesting speak for themselves — let's not have history repeat itself again. Let's protect the resource above all. Let's all work together toward that end.

— Robert C. Penney
Kenai River Sportfishing Association



KENAI RIVER TASK FORCE

KENAI RIVE

disjunct attempts to address specific aspects of the overall problem, he spoke strongly about the need for a unified approach to the stewardship of the River. He stated his belief that "the first step toward finding a solution is for the various agencies to join together with interested private groups and associations to sort out repsonsibilities and to address future management needs on the river." He concluded by noting that he was requesting the Departments of Natural Resources, Fish and Game and Public Safety to initiate such an effort.

Procedure Used By the Kenai River Task Force

An initial letter of invitation went out to twenty-seven different agencies and individuals advising them of the effort that was ahead and soliciting their participation. Over sixty people responded by attending the organizational meeting which was held in Soldotna thus forming the core of the Task Force.

Following a general discussion by all participants and the selection of a permanent chairman, two seven-man subcommittees were named to address biology/habitat problems and social/enforcement problems. The group as a whole identified an initial list of problems to be considered.

Interspersed with their separate working sessions the combined subcommittees functioning as the Joint Working Committee (Appendix A) held public hearings (Appendix B and Appendix C) in Soldotna and Anchorage and met with concerned agencies. This work allowed each subcommittee to draft a statement about the problems and the suggested solutions which they had identified.

The Joint Working Committee reviewed the two reports, made modifications where they were desired and merged them into this single preliminary draft report.

Overall Assumptions Made By the Kenai River Task Force

There are several broad concepts that recurred throughout the Joint Working Committee and Task Force deliberations and are important to the understanding of the choices and recommendations which the group ultimately made. They are equally important to the understanding of the critical point at which the Kenai River now is in the eyes of the professionals and laymen most familiar with it.

> Conditions for both river inhabitants (fish and wildlife) and river users (people) have deteriorated during the past two decades; and the rate of deterioration seems to be increasing.
>
> Unless some meaningful remedial action is taken soon, conditions will continue to worsen - perhaps to the point of irretrievable loss.

The biological productivity of the River is the central concern for most users of the River and to a public well beyond the immediate confines of the River.

The additional passage of time before remedial action is taken can only increase the severity of the measures that will, ultimately, have to be imposed.

It is this context that the Joint Working Committee undertook the consideration of the specific issues and alternatives.

ISSUE H:

The increasing use of the river has created a conflict between users and land owners with riverfront property.

PROBLEM STATEMENT:

As public usage of the river increases, public access facilities are stressed to capacity and beyond. Trespass violations escalate; litter, both as detritous and as human waste, burden river banks. The conflict between public usage and private rights weighs heavily on riparian landholders.

RECOMMENDED ACTION:

Increase access points on the Kenai River. On the main stem, increased launch facilities on the upper and middle sections of the river and boat-accessible sanitation stations on the upper, middle and lower sections of the River should be provided.

Expand access to alternative salmon stocks at Deep Creek, Whiskey Gulch and in the Susitna drainage. The increase of access, both on and off the Kenai River, is essential to reduce existing conflicts between anglers and landowners.

OTHER SUGGESTED SOLUTIONS:

(1.) Restrict public access to the river, e.g., allow fishing only on alternate days.

(2.) Restrict private ownership on the river, e.g., condemn a 20 foot access strip along the river banks.

- - - - -

ISSUE I:

Lack of regulatory enforcement resources may be preventing the enforcement of existing regulatory measures designed to protect the Kenai River and its fishery resources.

PROBLEM STATEMENT:

Some current regulations designed to protect the habitat or fish stocks of the Kenai River are ineffective for one of two primary reasons; it is incomprehensible to the public or a lack of enforcement resources has prevented prosecution of those violating the regulations.

Lack of resources by the various agencies charged with enforcing existing regulations, either manpower or

equipment or both, have severely restricted the investigation and prosecution of the offenses. Inability to assign qualified men to the Kenai River during the busier times and a certain reluctance or public apathy regarding these violations have resulted in offenders going unreported or unidentified.

Certain public agencies have expressed their frustration about trying to conceive and enforce a consistent river policy. Singularly or in combination, the illegal alteration of habitat or illegal harvest of fish stocks may result in decreased productivity of the Kenai River.

RECOMMENDED ACTIONS:

Increase funding and manpower for all aspects of enforcement of current and future Kenai River regulations designed to protect habitat and/or fish stocks. [also see ISSUES G and J; Recommended Actions]

Conduct a legal review of the current regulations affecting the Kenai River.

Codify the regulations pertaining to the Kenai River. With almost twenty agencies having some degree of control over the River, the present need for a central reference document of river regulations is overwhelming. The codification of diverse river regulations could do much to reduce perceived conflict between "intent" and the "wording" of existing regulations.

OTHER SUGGESTED SOLUTIONS:

(1.) Create enforceable regulations.

(2.) Standardize sentences or create mandatory sentences for various violations.

- - - - -

ISSUE J:

There is a conflict caused by the negligent operation of boats by some river users.

PROBLEM STATEMENT:

The negligent operation of boat can bring it into conflict with other craft operating on the river at the same time. There is apparent public concern particularly for stationary or slow moving boats being dangerously rocked or even swamped by high speed and negligent operations of some boats. As river use intensifies, the

ISSUE N:

There is a conflict that arises from the differing management philosophies which govern various aspects and sections of the River.

PROBLEM STATEMENT:

With almost twenty public bodies having both direct and indirect impact on the River, the potential for conflict is enormous. Moreover, small policy decisions by an upstream agency (e.g., Bureau of Mines) can exert large pressures in downstream policies. At present, there is no public body to either monitor or adjust conflicting agency philosophies.

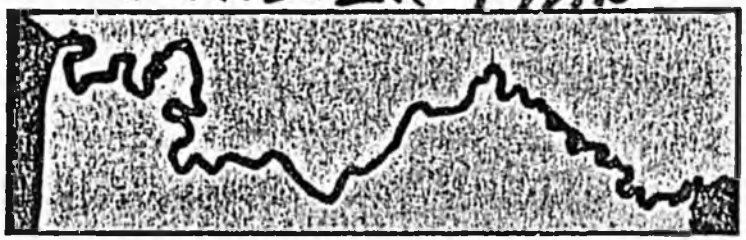
RECOMMENDED ACTION:

Create a Kenai River Commission or Authority within the Office of the Governor. The Commission could coordinate programs and attempt to resolve disputes between various governmental units; serve as a clearinghouse for permit applications; perform appropriate planning functions and make recommendations with respect to how proposed activities along the River conform to the declared primary function of the River. The creation of a River Commission could eliminate much of the existing and potential conflict. [also see ISSUE A; Recommended Actions]

OTHER SUGGESTED SOLUTIONS:

(1.) Adopt the Division of Parks proposal developed previously. If combined with a citizen's policy board that proposal could provide greater centralization and unification of river policies than exists at present.

FROM: KENAI RIVER STATE PARK UNITS MASTER PLAN



ANALYSIS AND EVALUATION

Based upon factors such as the natural and social environments, existing recreational patterns, emerging recreational trends and issues, and public opinion and perceptions, several conclusions can be drawn concerning the role of the State Park System on the Kenai River. Information provided in preceding chapters has been synthesized in order to present specific recommendations. For clarity, the analysis discussion is divided into these categories:

- Overall river management
- Spectrum of recreational opportunities
- Environmental protection
- Major actions, proposals affecting recreation

Overall River Management

An overriding public concern is the lack of comprehensive management of the river itself. Various public agencies have specific responsibilities in the river corridor (See Figure 22, page 44), but none of these agencies has an overall coordinating function, thus land and water use proposals and developments are evaluated and managed only from narrow perspectives. Because many developments and activities have secondary or cumulative effects, the river has suffered from a lack of comprehensive management technique.

The Kenai River needs a lead group or agency whose mission is the protection of the river's natural systems and the coordination of the various, and sometimes competing, human enterprises which the river attracts. This clearinghouse function can be accomplished in a number of ways. Because many of the activities causing concern are recreational in nature, it has been suggested that the Division of Parks assume responsibility for managing the river water column in addition to managing the specific park units. Under this proposal, the division would manage the river as it does other park units. Regulations would be formulated concerning acceptable and unacceptable activities. Boat types, engine horsepowers, motorized and non-motorized boating areas, speed limits and commercial enterprises would be regulated by the division.

As the Division of Parks is not presently capable of assuming such a monumental

responsibility, it is recommended that an ad-hoc group - representing the agencies with jurisdiction on the river - be convened to examine the various problems. This is consistent with a directive by Governor Hammond to the Departments of Natural Resources and Fish and Game to begin cooperative planning for management of state-owned resources. These state agencies should be joined by their counterparts at the federal and local governmental levels. After being given a report from the assembled agencies concerning jurisdictions, policies, responsibilities and possible approaches for comprehensive river management, the governor might convene a citizens' task force. This group could be made up of non-affiliated citizens and report directly to the governor with its final recommendations.

Spectrum of Recreational Opportunities

Recreation on the Kenai River is overwhelmingly oriented towards sport fishing and boating, yet there are other activities and opportunities, which become apparent on close examination and evaluation. These opportunities will affect the division's recommendations for various park units.

In the lower river stretch, from river mile 0 at Cook Inlet to mile 12, the river gradient lessens and water velocity slows considerably. The river undergoes a dramatic change from the well-defined and often steep-banked channel found upstream to a slow, meandering channel which waves to and fro within a wide, flat wetland. These wetlands host significant populations of

Figure 22. SELECTED AGENCIES HAVING RESPONSIBILITIES ALONG THE KENAI RIVER

		RESPONSIBILITY/AREA OF EXPERTISE														
		Recreation	Land Management	Coastal Management	Solid Waste Management	Land Use Planning	Public Safety	Commercial Fishing	Sport Fishing	Wildlife Habitat Protection	Wetlands Development	Water Quality Protection	Law Enforcement	Public Works Projects	Natural Resources Research	Natural Resources Development
FEDERAL AGENCIES	U.S. FOREST SERVICE	●	●			●				●		●			○	○
	SOIL CONSERVATION SERVICE														○	
	NATIONAL MARINE FISHERIES SERVICE									○					●	
	ARMY CORPS OF ENGINEERS					○	○				●	●		○	○	
	ENVIRONMENTAL PROTECTION AGENCY				●		●			○	○	●			●	●
	BUREAU OF LAND MANAGEMENT	●	●			●				○					●	●
	U.S. FISH AND WILDLIFE SERVICE	●	●			●				●		●			●	○
	U.S. GEOLOGICAL SURVEY														○	
	U.S. COAST GUARD						○						●			
STATE AGENCIES	DEPT. OF COMMUNITY AND REGIONAL AFFAIRS			○		●										
	DEPT. OF ENVIRONMENTAL CONSERVATION				●					○		○				
	DEPT. OF FISH AND GAME	●	●			○		●	●	●					●	
	DEPT. OF NATURAL RESOURCES, LAND AND WATER		●			●										○
	DEPT. OF NATURAL RESOURCES, PARKS	●	●			●	○		○				●	●		
	DEPT. OF PUBLIC SAFETY						●						●			
	DEPT. OF TRANSPORTATION AND PUBLIC FACILITIES		●			●					○			●		
LOCAL AGENCIES	KENAI PENINSULA BOROUGH	●	●	●	●	●	●						●	●		○
	CITY OF SOLDOTNA	●	●			●	●						●	●		
	CITY OF KENAI	●	●			●	●						●	●		

Source: Alaska Division of Parks

STATE OF ALASKA
FISCAL NOTE

Revision Date , 1983

I. REQUEST
Bill/Resolution No.: HCR 31
Title: River Commission
Sponsor: House Resources
Requestor: House Resources

II. FISCAL DETAIL
Agency Affected: Public Safety
Program Category Affected: Justice/NRMEC
BRU, Program of Subprogram(s) Affected: AST and FWP

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES		33.1	35.1	37.2	39.4	41.8
200 TRAVEL						
300 CONTRACTUAL		.6	.6	.7	.7	.8
400 COMMODITIES		1.0	1.1	1.1	1.2	1.3
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL OPERATING		34.7	36.8	39.0	41.3	43.9
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND		34.7	36.8	39.0	41.3	43.9
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						
STAFF MONTHS		5.6	5.6	5.6	5.6	5.6

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

Not identified.

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: Francis C. Allan / Capt. James Nutgrass Phone: 269-5591/269-5589
Division: Alaska State Troopers / Fish & Wildlife Prot. Date: 4-22-83

Approved by Commissioner: R. J. Sundberg Date: 4/27/83
Department: Public Safety

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3/8/83

HCR31

ANALYSIS

The Division of Alaska State Troopers and Fish and Wildlife Protection have examined the "Final Statement Of Findings" of the Kenai River Task Force dated March 1983. This report recommends the following for the Department of Public Safety on page 31 of the report:

"Increase public safety patrols. Specifically, three new patrol officer positions should be created and funded; and they should be assigned to the (Kenai) River full time during June and July. Increased enforcement patrols could substantially reduce the conflicts."

While we would like to meet the recommendation of the Task Force, it is impractical to employ two full time officers all year and only work them on the Kenai River for two months. We believe that we can more economically provide a similar amount of coverage by receiving funding for additional overtime for our current staff plus some operating costs for the boats already available. These costs are summarized as follows:

	FWP	AST	DPS TOTAL
Personal Services - 500 hrs. overtime for FWP & 400 for AST @ - 76D	14,500	11,540	26,040
Benefits @ .2721	3,945	3,140	7,085
Subtotal	18,445	14,680	33,125
Contractual - Additional repair on boats/motors due to increased use	600		600
Commodities - Fuel, oil etc to operate current equipment	1,000		1,000
TOTAL	20,045	14,680	34,725

It should be noted that this fiscal note is submitted with the assumption that the River Commission will be issuing a minimum number of orders or regulations that would require direct law enforcement personnel involvement to assure that these requirements are followed. Should this not prove to be a correct assumption a substantially more sizeable fiscal impact would be required.

NOTE: 6% inflation factor has been calculated on all costs after FY'84.

Suggested amendment to proposed Resources Committee Resolution Regarding the Kenai River

On page 1, line 24:

Delete the word "commercial"

(3) identify areas of overlapping or conflicting jurisdiction among State and Federal agencies that have jurisdiction over the Kenai River;

(4) identify problem areas of the Kenai River over which no agency has jurisdiction;

(5) publish a list of priorities for the uses of the Kenai River;

(6) recommend, in a coordinated and comprehensive manner, regulations to be adopted or actions to be taken by State and Federal agencies to address the problems of the Kenai River; and

(7) report the findings and recommendations to the second session of the thirteenth Alaska State Legislature; and be it

FURTHER RESOLVED that the Department of Public Safety and Fish and Game shall be requested to adopt regulations, including emergency regulations, to correct the immediate problems existing on the Kenai River.

WORK DRAFT COPY WORK DRAFT COPY WORK DRAFT COPY

IN THE HOUSE

HOUSE CONCURRENT RESOLUTION NO.
IN THE LEGISLATURE OF THE STATE OF ALASKA
THIRTEENTH LEGISLATURE - FIRST SESSION

Relating to the Kenai River.

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

WHEREAS the legislature finds that the Kenai River is an important natural resource and that it must be protected and preserved for the maximum benefit of all Alaskans; and

WHEREAS the vitality of the Kenai River is threatened. Power boat wakes and streambank development have contributed to the erosion of river banks and degradation of fish beds. Increased user traffic on the river endangers fish and wildlife habitats. Competition among sportfishers, professional guides, and persons who use the river for recreation and transportation creates overcrowded, hazardous and unpleasant conditions; and

WHEREAS a multitude of State and Federal agencies with jurisdiction over various aspects of the Kenai River have created a labyrinth of regulations without effectively preventing the deterioration of the river; and

WHEREAS a need exists for an interagency effort to take a comprehensive look at the problems of the Kenai River, to recommend a coordinated approach to solving those problems, and to take emergency action where necessary to deal with the most immediate problems of the river; and

BE IT RESOLVED that the Alaska State Legislature respectfully requests the Governor to organize through his office representatives from the Departments of Environmental Conservation, Fish and Game, Natural Resources, and Public Safety who shall:

(1) solicit and consider information from Federal agencies, local governments, industries, landowners, persons engaged in [redacted] fishing and others who have an interest in the Kenai River;

(2) make a comprehensive study of State and Federal laws affecting the Kenai River, users of the river, land adjacent to the river, and fish and wildlife resources dependent on the river;

(3) identify areas of overlapping or conflicting jurisdiction among State and Federal agencies that have jurisdiction over the Kenai River;

(4) identify problem areas of the Kenai River over which no agency has jurisdiction;

(5) publish a list of priorities for the uses of the Kenai River;

(6) recommend, in a coordinated and comprehensive manner, regulations to be adopted or actions to be taken by State and Federal agencies to address the problems of the Kenai River; and

(7) report the findings and recommendations to the second session of the thirteenth Alaska State Legislature; and be it

FURTHER RESOLVED that the Department of Public Safety shall be requested to adopt regulations, including emergency regulations, ~~addressing~~ correcting the immediate ~~safety~~ problem resulting ~~from heavy power boat traffic~~ on the Kenai River.

Preliminary Statement of Fiscal Impact

CSHB 278

Based upon the best available knowledge of the costs of existing boards and commissions, it is estimated that establishing the Kenai River Commission, as described in CS HB 278 will cost:

Executive director.....	$ 63,700
3 Staff people.....	72,500
Travel & Per Diem.....	150,000
Supplies, contractual, etc.....	26,000
Total.....	$312,200

These figures are estimates given by Mike Nizich of the Governor's office, and assume that the commission would hold five or six meetings, as well as two public hearings.

HB 278 - RELATING TO ESTABLISHING A
ALASKA RIVER COMMISSION

ALASKA DEPARTMENT OF ENVIRONMENTAL CONSERVATION
POSITION PAPER

BEFORE THE HOUSE RESOURCES
March 31, 1983

This department has no objection to proposed legislation to establish a Alaska River Commission, based upon the following reasoning:

1) A need does exist for an interagency body to take a comprehensive look at the multitude of State and Federal agencies with jurisdiction over various aspects of Alaska rivers.

2) A need does exist to create a coordinated approach to preserve the vitality of Alaska rivers.

The departmer supports amendment of the bill to include the phrase "economic enhancement" between the words "for recreation" in line 16 of Section 1. FINDINGS. The use of Alaska rivers for economic enhancement has an impact which creates conditions similar to those identified with recreation and transportation. Legislative recognition of this fact will help to simplify the work of the Commission.

Richard A. Neve'
Commissioner

STATE OF ALASKA
FISCAL NOTE

Revision Date , 1983

REQUEST
Bill/Resolution No.: HB 278
Title: Alaska River Commission
Sponsor: Fritz, Malone, Szymanski, Bussell
Requestor:

II. FISCAL DETAIL
Agency Affected: DEC
Program Category Affected: WPC
BRU, Program of Subprogram(s) Affected: EOM

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
100 PERSONAL SERVICES	-0-	0.6	0.6	0.6	0.6	0.6
200 TRAVEL	-0-	1.2	1.2	1.2	1.2	1.2
300 CONTRACTUAL	-0-	-0-	-0-	-0-	-0-	-0-
400 COMMODITIES	-0-	-0-	-0-	-0-	-0-	-0-
500 EQUIPMENT	-0-	-0-	-0-	-0-	-0-	-0-
600 LAND & STRUCTURES	-0-	-0-	-0-	-0-	-0-	-0-
700 GRANTS, CLAIMS, ETC	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL OPERATING		1.8	1.8	1.8	1.8	1.8
CAPITAL		-0-	-0-	-0-	-0-	-0-
REVENUE		-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

GENERAL FUND		-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS		1.8	1.8	1.8	1.8	1.8
OTHER (Specify Source)		-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME		-0-	-0-	-0-	-0-	-0-
PART-TIME		-0-	-0-	-0-	-0-	-0-
TEMPORARY		-0-	-0-	-0-	-0-	-0-

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

Funding necessary to provide salary and transportation to meetings of the Commission will be taken out of the State's Clean Water Act Section 106 Water Pollution Grant.

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: Alex Viteri
Phone: 465-2653
Division: Environmental Quality Management
Date:

Approved by Commissioner: Richard A. Neve
Date: 7/29/83
Department: Environmental Conservation

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Preliminary Statement of Fiscal Impact

CSHB 278

Based upon the best available knowledge of the costs of existing boards and commissions, it is estimated that establishing the Kenai River Commission, as described in CS HB 278 will cost:

Executive director.....	$ 63,700
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Supplies, contractual, etc.....	26,000
Total.....	$312,200

These figures are estimates given by Mike Nizich of the Governor's office, and assume that the commission would hold five or six meetings, as well as two public hearings.

HOUSE RESOURCES COMMITTEE OBSERVER/WITNESS SIGN-UP SHEET

DATE: April 5 SPONSOR: Rep. Milo Fritz

SUBJECT(S): HB 278 : salmon spawning waters

NAME	REPRESENTING	ADDRESS	PHONE	Observer	Witness	For	Against
Milo Fritz	sponsor	Pouch V	465-4833		X	X	
Jay Nelson	AK Env. Lobby		586-2345		X	X	

HOUSE RESOURCES COMMITTEE OBSERVER/WITNESS SIGN-UP SHEET

DATE: 4/18/83 SPONSOR: Rep. Milo Fritz

SUBJECT(S): HB 278

NAME	REPRESENTING	ADDRESS	PHONE	Observer	Witness	For	Against
J H Hogan	OMB Govt Coord	300 Assembly			X		
DAVE SCHADE	REP FRITZ	POUCH V	4633		X		

STATE OF ALASKA
THE LEGISLATURE
LEGISLATIVE AFFAIRS AGENCY

MAR 30 RECD

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907/465-3800

MEMORANDUM March 29, 1983

HB 278

SUBJECT: Kenai River Commission
(CSHB 278 (Resources))

TO: Representative Milo Fritz
Chairman, House Health, Education
and Social Services Committee

FROM: Edward H. Hein EH
Legislative Counsel

Section 2 of the bill:

Sec. 44.19.200. This section establishes the Kenai River Commission in the Office of the Governor. Seven members are appointed by the governor, representing four state departments with jurisdiction over or concerns and expertise related to the Kenai River. Also represented among the seven members are the environmental lobby, industries using the Kenai River resources (e.g. utilities supplying hydroelectric power, barges, private ferries and tour boats, professional guides, commercial fishermen, logging), and sport fishermen and recreational boaters. The governor is also authorized to appoint nine non-voting ex officio members representing nine federal agencies with jurisdiction over or concerns and expertise related to the Kenai River. The composition of the commission is an attempt to balance the need to have all interested parties represented versus the need to limit the size of the commission to a reasonable number of members so that they can function efficiently.

Subsection (d) of Sec. 44.19.204 requires that local interests be given the opportunity to contribute to the commission's decision-making process.

Sec. 44.19.201. This section provides that commission members serve during the term of the governor who appointed them. The rationale for this is that the commission is an interdepartmental body whose membership should change when a new governor takes office and appoints new cabinet members.

This arrangement should foster coordination and cooperation among commission members, which is critical to the success of the commission. Of course, a member serves at the pleasure of the governor and may be replaced during the governor's term. A member may continue to serve on the commission after the member's term expires until a successor is appointed.

Sec. 44.19.202. Because most commission members are government employees, they will not receive a salary for service on the commission. However, per diem and travel expenses are provided as for other commissions and boards.

Sec. 44.19.203. The commission may meet as often as necessary.

Sec. 44.19.204. The commission is charged with six specific duties:

(1) study state and federal laws affecting the Kenai River;

(2) identify the areas of overlapping or conflicting jurisdiction among government agencies that deal with the Kenai River;

(3) identify the problem areas of the Kenai River no agency has jurisdiction to deal with;

(4) publish a list of priorities for the use of the Kenai River;

(5) recommend regulations to be adopted or actions to be taken by state and federal agencies to address the problems of the Kenai River; and

(6) adopt regulations, including emergency regulations, to deal with problems of the Kenai River which no other agency has jurisdiction.

Sec. 44.19.205. This section provides for an executive director and staff to perform the administrative duties of the commission.

Sec. 44.19.206. The commission is required to submit an annual report to the legislature and the governor, which may

include recommendations for legislation and reorganization of state agency functions dealing with the Kenai River.

Sec. 44.19.207. The Department of Public Safety and any other enforcement officers designated by the commission are charged with enforcing commission regulations.

Section 3 of the bill:

This section amends AS 44.66.010 to bring the commission under the sunset provisions. The commission would terminate June 30, 1985, and would then have another year to wind up its business if not extended by the legislature. Legislative review under AS 44.66.050 would occur during the 1985 session.

EHH:ljb
12/031

HB

298

DRAFT

Transcript of testimony
Pertaining to HB 298
February 8, 1984
House Committee on Resources
(Excerpted)

Tape No. 14
Recording
Number

Rep. Goll:
This 50% - it doesn't say it here, but we've talked about the permanent fund on a number of occasions - are you saying the other 50% would logically go to the permanent fund?

Rep. Bussell:
Oh, it has to - has to by law - by constitution.

Rep. Goll:
Oh, I see. [General Discussion]

Number 0898

Rep. Goll:
And then you're say here that this review of the 50% would mean if it were determined that the policy of the state dictated that we should put 70% into the permanent fund - is that the -

Rep. Adams:
No

Rep. Goll:
Then what is the review of this percentage?

Rep. Adams:
The review is every five years - that's stated in the bill. And the amendment that was made is going from five to two years - that was the statement I made.

Rep. Goll:
Yes, I understand that. What I was trying to understand was the purpose of any adjustment of that 50%. My understanding had been that 50% goes into the Permanent Fund. The reason I asked whether that was the case was because when we speak of a re-adjustment, that implies flexibility, so I assume we cannot adjust that percentage up, because 50% must go into the Permanent Fund.

Rep. Adams:
No,it was no intention of adjusting the Permanent Fund any more than 50%.

Rep. Goll:
What is meant by "a review of the percentage", then?

Rep. Adams:
It could be the percentage that goes to the impact areas.

Rep. Ringstad:
So then, what you're saying is that of the percent that doesn't go to the Permanent Fund, we could send 10% to the impact areas and 40% to the general fund, or 40% to the impact areas and 10% to the general fund, either way.

Rep. Adams:
Yeah, because a portion of that, you know, 50% of that actually goes to the Permanent Fund. The other half is split between the general fund and the impact areas, then you've got to look at that percentage -

Rep. Ringstad:
We appropriate out which ever amount works out to X percent.

Rep. Adams:
That's all they're asking you to do - is review the percentage of that - how it's broken down. Perhaps in the future they might change the law here, instead of 50% of the royalties going in there, they might change it - you might have to look at that percentage area again.

Rep. Goll:
Oh, so you're saying then that this, for example, would respond to changes in Federal Law regarding the dedication of those funds that are going -

Rep. Adams:
Either Federal or State law.

Rep. Goll:
I see. Thank you. Well, excuse me, I guess what I'm not understanding is this: The statement was made earlier by the Department of Law that these are funds which are coming from the Federal government with restrictions, that these are, in a manner of speaking, dedicated funds that we're receiving. So, it's hard for me to understand any other circumstance other than a change in the Federal statutes that would permit us to reduce the percentage going to the subdivisions that are impacted. In other words, you've answered the Permanent Fund question - we can't adjust this up -

the only thing we can do is adjust it down, or split it up. And if we're splitting it up, that's not mentioned in the bill. It only says the amount that goes to the subdivisions. I guess it is implied that if a lower amount goes to the subdivision, the remainder would go to the general fund. But, does, in fact, the Federal law permit us to do that? My impression from the previous witness was that it does not. And if that's the case, then this only responds to changes in Federal law, in which case I do understand. But if there are other circumstances I've yet to hear what they are. And I would appreciate understanding that.

Tom Koester, Department of Law:
My understanding of the way this bill is intended to work is that if we get 100% of the Federal revenues, 50% automatically go into the Permanent fund. The remaining 50% go into this fund. Half of that then, it is intended, would go to impacted political subdivisions, so, in effect, one-quarter of the Federal receipts would go to the impacted political subdivisions. The remaining one-quarter would be in this fund, subject to appropriation by the Legislature, for the purposes set out in the Federal law. The Federal law purposes are the same ones that appear here in subsection (d) and in subsection (e). Those purposes for which these funds can be spent are the ones specified in federal law. So, under subsection (d) the one-quarter of the federal receipts subject to appropriation by the Legislature can be used for planning, construction, maintenance, operation of essential public facilities and other necessary public services. The intended one-quarter of the federal receipts going to impacted political subdivisions can then be spent by those political subdivisions under subsection (e) for planning, construction, maintenance, operation of essential public facilities by the subdivisions and other necessary public services provided by the subdivisions. So, taking 100% of the Federal receipts, half of those go to the Permanent Fund, and it is the intent of this bill that one-quarter of them go to political subdivisions, and one-quarter remain in this fund, subject to appropriation by the Legislature, for these purposes. Is that the understanding of the sponsor.

Rep. Adams:
Yes.

Rep. Goll
I'm going to take one more minute of the committee's time on this, and then deal with it privately if I

can't get this understood. It says here that 50% of the amount received from the Federal government under the Federal Act, and I assume the Federal Act is this Federal Act - this Federal Act doesn't say anything about the Permanent Fund - this Federal Act simply provides money to the State of Alaska. The State of Alaska, according to this bill, is going to take 50% of that money and use them for this purpose so I don't see any 25% in here, at all. I see 50% to the Permanent Fund, and 50% appropriated or recommended by this bill. Now, if you'd help me be corrected, that would be a big help, if I'm wrong here. I mean, I don't see any 25% here at all. I only see 50%, and I see 50% of the money that comes from the Federal government.

Mr. Koester:
Mr. Chairman, if I might, I believe, if I accurately stated the sponsor's intent, to the extent that the bill is drafted, might not completely reflect that to everyone's satisfaction, that a technical amendment to reach that result would be relatively easy to draft, and I would be happy to do that, and after running it by the sponsor, to be sure that he agrees with it, submit it to the committee for its consideration.

Rep. Ringstad:
I think Peter's question at this point is how does 50% get to the Permanent Fund. Is that what you're getting at?

Rep. Goll:
Let me say it once for the benefit of the chair, and as I say, I'm no expert in this matter, it's just my reading of the phrase doesn't correspond at all to the statement that was just made by the attorney general. It says here that, on line 3, that, the, uh 2 and 3, that the amount appropriated for payment to the subdivisions equals 50% of the amount received from the Federal government. Now that should be perfectly clear. There's no 25% here, at all. It says 50% will be paid to the subdivisions. I assume, from my question to Mr. Adams, that the other 50%, I understand, is automatically appropriated or required to be approriated to the Permanent Fund. That's what this says to me. Now, if there's a further subdivision, it's not in this bill. I don't know what the intent of the sponsor is on that. My understanding was that this whole amount, this whole 50% that didn't go into the Permanent Fund, goes into your fund here. I didn't know there was 25% going into the fund and another 25% going into the General fund - that's not stated

in here.

Rep. Adams:
I'd like the commissioner to respond to that, under leases and royalty oil sales.

Commissioner Heath:
Well, it's my understanding that we're talking about two different numbers here. It's a 25% number viewed in one direction, and a 50% number viewed from another direction. You start out with 100%, the amount of the lease sales -

Rep. Goll:
No. We start out with the money that's coming to the state from the Federal government, whatever that is.

Commissioner Heath:
That's my point. It depends how on how you get to 25%. If you start with 100% of the money received by the Federal government, they then give us 50%. Half of that 50%, or 25%, goes to the permanent fund. The other half would go to this fund.

Rep. Goll:
That's not what this bill says.

Rep. Ringstad:
What requires half to go to the Permanent Fund?
[General discussion]

Rep. Ringstad:
Now you start out with 100% of the money. The Federal government takes half of it, right? So, the State of Alaska gets 50%. Now, we're saying half of that goes to the Permanent Fund. What requires half to go to the Permanent Fund?

Commissioner Heath:
Mr. Chairman, I believe that's the Constitution.

Rep. Ringstad:
So, at that point, that's where we get the 25%, correct?

Commissioner Heath:
Yes, sir.

Rep. Ringstad:
So, what we're dealing with is 25% of the total amount, and then you break it down further from that to partial - part of that 25% goes to this.

Commissioner Heath:
No, Mr. Chairman, all of that 25% goes to this.
[General discussion]

Rep. Adams
The confusing part is - here's the way, ok, let's assume we had $63 million, like I said earlier, half of that would go to the Federal government, half would go to the State of Alaska, which is $33 million. Now we've got the $33.4 million for the State of Alaska here. 50% of that would go into the Permanent Fund, which is $16.7 million now you set up your reserve fund, which you put in 16.7, but only 50% of that 16 (million) would be spent on impact communities, which is a quarter like, of the amount the attorney general has stated here.

Rep. Ringstad:
So, you're saying 8 goes to the impacted area.

Rep. Adams:
Yeah. But, if my friend from Haines wanted to put all the 50% of the royalty, I mean into this reserve fund, I'll be happy to go with you, but I'm going to have to -

Rep. Ringstad:
Rep. Adams, just on your numbers, you start out with 64 for the total sale, correct?

Rep. Adams:
I was using the example, like the two sales, there was two sales...$67 million was the total.

Rep. Ringstad:
Let me run it out. You start with a total sale of 64. Half goes to the feds, so the state gets 32. Half of that goes to the Permanent Fund, which leaves 16. 16 goes to this specific impact fund. Ok. Of the 16 that goes into the impact fund, half goes to the local areas. So you're saying 8 goes to the local areas. So you're going one step further in saying 1/8th of the total sale, or 1/4 of the State's total income from the sale.

Rep. Goll:
Mr. Chairman, I'm sorry, I may not be right on some parts of this, but I'm afraid there are a couple of errors in what you just said. The 50% figure is not correct, and let me try to start this from another perspective. First of all, the constitution does not require that 25% of the money taken by the Federal government goes into the Permanent Fund. The

Constitution states that 25% of the money that comes from the Federal government to the State goes into the Permanent Fund. Before I go any further, is that clear? 25% of the revenues deriving to the State from the Feds goes into the Permanent Fund, not 25% of 64. 25% of 32. So that's the first error in this whole discussion. Okay?

Rep. Ringstad:
So, we're saying, we're receiving 32.

Rep. Goll:
We're starting out with 32, and then 24 - 8 goes into the Permanent Fund, 24 is to be discussed, ok?

Mr. Koester:
Mr. Chairman, if I may. The Constitution requires that a minimum of 25% go in the Permanent Fund. As a result of a statute passed, I believe in either 1980 or 1981, the Legislature has mandated by statute, that rather than the bare minimum required by the constitution, 50% would go into the Permanent Fund, so it's now a statutory directive that 50% go into the - -

Rep. Goll:
Good. Let's stop there.

Rep. Ringstad:
Okay, yeah. 50% of what we receive from Federal lease - - it's not just the Constitution, it's a combination of Constitution and statutes.
[General discussion]

Rep. Goll:
We are really on track now. Now let me say to my friend from Kotzebue, yes, that was my intention, that the other 50% go into this fund. Now, we then have 64 dollars going to the Feds, 32 dollars going to the state, 16 dollars going to the permanent fund and 16 dollars left. Now, what this bill does, based only on my reading of it, and not the intent, is that the amount appropriated for payment to the subdivisions equal 50% of the amount received from the federal government. Now that should be pretty clear. Half of it goes into the Permanent Fund, half of it goes into this account. I'm not objecting to that, I'm just trying to make sure that we all understand the same thing.

Rep. Ringstad:
Are you reading that on line 2 & 3?

Rep. Goll:

2 & 3 of page 2, yes sir.

Rep. Ringstad:
I think, Rep. Adams, being our finance wizard, now the way the language reads, it says the intent of the Legislature is to - the amount appropriated for payment to the subdivisions equals 50%. The amount appropriated is the amount we put out of that fund, not the amount going in. So if 8 million goes into that fund, or if 16 million goes into the fund, what this is saying the intent is that - - we're going to appropriate 16 million dollars, and half of that. 50% should be appropriated to the local funds.

Rep. Adams:
That's correct. We're going to put $16 million into the fund

Rep. Ringstad:
I think the verbiage is we're going to appropriate it there.

Rep. Goll:
No, the error is on line 3. Instead of saying "received from the Federal government", it should say, "placed into the fund". Then 50 - am I incorrect? - then 50% of the money that goes into the fund goes to the local communities. So, that's what I've been leading up to, here. and I'm done. That the words "received from the Federal government" is incorrect.

Rep. Ringstad:
Rep. Adams, do you feel he is correct, that we need to change that, is that what you're saying Rep. Goll that - -

Rep. Goll:
I'm saying that if your intent is that 50% of the money which goes into fund be appropriated to these impact - -

Rep. Ringstad:
As opposed to 50% of the money received from the Federal government.

Rep. Goll:
Which would be 100% of the money which goes into the fund. So it's a policy choice.

Rep. Ringstad:
So, it should be 50% of the money placed into the fund.

Rep. Adams:
That's correct.

Rep. Goll:
Thank you, sir.

MAR 11

Lisk Cowd Cars Shultz
Rings - Goll
Bussell - Vehl
Vaska -

001 - CTO
3:00

008 - Rings - review CS.

016 - Goll - Statement clarifying his view

069 Shultz - moved adopt CS / vk / no obje -

075 Vaska - How much $ involved -
Larson - reviewed numbers from previous mtgs

101 Larson - Reducing amt

105 Shultz - moved adopt indiv recs CSHB 298 Res
Vehling obje to ask for Commis Heath
Heath made short statement

119 Withdrew objection - Vehl

122 Rings - discuss letter of intent -

133 Goll - Why letter here, not finance -
Rings -

143 Vaska - USC 508 - interpreted to mean whole
state, not just part of it

166 Luann Cutler -
letter proposed to deal w/ definition of impact areas

214 Larson - Q. letter - conflicting statement p 2, next
to last ¶ A - perhaps not as clearly written as
could be to distinguish "slow & imperceptible" from
"severe" - Q. Larson - Mat Su not eligible under
bill ? - A if could be "measurable, significant"
shown - Gen'l discussion

(2)

304 Vehling – muddled –
Cutler – not to be specific, but still take care of needs of impacted communities.

340 Larson – suggested change – 4 – 11 & 12 up to boundaries

367 Larson moved deletion, no obje

376 Shultz, moved letter, u/c, no obje

385 Announcement re HB600 tomorrow

389 Adjourn 3:30

PROPOSED HOUSE RESOURCES COMMITTEE
LETTER OF INTENT TO ACCOMPANY
HOUSE BILL 298

It is the intent of the legislature that the Department of Revenue rely on the following analysis of House Bill 298 and P.L. 96-514, Title 1, Sec. 100 when administering this Act. In particular, it is the intent of the legislature that the Department determine if a subdivision is "most directly or severely impacted" by oil and gas development in the National Petroleum Reserve-Alaska for purposes of Sec. 2(c) of this Act in a manner consistent with the analysis of such impacted communities provided in this letter of intent.

HB 298 implements the revenue sharing provisions of P.L. 96-514, Title 1, Sec. 100 (1380) dealing with the Interior Department's oil and gas leasing program in the National Petroleum Reserve-Alaska. This leasing and revenue sharing program was part of the Interior Department Appropriations Act of 1981.

HB 298 establishes a state program which carries out the legislative intent of the federal act, which states as follows:

> "That 50 per centum thereof (rentals, bonuses, royalties, etc.) shall be paid by the Secretary of the Treasury...to the State of Alaska for (a) planning; (b) construction, maintenance, and operation of public facilities; and (c) other necessary provisions of public service. PROVIDED FURTHER, that in the allocation of such funds, the State shall give priority to use by subdivisions of the state most directly or severly impacted by development of oil and gas leased under this section." 42 U.S.C. Sec. 6508

The purpose of this provision is to provide a source of funds for dealing with impacts related to the NPR-A oil and gas leasing program. The provision states that the funds are to be used for "planning," for "construction," and "operation of public facilities" and for "other necessary" public services. The purpose was also to allocate these funds to communities where the impacts are "most directly or severly" felt. The provision requires the state to give "priority" to subdivisions "most directly or severly impacted" by the NPR-A leasing program in "the allocation of such funds." This will rule out the possibility of a statewide revenue sharing program or even one designed to ameliorate oil and gas development impacts in general. The purpose is restricted by federal law to communities suffering the effects of the NPR-A leasing program.

The federal provision does not expressly define further than this which communities could qualify for impact funds. Certainly the North Slope Borough would qualify since the program affects the Borough in the most "direct" way possible, being entirely inside of it. This is consistent with the statutory predecessor to the federal revenue sharing provision. P.L. 94-258 (1976) which transferred jurisdiction over the NPR-A from the Navy to the Interior Department authorized the Secretary to assist impacted communities "located on or near the reserve as a direct result of the exploration and study activities, Sec. 107.

The language in the 1980 act allows the state more leeway in allocating funds to local communities than the 1976 act, nonetheless, the intention is to abide by the limitation that funds be allocated to communities "most severly or directly impacted." While this would exclude slow, imperceptible or other non-severe or direct growth related impacts in areas outside of the Borough, it would not exclude impacts anticipated to be severe and direct such as those related to development, production and transportation of commercial quantities of oil and gas. Thus, for example, a firm making a major discovery of oil in NPR-A might need to significantly expand its base of operations in Anchorage, including office construction, placing an acute, possibly severe impact on that community. Major pipelines could also result in impacts crossing the Borough's boundaries. This bill should be implemented with the degree of flexibility necessary to cover such eventualities, but restrained by the purpose of the federal provision.

This approach would also be consistent with similar interpretations of the courts of federal law and federal programs. The U.S. Supreme Court recently interpreted the Coastal Zone Management Act's "directly affecting" language in the SECRETARY OF THE INTERIOR V. CALIFORNIA. The court found that for an affect to be direct there had to be a significant, physical alteration of an area, in this case, California's coastal zone. When Congress adopted the Coastal Energy Impact Program (16 U.S.C. 1456 (a)) it limited loans and grants to coastal states and local governments actually in the coastal zone. Also Senator Stevens' OCS revenue sharing bill S. 800 would qualify only coastal local governments to receive OCS revenue sharing funds. Thus, in other similar situations both Congress and the courts narrowly relate direct effects on a geographic basis, providing a sound factual underpinning to federal revenue sharing for adverse effects of specific federal programs.

STATE OF ALASKA
FISCAL NOTE

Revision Date 12/30, 1983

I. REQUEST
Bill/Resolution No: HB 298
Title: National Petroleum Reserve Alaska Special Revenue Fund
Sponsor: Adams
Requestor: H.Resources and Finance

II. FISCAL DETAIL
Agency Affected: Revenue
Program Category Affected: Revenue Collection and Management
BRU, Program of Subprogram(s) Affected: Treasury Management

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES	-	-	-	-	-	-
200 TRAVEL	-	-	-	-	-	-
300 CONTRACTUAL	-	-	-	-	-	-
400 COMMODITIES	-	-	-	-	-	-
500 EQUIPMENT	-	-	-	-	-	-
600 LANDS & STRUCTURES	-	-	-	-	-	-
700 GRANTS, CLAIMS, ETC.	-	-	-	-	-	-
TOTAL OPERATING	-	-	INDETERMINATE	-	-	-
CAPITAL	-	-	-	-	-	-
REVENUE	-	-	-	-	-	-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	-	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER (Specify Source)	-	-	-	-	-	-
	-	-	-	-	-	-

POSITIONS:

FULL-TIME	-	-	-	-	-	-
PART-TIME	-	-	-	-	-	-
TEMPORARY	-	-	-	-	-	-
	-	-	-	-	-	-

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

IV. ANALYSIS: Attach a separate page for any Analysis.

Prepared By: Cathy A. Poe — Phone: 465-2350
Division: Treasury — Date: 12/01/83

Approved by Commissioner: — Date: 1/9/84
Department: Revenue

Distribution:
Original to Legislative Finance
Copy to Office of Management and Budget (for Legislature introduced bills)
Copy to Department (for Governor introduced bills)
Copy to Sponsor
Copy to Requestor (if different from Sponsor)

Bret:

Perhaps the following language might be a good starting point for defining "impacted subdivisions" in CS HB 298.

In Sec. 2(c) of this Act "subdivisions of the state that are most directly or severely impacted" means cities or unincorporated communities within the National Petroleum Reserve in Alaska where economics, population, housing, public services .....have been substantially enlarged or disrupted from oil and gas leasing activities.

Dick Folta
2450

Alaska State Legislature

House of Representatives

Al Adams
Chairman
Committee on Finance

WHILE IN SESSION
Pouch V
State Capitol
Juneau, Alaska 99811
(907) 465-3706

OUT OF SESSION
P.O. Box 333
Kotzebue, Alaska 99752
(907) 442-3320

1024 W. 6th
Anchorage, Alaska 99501
(907) 274-0615

Official Business

April 6, 1983

MEMORANDUM

TO: Representative John Ringstad, Co-Chairman
Representative Dick Shultz, Co-Chairman
House Resources Committee

FROM: Representative Al Adams AA

SUBJECT: House Bill 298 - Establishing a National Petroleum Reserve, Alaska, Special Revenue Fund

HB 298 is pending in House Resources. I would appreciate the committee's consideration of the legislation at the earliest possible date.

In 1980, Congress approved Public Law 96-514 which contained language requiring that 50% of the royalties received from oil and gas leases in the National Petroleum Reserve - Alaska shall be paid to the State of Alaska. Part of that stipulation also provided that the priority use of these funds would be by the subdivisions of the state that were most directly impacted by the development of oil and gas leases in the NPR-A. I have introduced HB 298 to establish the special revenue fund into which these monies will be deposited. It is in this manner that I believe we can best assure the state's compliance with the intent of the federal Act. You may recall that last session, a comparable piece of legislation passed both houses of the Legislature but was vetoed by the Governor. I have attached a copy of the Attorney General's letter in which he advised the Legislature of necessary changes in order to comply with constitutional and statutory requirements. I believe you will find that HB 298 satisfies the concerns raised by the past Administration.

For the committee's further review, I have attached copies of letters and testimony concerning the federal legislation, as well as comments offered by the Mayor of the North Slope Borough. Should you like any additional information, please let me know.

HOUSE BILL 298

Establishing a National Petroleum Reserve, Alaska
Special Revenue Fund

Section 1. FINDINGS.

(1) The U.S Congress provided by law (P.L. 96-514) that Alaska shall receive 50% of the royalties derived from competitive oil and gas leases in the NPRA:

(2) Nearly all of NPRA NPR-A lies within the boudaries of the North Slope Borough; and

(3) Because of the nature of the congressional appropriation, this bill establishes a fund to comply with the federal Act's provisions.

Section 2. NATIONAL PETROLEUM RESERVE, ALASKA, SPECIAL REVENUE FUND.

(a) Establishes the NPRA Special Revenue Fund consisting of money received from the federal government under P.L. 96-514.

(b) The fund shall be managed by the Commissioner of Revenue.

(c) The commissioner is directed to pay the funds, as appropriated by the legislature, to the subdivisions most severely impacted by oil and gas leases. It is the intent of the legislature that 50% of the revenues received from the federal government under this las shall be appropriated for this purpose. The percent of funds for this purpose shall be reviewed by the legislature every five years.

(d) The remaining 50% shall be used by the state, as appropriated by the legislature, for planning, construction, maintenance and operation of essential public facilities, and other necessary public services.

(e) The subdivisions receiving funds may only use them for purposes that are in conjunction with development of NPRA and with competitive oil and gas leasing program. These shall also include planning, construction, maintenance and operation of essential public facilities and other necessary public services.

Section 3. Immediate effective date.

(5)

VAN NESS, FELDMAN & SUTCLIFFE
A PROFESSIONAL CORPORATION
SUITE 500
1220 NINETEENTH STREET, N.W.
WASHINGTON, D.C. 20036
(202) 331-9400

S. LYNN SUTCLIFFE
HOWARD J. FELDMAN
WILLIAM J. VAN NESS, JR.
GERRY LEVENBERG, P.C.
G. WILLIAM FRICK
BEN YAMAGATA
ROBERT G. SZABO
GRENVILLE GARSIDE

ALAN L. MINTZ
GARY D. BACHMAN
ELLEN L. PARTRIDGE
R. KEITH GUTHRIE
PETER D. DICKSON

December 20, 1979

MEMORANDUM

TO: Mayor Eben Hopson
North Slope Borough

Edward Hopson
President
Arctic Slope Regional Corporation

FROM: G. William Frick GWF

RE: Summary of NPR-A Meeting

This memorandum will summarize the meeting held with representatives of the Arctic Slope Regional Corporation, North Slope Borough and others in Anchorage on December 7, 1979. The persons who attended the meeting are on the attached list.

A. Arctic Gas Pipeline

The first item of discussion was a presentation by Jack Bachman (907-276-2900), the Alaska representative of Northwest Pipeline, who provided an update on the Salt Lake City meeting between Mayor Hopson and other Borough representatives, and John McMillian and Northwest Pipeline staff. Bachman indicated that Northwest Pipeline was pleased with the interest of the North Slope Borough to participate in some manner in the project and was interested in providing an opportunity for the local as well as state involvement if possible. He did note that state actions thus far had been disappointing. He indicated that Northwest Pipeline hoped to begin civil construction in 1981, begin laying pipe in 1982, and finish the line in the warm weather of 1985.

He pointed out that the Northwest Pipeline Company has no direct responsibility for the conditioning plant, although it is extremely interested in its construction as an essential part of the overall system. While the state has indicated it wants to do "something" on the conditioning plant, it has not yet formulated a position. Bachman did note that moving the conditioning plant to Fairbanks would prevent the pipeline from being built. Northwest Pipeline is looking at producers as "overrun insurance," who will be turned to if necessary for completion of the line; the Department of Justice has problems with producers owning the line. Larry Dinneen pointed out that ARCO has expressed interest in knowing what the North Slope Borough and ASRC plan to do regarding the conditioning plant.

Mayor Hopson expressed concern about the failure of the North Slope Borough to have been consulted on issues surrounding the conditioning plant and the pipeline that affect the North Slope Borough. He also emphasized that while NSB had proposed having some involvement, it was subject to further decisions and negotiations involving the NSB and ASRC.

Follow-up actions from the discussion with Bachman are:

1. This firm is to contact Howard Butner, Vice President for Finance of Northwest Alaska Pipeline in Washington. Butner apparently has a variety of studies and other documents regarding various financial schemes for financing the pipeline that may be of use to the NSB in reviewing its potential participation.

2. This firm is to develop a brief analysis summarizing what has transpired with the gas pipeline to date and to prepare recommendations to the Borough on what future actions to take on this issue.

B. <u>NPRA Legislation</u>

The next item discussed was the position of ASRC and NSB on the NPRA legislation now being drafted by the Department of the Interior. Under this legislation NPR-A would be designated a "National Conservation Area." Mayor Hopson emphasized that the North Slope Borough supported any effort, including private leasing, that would open up NPR-A for exploration and development as the North Slope Borough's contribution to the national goal of improving energy supplies. Mayor Hopson emphasized that the Borough has always supported onshore development.

There was general agreement with the basic statutory positions that DOI had indicated would be included in the legislation.

Conrad Bagne suggested that the bill include provisions allowing local access to non-commercial and commercial discoveries found near communities on the North Slope. Herb Bartel pointed out that the BLM had already developed several years of planning analysis and data on NPR-A and that this experience should not be lost in the transition to the NCA management scheme. In particular, with respect to the four areas that were to be given special attention, the governmental offices charged with responsibility for those special areas, assuming it is not BLM, should be required to utilize BLM analysis.

Jon Buchholdt noted that the four areas cited for special consideration are possibly the most promising for private leasing; the boundaries, terms, and access of those areas should be examined carefully to insure development is not precluded. Herb Bartel also observed that the protection for fishing sites should not be limited to designated sites but rather to "systems" that would allow movement within fishing areas as the fish populations, and other influences on fishing, change.

With respect to the leasing systems, it was pointed out that a "nominating" system should be used in order to give the Borough, as well as the federal government, advance notice of what areas should be studied to determine the need for environmental or other protection. There was general agreement that any leasing system should, to the maximum extent possible, utilize bids that would internalize non-economic factors such as environmental protection and local hire. In addition, local considerations and provisions encouraging participation by small companies should be included into a system. Senator Gravel apparently is looking into developing such a program independently of the Department of the Interior. It was also pointed out that the Teshekpuk Lake had already been identified as an area that should be protected for the Native community. This should be kept in mind as the provisions regulating the Teshekpuk Lake area are formulated.

Senator Stevens joined the meeting at this point and made the following comments:

1. He considers the letter of Acting Secretary Joseph, regarding the legislative program of NPR-A, to be balanced but is concerned about those areas that DOI proposes to "set aside." He also feels that any provisions relating to the Mineral Leasing Act may present problems.

2. He is concerned about the revenue sharing provisions and feels it may be hard to hold the 50% now proposed

to be allocated to the state because of the large royalty already received by the state from Prudhoe Bay. Provisions guaranteeing local share from the revenues to the state would help maintain this provision.

3. He supports the NCA being administered by the BLM but is concerned about BLM continuing to apply the approaches they have traditionally followed under the Mineral Leasing Act. Stevens indicated he was meeting with Guy Martin on the legislation on December 10.

4. He is quite committed to keeping this bill separate from D-2 and indicated that this was the view of Secretary Andrus. Senator Stevens cautioned about trying to put D-2 related Native amendments on the bill when it comes from the House.

5. Senator Stevens vigorously emphasized the need to slow the Beaufort Sea sale. He is very concerned about drilling in the Beaufort Sea and feels that the international situation will result in a compressing of the time for leasing of NPR-A.

6. He is very interested in getting small companies involved in the development of NPR-A.

7. He supports the efforts to find a new agency or agencies to fund and administer NARL. He mentioned also the possibility of turning over the gas field at Barrow to the North Slope Borough and providing authority for requiring federal facilities to pay for gas from the field.

In the afternoon we were joined by representatives of the Department of the Interior: Gerry Gilliland, Curt McVie, Irene Rowan, Jim Wicks, and Ed Eisenson.

Gerry Gilliland outlined the Department's views on the legislation. He emphasized that the legislation is to encourage oil and gas development while protecting the unique surface values and lifestyle of the native residents. BLM is to administer the area in a multiple use manner and the local residents are to assist BLM in land use planning and in its lease program. He noted also that the bill included language that would lead to transfer of the Barrow gas field to the North Slope Borough.

With respect to leasing, the Department hopes to have a minimum time schedule that would result in the first lease within twenty months of the legislation. The legislation would provide

broad leasing authority to the BLM to establish terms and conditions. He emphasized that the authority would allow stipulations to protect the environment and require access yet he noted that the proposal did not have any corridors specifically set aside. He said that the bill would provide the Secretary with discretionary authority to lease minerals but only local leasing of coal would be specifically allowed. The report from Gilliland basically coincided with the information provided in Undersecretary Joseph's letter.

Gilliland indicated that the legislation was being reviewed within the Administration but that there had been no major changes proposed. The only objections from other agencies involved issues unrelated to the direct administration of NPR-A, e.g., the Department of Justice was concerned about anti-trust language, some agency was concerned about the size of the tracts being too large and thereby inhibiting participation by local companies, and there was concern over the name of the NCA. Gilliland does not know the exact timetable for submission of the bill to Congress but expects it to happen before January. He felt it was too late for any additional input at this time from the local community although the Department remains interested in the local reaction.

With respect to the four special areas he emphasized that the bill would only have Congress stating that BLM is to give those areas special consideration; it would be left up to the BLM, after consultation with an Advisory Committee, to determine exactly what those special considerations should be. BLM proposes to use the Federal Land Policy Management Act (FLPMA) planning process to establish appropriate restrictions. He also pointed out that Section 603 of FLPMA would not apply nor would the 1876 Mineral Act. This would preclude hard rock mining and provide no protection of existing claims. It was pointed out by Charlie Edwardson that there might be some outstanding claims that existed before the formulation of NPR-A.

Gilliland agreed that the leasing approach authority in the bill would allow internalization of costs but such leasing would not be mandated by the legislation.

Mayor Hopson emphasized the importance of sharing information from prior exploration of NPR-A inasmuch as the data is a key factor affecting exploration on the Slope. Mayor Hopson expressed his desire that the legislation should turn over leasing totally to private companies so that the Federal government would not be involved in the actual exploration.

Gilliland agreed that the applicability of the North Slope Borough ordinances to activities taking place in NPR-A would be part of the planning process. This means that the BLM could decide to apply them but that they were not automatically incorporated into the plan. He also noted that there was no local hire provision in the bill, which produced substantial discussion about the need for such provision. Gilliland and Curt McVie agreed that this was a point that deserved additional examination and indicated a willingness to have the Department consider taking a position on such a provision in the letter of transmittal of the bill to Congress or in the testimony of the Administration on the bill, inasmuch as it was too late to make any change to the legislation at this point.

Follow-up activities.

1. We should draft for the Department of the Interior an analysis of the need for an affirmative action program mentioning the adverse economic as well as societal impacts of not utilizing local residents. We should also draft appropriate language for such provision.

2. We should write to the Department requesting that they include reference to such a provision in their testimony or in the letter of transmittal to Congress.

3. We should attempt to have included in the legislation a specific guarantee of a portion of the state's revenue being allocated to the North Slope Borough.

4. We should examine other National conservation areas, and BLM regulations regulating activities in those areas, to identify deficiencies in the management program that should be addressed in the legislation or in Report langaage.

cc: Conrad Bagne
Tom Smythe
Jon Buchholdt
Oliver Leavitt
Larry Dinneen
Jim Wickwire

ATTENDANCE LIST

December 7, 1979 Meeting

Anchorage, Alaska

Mayor Eben Hopson, NSB

Eugene Brower, NSB

Tom Smythe, NSB

Conrad Bagne, NSB

Herb Bartel, NSB

Jon Buchholdt, NSB

Gerry White, NSB

Ralph Anderson, NSB

Bob Dupere, NSB

Lou Dishner, Lobbyist for NSB

Larry Dinneen, ASRC

Oliver Leavitt, ASRC

Eddie Hopson, ASRC

Jim Wickwire, Seattle

Bill Van Ness, Washington, D. C.

G. William Frick, Washington, D. C.

Ken Forsen, Arctic Technical Services

Jack Bachman, North West Pipeline

STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

POUCH K-STATE CAPITOL
JUNEAU, ALASKA 99811

April 26, 1982

Honorable Bettye Fahrenkamp
Chairwoman, Senate Resources Committee
Alaska State Senate
Twelfth Legislature
Pouch V
Juneau, Alaska 99811

Re: SB 835 (National Petroleum Reserve-Alaska Trust Fund). Our File No. 366-619-82

Dear Senator Fahrenkamp:

SB 835, which would establish a trust fund account for revenues the state receives from the federal government from federal oil and gas leasing in the National Petroleum Reserve-Alaska, presents a number of serious legal questions in its current form.

The first question is raised under Article IX, Section 7 of the Alaska Constitution, which provides in pertinent part: "The proceeds of any state tax or license shall not be dedicated to any special purpose, except as provided in Section 15 of this article or when required by the federal government for state participation in federal programs." The Department of Law and the Legislative Counsel have disagreed over the reach of this prohibition. Our department has construed the prohibition broadly to apply to all "public revenues" (e.g., taxes, license fees, revenues from the sale or disposition of natural resources, etc.); the Legislative Counsel has interpreted it narrowly as reaching only tax and license revenues. On April 23, 1982, the Alaska Supreme Court adopted the Department of Law's broader interpretation in State v. Alex, ___ P.2d ___, Op. No. 2488 (Alaska, April 23, 1982). See Slip Op. at p. 20. As a result, we believe the revenues which the bill addresses -- i.e., those that the state would receive from the federal government as the result of federal oil and gas leasing in NPR-A -- are subject to the prohibition.

However, there is an exception to the dedicated fund prohibition "when required by the federal government for state participation in federal programs." The pertinent portion of

P.L. 96-514, 94 Stat. 2964, which directs payment of the money to the state, attaches certain conditions to the state's receipt of that money: The state may use it "for (a) planning, (b) construction, maintenance, and operation of essential public facilities, and (c) other necessary provisions of public service: Provided further, That in the allocation of such funds, the State shall give priority to use by subdivisions of the State most directly or severely impacted by development of oil and gas leased under this Act." In other words, the funds received from the federal government must be dedicated to planning, construction, maintenance, and operation of essential public facilities, and other necessary provisions of public service. In addition, impacted political subdivisions must be given priority in the allocation of the funds.

We believe the establishment of a trust fund into which all the federal revenues are placed immediately upon receipt from the federal government is both permissible under Article IX, Section 7 of the Alaska Constitution and desirable in that it will ease the administrative task of demonstrating to the federal government that the funds received have been expended for the purposes and in the manner required by the federal Act. However, it also is our opinion that the explicit provisions of the law establishing the trust fund cannot impose conditions on the use of the money which exceed those "required by the federal government for state participation" in the federal program -- i.e., those in the federal Act. Since it is only the federal conditions which except the funds from the general dedicated fund prohibition, we believe the only conditions which may be attached to the funds are those required by the federal Act.

As a result, we believe the directive in Section 2(c) of SB 835 to pay a minimum of 50 percent of amounts in the fund to the North Slope Borough violates the dedicated fund prohibition because the federal Act does not require it for state participation. In addition, the directive in Section 2(d) that remaining amounts in the fund may be spent only "in conjunction with the exploration of the National Petroleum Reserve in Alaska and a program of competitive leasing of oil and gas from that reserve" also violates the prohibition, again because the federal Act does not require it. The federal Act simply does not impose these restrictions on the use of the funds received by the state.

Another question raised by SB 835 stems from Article II, Section 19 of the Alaska Constitution, which provides in pertinent part: "The legislature shall pass no local or special act if a general act can be made applicable." The problem here is that SB 835 specifically names the North Slope Borough as a recipient of amounts from the fund established. However, nothing in the federal Act requires that the North Slope be named, and it is obvious that a general act can be made applicable and satisfy the terms of the federal Act simply by "giv[ing] priority to use by subdivisions of the State most directly or severely impacted by development of oil and gas leased under this Act." That is the language of the federal Act, so using that language would satisfy that condition of the federal Act. It is language of general applicability to all subdivisions which might be impacted by NPR-A development, and therefore would be a general (not local or special) act within the meaning of the Alaska Constitution. (We also would point out that the North Slope Borough may not be the only political subdivision impacted by oil and gas leasing in NPR-A. In the reserve, Barrow is a first class city and Wainwright and Nuiqsuit are second class cities. Moreover, development in NPR-A may have an impact on other political subdivisions along the pipeline corridor or, it is conceivable, any other route chosen to transport the oil and gas produced -- i.e., Nome, etc. This potential impact on other political subdivisions demonstrates the advisability of couching the bill in terms of a general act, not a local or special act directed only to the North Slope Borough.)

Another problem stems from Article II, Section 13 of the Alaska Constitution, which provides in pertinent part: "Bills for appropriations shall be confined to appropriations." The problem in SB 835 is the Section 2(c) directive to pay money to the affected subdivisions (in the bill's current form, only the North Slope Borough). Specifically, Section 2(d) describes that directive as an appropriation. If it is an appropriation, it is an appropriation in a general act and not in a bill confined to appropriations as required by the Constitution. This conclusion is reinforced by the provision in Section 2(d) that amounts remaining in the fund after the payment to the subdivisions cannot be expended without appropriation by the legislature. To avoid this problem, the bill could be amended simply to require appropriation by the legislature prior any expenditure of funds in the trust account, giving the legislature discretion to appropriate funds to impacted subdivisions or for other purposes permitted under the federal Act.

Following my testimony on SB 835 at the Senate Resources Committee meeting on April 23, 1982, I met with Tom Smythe and Robert DuPere, representing the North Slope Borough, and Resa King of the Committee staff. We seemed to reach general agreement that some minor modifications to the bill would satisfy the constitutional concerns while remaining true to the basic thrust of the proposed bill. My notes indicate that the following changes were contemplated:

1. Page 1, lines 12-15 should be amended to read (material to be deleted is capitalized and in brackets; new material is underlined): "(1) The United States Congress, by P.L. 96-514 (94 Stat. 2964, December 12, 1980), [APPROPRIATED $107,001,000 FOR A PROGRAM OF] provided that the state shall receive 50 percent of receipts derived from competitive leasing of oil and gas in the National Petroleum Reserve in Alaska;" This change would eliminate any confusion regarding the $107,001,000 federal appropriation which is for administration of the leasing program, not an appropriation to the state. The state will only receive money under the federal Act after the program begins generating lease revenues.

2. Page 1, lines 24-26 should be amended to read: "The fund shall consist of funds [APPROPRIATED TO IT BY THE LEGISLATURE EQUAL TO THE AMOUNT OF FUNDS] received by the state from the federal government under P.L. 96-514." This would establish the constitutionally-permissible dedicated fund.

3. Subsection (c) of Section 2, which begins on page 1, line 29, and continues to page 2, line 4, should be deleted in its entirety and replaced with the following:

> (c) The commissioner of revenue shall pay to the subdivisions of the state most directly or severely impacted by development of oil and gas leased under the federal Act the amount appropriated by the legislature from the fund for that purpose. It is the intent of the legislature that the amount appropriated for payment to the subdivisions equal 50 percent of the amount received from the federal government under the federal Act, and that this percentage be reviewed every five years following passage of this Act.

This would indicate the legislative intent of sharing the revenues with impacted political subdivisions without violating the dedicated fund prohibition by imposing conditions beyond those required by the federal Act. It also avoids the local and special legislation problem, as well as the problem regarding an appropriation in a bill not confined to appropriations.

4. Page 2, lines 5-10 should be amended to read: "(d) Amounts received by the state under (a) of this section [WHICH ARE NOT APPROPRIATED IN ACCORDANCE WITH (c) OF THIS SECTION] shall be used by the state, subject to appropriation by law, for the following activities and services [IN CONJUNCTION WITH THE EXPLORATION OF THE NATIONAL PETROLEUM RESERVE IN ALASKA AND A PROGRAM OF COMPETITIVE LEASING OF OIL AND GAS FROM THAT RESERVE]:" This avoids any dedicated funds problem by eliminating those conditions which exceed those required by the federal Act.

5. Subsection (e) of Section 2, appearing on page 2, lines 15-20, should be deleted in its entirety.

6. Subsection (f), beginning on page 2, line 21, and ending on page 3, line 1, should be amended to read:

> "(f) amounts paid to [THE NORTH SLOPE BOROUGH] <u>subdivisions</u> under (c) of this section shall be used by the [NORTH SLOPE BOROUGH] <u>subdivisions</u> only for the following activities and services in conjunction with [THE EXPLORATION] <u>development</u> on the National Petroleum Reserve in Alaska and a program of competitive leasing of oil and gas from that reserve:
>
> "(1) planning;
>
> "(2) construction, maintenance, and operation of essential public facilities by the [NORTH SLOPE BOROUGH] <u>subdivisions</u>; and
>
> "(3) other necessary public services provided by the [NORTH SLOPE BOROUGH] <u>subdivisions</u>."

This change is necessary to avoid the local and special legislation problem.

In addition, it was suggested that a committee letter of intent be drafted to the effect that, at the present time, the North Slope Borough is the only political subdivision of the state which will be most directly or severely impacted by oil and gas leasing in NPR-A.

I believe these comments accurately reflect the concensus of our work group. However, the other individuals present may have some further suggestions for change.

Finally, I must indicate that these comments are not intended to represent the Administration's policy position on this bill. Rather, they are provided in the nature of a drafting service to overcome the constitutional and other legal problems which we believe are presented by the bill in its current form. If we can be of further assistance in this regard, please contact us at your earliest convenience.

Sincerely,

WILSON L. CONDON
ATTORNEY GENERAL

/s/

By:
G. Thomas Koester
Assistant Attorney General

GTK:dlm

cc: Honorable Don Bennett
Honorable M.E. Dankworth
Co-Chairmen, Senate Finance Committee

Tom Smythe
Robert DuPere
Keith Specking

REPORT LANGUAGE FOR HR 7724

Provisions Affecting Exploration of

National Petroleum Reserve in Alaska

The bill provides $191,251,000 to initiate and carry out the leasing of the National Petroleum Reserve in Alaska, a Federal land holding of 23 million acres which is entirely located on the North Slope of Alaska. In addition to providing funds, the House bill provides substantive requirements directing the Secretary how such leasing is to be carried out. The Committee has agreed to the House provisions, with certain changes. The Committee believes that private leasing of the NPRA is extremely important and that it should proceed as expeditiously as possible. It is important, however, that the Congress also provide guidance to the Secretary on how that leasing should take place.

The social, economic, and environmental conditions in the Arctic are extremely fragile. The sudden influx of workers and money into an area can be extremely disruptive to the local community and put a strain on governmental services. There is also great potential for harm to the environment from the equipment and other activities associated with the exploration and development. Therefore, it is extremely important that the Secretary develop and implement a leasing program that gives proper consideration to the effects on the local community and political jurisdiction whose lands involved will be most directly

affected by the economic and social impacts. Because of these concerns, the Committee has made several changes in the House bill.

First, the House bill exempted the lease program from Sections 202 and 603 of the Federal Lands Policy and Management Act of 1976. While the Committee agrees that those sections of FLPMA should not operate to delay the leasing program, the sections would also have provided authority for important interaction between the Secretary and the State and local governments. The Committee considers it very important that the Secretary consult with the State and local jurisdictions regarding the lease program and insure important State and local decisions regarding land use control, environmental protection and preservation of subsistence use by local residents are made part of any leasing program. The Committee amendment would require the Secretary to recognize and insure application of these local requirements, even though the FLPMA sections are otherwise not applicable. The Committee believes that this will not delay the lease program in any way.

Second, the Committee has added language that will lead to greater participation in the jobs and business contracts associated with the leasing program by disadvantaged Native groups. Natives have historically gained the least from the economic activity associated with oil and gas development. Efforts were made in connection with construction of the Trans-Alaska pipeline

and the proposed Alaska Natural Gas Transportation System to encourage hiring of Natives. The unemployment rate for Natives in the North Slope is perhaps the highest in the country and it is appropriate that they have a role in the development of the resources from the area in which they live. This amendment makes more explicit the Federal goal that Natives have a preference in the employment and contracts that will be generated by the leasing program of NPRA authorized by the bill.

Third, the Committee recognizes that the impacts of oil and gas development increases costs for local governmental units. In addition, the Committee considers it important that such local jurisdictions share in the financial rewards associated with the development of resources of land within their jurisdictions, even though fee ownership may still be with the Federal government. The House bill provides that 50% of the lease sale proceeds, the royalties, and other income from the NPRA be returned to the State of Alaska, with a directive that the State allocate the funds to benefit the jurisdictions most affected by the development of NPRA.

The Committee supports the concept of returning funds to local jurisdictions but is concerned that those funds be available to benefit the jurisdictions most directly affected by the development and the activities that produce the income. The State is subject, understandably, to pressures from jurisdictions throughout the state for distribution of its revenues; past

experience indicates that certain areas, particularly those less populated, may not receive distribution appropriate to their needs or to the impacts that they have suffered. Furthermore, the State has restricted the authority of local jurisdictions to raise revenues by taxing property associated with oil and gas development. This has had its most serious impact on those locations where the oil and gas exploration and development is taking place and substantial amounts of property are located. Consequently, the Committee has preserved the 50% allocation to the State and its local jurisdictions but has directed distribution within the state so that a reasonable portion goes to the North Slope Borough, the local jurisdiction most affected by development of NPRA; the NPRA is composed of lands located totally within the North Slope Borough boundaries. Given the priority set forth in the House bill that the funds go to the jurisdictions most impacted by development, the Committee considers it appropriate to make the allocation explicit in the bill.

Finally, the Committee has rejected the request by the Administration that the bill require transfer of the Barrow gas field, which at present is under the jurisdiction of the Secretary of the Interior. The gas from that field is essential to life in Barrow, our northernmost community. The gas is used for heat and electricity, and a reliable supply of gas is necessary during the severe Arctic winters. While the Committee agrees that the source and cost of long-term energy supplies for

Barrow, as well as other North Slope Borough Villages, should be examined by the Secretary and discussed with the local community, it is inappropriate for the Congress to direct that a transfer take place in advance of studies and other data that demonstrate how energy supplies can best be funded. The Committee wants to avoid hurriedly choosing an unrealistic operating situation which might endanger the continued supply of fuel for heat to the community.

The leasing of NPRA provides a good opportunity for the Secretary to study energy needs on the North Slope and determine how North Slope Villages, including Barrow, can gain access to indigenous energy supplies. While the Barrow gas field would obviously not be included in any leasing program, the Secretary should consider lease conditions on tracts which will be leased that will guarantee access to any discovered oil or gas by the villages. Following development of such information, the Congress will be better able to respond in an appropriate manner to the Administration's request for transfer of the Barrow gas fields.

PREPARED FOR

SENATOR FRANK R. FERGUSON

BY

MAYOR EUGENE BROWER

NORTH SLOPE BOROUGH

Regarding

SENATE BILL NO. 835

on

April 20, 1982

Despite the fact that commercial petroleum prospects for NPRA have been substantially downgraded by the United States Geological Service and Department of Natural Resources as a result of past Federally sponsored drilling programs the potential impacts, in fact, may be greater. Past drilling indicates the possibility of a reasonably large number of smaller fields rather than the giants or super giants forecast in the past. If this is the case, production would probably await the development of groups of smaller fields which would collectively represent a commercial undertaking. Collectors would link these small fields to a pipeline running to TAPS. The tracts receiving bids during the January 27, 1982, NPRA lease sale and their pattern substantiate this belief. This type of development scenario necessarily would disturb a larger area as well as being more difficult to service.

In contrast to Prudhoe Bay, the impacts of NPRA development will be at the doorstep of four of the eight permanent Borough communities (Barrow, Nuiqsut, Atkasook, and Wainwright). The indirect or secondary impacts of the Prudhoe Bay development, discounting primary impacts, created drastic cultural, social and economic disruptions for the permanent Inupiat population. Impacts forced change upon the resident population, not at their own making, and required them to organize a local governmental unit to represent their interests. With the development of NPRA the

pressures will be more direct and perhaps more devastating unless mitigation measures can be taken.

Senate Bill 835 will provide a portion of the funding required to address forthcoming impacts. With Prudhoe Bay and the Kuparuk experience, future Borough approaches to industrial impacts will involve direct yet cooperative State/industry/Borough planning and provision of basic consolidated services within the fields as well as within the communities. The result of Borough involvement promoting consolidation of facilities and services will result in more efficient, less disruptive development and therefore less detrimental impact.

The Federal law, Department of Interior and Related Agencies Appropriations Act of 1980, contains the following language:

> Provided, that . . . (9) all recipients from sales, rentals, bonuses, and royalties on leases issued pursuant to this Act shall be paid into the Treasury of the United States: Provided, that 50 per centum shall be paid by the Secretary of the Treasury semiannually, as soon as practicable after March 30 and September 30 each year, to the State of Alaska for (a) planning, (b) construction, maintenance and operation of essential public facilities, and (c) other necessary provision of public service: Provided further, that in the allocation of such funds the State shall give priority to use by subdivisions of the State most directly or severely impacted by development of oil and gas leased under this Act.

was in part a result the cooperative effort of the State and

the North Slope Borough in working with the Administration and the Congress.

Since NPRA is Federal reserve lands, there was no requirement for Federal revenue sharing. In fact, there was local opposition from influential Administrative and Congressional officials to sharing with the State. The Administration considered draft language to include only the Borough since NPRA lies almost totally within the Borough. However, Governor Hammond's opposition to direct revenue sharing rather than a pass through and the Borough's belief that the Borough alone would be limited to the 25 percent precident for local revenue sharing established in worldlife range and refuge law, prompted the Borough to jointly seek revenue sharing with the State. The joint State/Borough effort resulted in the State receiving 50 percent of the net Federal receipts with a proviso that the State would pass through funds to directly or severely impacted local governmental units.

Although the Administration introduced legislation in both the House and the Senate, Senator Stevens, in a sophisticated legislative maneuver, extracted the appropriate NPRA lease sale language from the Administration bill and included it as a part of Interior Appropriations. NPRA leasing was permitted and the revenue sharing preserved. However, the remainder of the Administration bill which dealt in large part with environmental constraints and enforcement provisions is dormant and

probably will not be resurrected. This places a great burden upon the State and the Borough to ensure efficient, environmentally sound development.

In summary, the North Slope Borough urges the prompt enactment of Senate Bill 835 to provide the Borough with the means of ameliorating impacts occasioned by the development of petroleum leases in NPRA. In providing this pass through of funds, the Borough will use these funds for the planning, construction, maintenance and operations of public facilities and other necessary provisions of services resulting from NPRA lease sales.

Folta
3/16/84

DRAFT

Original sponsor: Adams

IN THE HOUSE BY THE RESOURCES COMMITTEE

CS FOR HOUSE BILL NO. 298 (Resources)

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTEENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act establishing a National Petroleum Reserve, Alaska, special revenue fund; and providing for an effective date."

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

* Section 1. FINDINGS. The legislature finds that

(1) the United States Congress, by 43 U.S.C. 1337 (P.L. 96-514), provided that the state shall receive 50 percent of receipts derived from competitive leasing of oil and gas in the National Petroleum Reserve in Alaska;

(2) virtually all of the National Petroleum Reserve in Alaska lies within the corporate limits of the North Slope Borough, a home rule political subdivision of the state; and

(3) because of the continuing nature of the congressional appropriation a special revenue fund should be established to comply with the directive of the federal Act.

* Sec. 2. NATIONAL PETROLEUM RESERVE, ALASKA, SPECIAL REVENUE FUND. (a) The National Petroleum Reserve, Alaska, special revenue fund is established. The fund shall consist of money received by the state from the federal government under 43 U.S.C. 1337 (P.L. 96-514).

(b) The commissioner of revenue shall manage the special revenue fund in accordance with AS 37.10.070.

(c) The commissioner of revenue shall pay to those subdivisions of the state that are most directly or severely impacted by development of oil and gas leased under 43 U.S.C. 1337 the amount appropriated by the

legislature from the fund for that purpose. It is the intent of the legislature that the amount appropriated for payment to the subdivisions equal 25 percent of the amount received from the federal government under 43 U.S.C. 1337 and that this percentage be reviewed by the legislature every five years following the effective date of this Act.

(d) Amounts received by the state under (a) of this section shall be used by the state, subject to appropriation by law, for the following activities and services:

(1) planning;

(2) construction, maintenance, and operation of essential public facilities; and

(3) other necessary public services.

(e) Amounts paid to subdivisions of the state under (c) of this section shall be used by the subdivisions only for the following activities and services in conjunction with development of the National Petroleum Reserve in Alaska and a program of competitive leasing of oil and gas from that reserve:

(1) planning;

(2) construction, maintenance, and operation of essential public facilities by the subdivisions; and

(3) other necessary public services provided by the subdivisions.

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

Dick Folta

Introduced: 3/25/83
Referred: Resources and Finance

1 IN THE HOUSE BY ADAMS

2 HOUSE BILL NO. 298

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act establishing a National Petroleum Reserve,
7 Alaska, special revenue fund; and providing for an
8 effective date."

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

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12 provided that the state shall receive 50 percent of receipts derived from
13 competitive leasing of oil and gas in the National Petroleum Reserve in
14 Alaska;

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16 lies within the corporate limits of the North Slope Borough, a home rule
17 political subdivision of the state; and

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19 priation a special revenue fund should be established to comply with the
20 directive of the federal Act.

21 * Sec. 2. NATIONAL PETROLEUM RESERVE, ALASKA, SPECIAL REVENUE FUND.
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25 (b) The commissioner of revenue shall manage the special revenue fund
26 in accordance with AS 37.10.070.

27 (c) The commissioner of revenue shall pay to those subdivisions of
28 the state that are most directly or severely impacted by development of oil
29 and gas leased under the federal Act the amount appropriated by the

Tom Koester

ok (2.5%)

NPRA Special Revenue

legislature from the fund for that purpose. It is the intent of the legislature that the amount appropriated for payment to the subdivisions equal 50 percent of the amount [received from the federal government under the federal Act,] and that this percentage be reviewed by the legislature every five years following the passage of this Act.

Placed into fund

(d) Amounts received by the state under (a) of this section shall be used by the state, subject to appropriation by law, for the following activities and services:

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(2) construction, maintenance, and operation of essential public facilities; and

(3) other necessary public services.

(e) Amounts paid to subdivisions of the state under (c) of this section shall be used by the subdivisions only for the following activities and services in conjunction with development of the National Petroleum Reserve in Alaska and a program of competitive leasing of oil and gas from that reserve:

(1) planning;

(2) construction, maintenance, and operation of essential public facilities by the subdivisions; and

(3) other necessary public services provided by the subdivisions.

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

What is a political subdivision

Need guide lines, criteria
on how money is to be
given to "political subdivisions".

How do you

Get together w/ Al, Rennie
Marci

Marci Rehfeld

HB 663-666

John - Read this
A.S.A.P. - letter
of intent for
Adams NPCA Bill

I don't think it
says much

Bruce

contact Stevens Wash
office & ask about
this program

EXPLORATION OF NATIONAL PETROLEUM RESERVE IN ALASKA

42 USC 6508.
42 USC 6504.

For necessary expenses of carrying out the provisions of section 104 of Public Law 94-258, and for conducting hereafter and with funds appropriated by this Act and by subsequent appropriation Acts, notwithstanding any other provision of law and pursuant to such rules and regulations as the Secretary may prescribe, an expeditious program of competitive leasing of oil and gas in the National Petroleum Reserve in Alaska, $107,001,000, to remain available until expended: *Provided*, That (1) activities undertaken pursuant to this Act shall include or provide for such conditions, restrictions, and prohibitions as the Secretary deems necessary or appropriate to mitigate reasonably foreseeable and significantly adverse effects on the surface resources of the National Petroleum Reserve in Alaska (the Reserve); (2) the provisions of section 202 and section 603 of the Federal Lands Policy and Management Act of 1976 (90 Stat. 2743) shall not be applicable to the Reserve; (3) the first lease sale shall be conducted within twenty months of the date of enactment of this Act: *Provided*, That the first lease sale shall be conducted only after publication of a final environmental impact statement if such is deemed necessary under the provisions of the National Environmental Policy Act of 1969 (42 U.S.C. 4332); (4) the withdrawals established by section 102 of Public Law 94-258 are rescinded for the purposes of the oil and gas leasing program authorized herein; (5) bidding systems used in lease sales shall be based on bidding systems included in section 205(a)(1) (A) through (H) of the Outer Continental Shelf Lands Act Amendments of 1978 (92 Stat. 629); (6) lease tracts may encompass identified geological structures; (7) the size of lease tracts may be up to sixty thousand acres, as determined by the Secretary; (8) each lease shall be issued for an initial period of up to ten years, and shall be extended for so long thereafter as oil or gas is produced from the lease in paying quantities, or as drilling or reworking operations, as approved by the Secretary, are conducted thereon; and (9) all receipts from sales, rentals, bonuses, and royalties on leases issued pursuant to this Act shall be paid into the Treasury of the United States: *Provided*, That 50 per centum thereof shall be paid by the Secretary of the Treasury semiannually, as soon as practicable after March 30 and September 30 each year, to the State of Alaska for (a) planning, (b) construction, maintenance, and operation of essential public facilities, and (c) other necessary provisions of public service: *Provided further*, That in the allocation of such funds, the State shall give priority to use by subdivisions of the State most directly or severely impacted by development of oil and gas leased under this Act.

43 USC 1712, 1782.
42 USC 6502.
43 USC 1337.

Any agency of the United States and any person authorized by the Secretary may conduct geological and geophysical explorations in the National Petroleum Reserve in Alaska which do not interfere with operations under any contract maintained or granted previously. Any information acquired in such explorations shall be subject to the conditions of 43 U.S.C. 1352(a)(1)(A).

Judicial review. Publication in Federal Register.

Any action seeking judicial review of the adequacy of any program or site-specific environmental impact statement under section 102 of the National Environmental Policy Act of 1969 (42 U.S.C. 4332) concerning oil and gas leasing in the National Petroleum Reserve-Alaska shall be barred unless brought in the appropriate District Court within 60 days after notice of the availability of such statement is published in the Federal Register. Any proceeding on such action

Alaska State Legislature
HOUSE OF REPRESENTATIVES
COMMITTEE ON RESOURCES

JOHN RINGSTAD, CO-CHAIRMAN
RICHARD SHULTZ, CO-CHAIRMAN
POUCH V
JUNEAU, ALASKA 99811
(907) 465-3715

To: Committee Members

From: Committee Staff

Date: February 8, 1984

Re: HB 298, establishing a National Petroleum Reserve, Alaska, fund

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I. Overview

This bill establishes a "National Petroleum Reserve, Alaska, Special Revenue Fund." It would be funded by receipts from the federal government for leasing of oil and gas tracts in the National Petroleum Reserve, Alaska (NPRA). The federal act (Public Law 96-514) requires that 50% of all sales, rentals, bonuses, and royalties on leases issued shall be paid to the State of Alaska.

II. History.

During the 12th Legislative Session, SB 835, a very similar piece of legislation to HB 298, passed both the House and Senate, but was vetoed by the Governor. The main reason for his veto was because the bill created some constitutional problems, namely, it created a dedicated fund. (see Art. IX, Sec. 7, of Alaska Constitution)

In 1980, Congress approved Public Law 96-514. This law required that 50% of all sales, rentals, bonuses and royalties received from federal oil and gas leases in the National Petroleum Reserve, Alaska, be paid to the State of Alaska

Part of this Public Law provided that the priority use of these funds be used by the subdivisions of the state that were most directly impacted by the development of oil and gas leases in the NPR-A. (see enclosed Public Law 96-514, highlighted section) The law states that:

> "That in the allocation of such funds, the State shall give priority to use by subdivisions of the State most directly or severely impacted by development of oil and gas leased under this act."

Note that this clause does not address how much should go to the impacted subdivision, nor does it say how to determine what is an "impacted subdivision". Thus the questions arise as to who determines what areas are impacted the most and also what criteria will be used. Under HB 298, these decisions are to be made by the Commissioner of Revenue, with the aid of intent language in the bill.

Currently, from conversation with DNR, there has been two sales within the NPR-A, totalling $66,887,505. Of this, the State received 50%, or $33,443,752. Thus, under HB 298, the State as a whole would receive 50% of this, or $17,997,687, and the impacted subdivisions would receive $17,997,687.

FROM: DEPT. OF REVENUE

IV. ANALYSIS (HB 298)

This bill establishes a "National Petroleum Reserve, Alaska, Special Revenue Fund." It would be funded by receipts from the federal government for leasing of oil and gas tracts in the National Petroleum Reserve, Alaska (NPRA). The comissioner of revenue is to invest the fund. Monies of the fund are to be appropriated by the Legislature, half to the state and half to subdivisions in the state directly affected by oil and gas development in the NPRA.

Costs will be incurred; however, due to the fact that amount and grade of oil in the NPRA has not been determined, the size of the fund is unknown. Safekeeping, accounting, audit, and commission costs would be incurred each year the fund exists. This fund would be invested with the General Fund, but accounted for separately.

United States Department of the Interior

OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20240

DEC 4 1979

Honorable Eben Hopson
Mayor of North Slope Borough
Box 69
Barrow, Alaska 99723

Dear Eben:

The Naval Petroleum Reserves Production Act of 1976 instructed the Department of the Interior to submit to Congress by January 1, 1980, legislation suggesting the best procedures for petroleum development of the National Petroleum Reserve in Alaska (NPR-A). This legislation must consider the economic and environmental concerns which affect both management of the lands and the best procedures for pursuing the petroleum potential of this area.

With your assistance, and that of many others, the Department has completed a great deal of study on NPR-A, and has prepared legislation which will be sent to Congress within the statutory deadline. The Secretary has assigned me the lead role in representing the Administration on this legislation, and my first objective is to continue the excellent working relationships which have been formed during the various studies. To begin, I would like to sponsor, at your earliest opportunity, a briefing and discussion session, at which time we will outline the various provisions of the legislative approach proposed by the Department. While the bill itself is still in the internal clearance process of the Executive branch, I have attached a copy of the Secretary's letter to the President setting out the features of our proposal.

Based on work you have done during the study period, and other expressions of opinion, I believe you will be pleased with the direction and balance of the proposed legislation. The basic proposal is for BLM management of the area, which is to be designated as a National Conservation Area.

Prompt oil and gas exploration through a leasing program is emphasized, and is coupled with the creation of several special management areas to protect the unique surface resources of the Utukok Uplands, Teshekpuk Lake area, the Colville River Valley and Icy Cape/Kasegaluk lagoon. In addition, the legislation protects continued subsistence uses of the area for local rural residents and sets up broad, flexible leasing authority for the region. Most important, the legislation provides for extensive public participation in developing the land use plan and leasing program. Other provisions are

set out in the Secretary's letter, but these are the key concepts. We believe we have constructed a bill which is sensitive to the environmental and social needs of the NPR-A region while fostering the necessary petroleum exploration to meet the energy demands of the nation as a whole.

We are extremely interested in meeting with you informally as soon as possible to discuss the proposal which we will be presenting to Congress. I am anxious that these sessions begin soon and continue into next year, so that we work together toward a satisfactory program for this important area.

I intend to do as much as I can personally to lead these discussions, but I do not want to delay starting them if I cannot attend. To facilitate this, I have asked Curt McVee, the Alaska State Director for the Bureau of Land Management, Jerry Gilliland, the Secretary's representative in Alaska, and Diane Josephy of my staff, to set up early meetings with you since I have no plans to travel to Alaska before the first of the year. Of course, if you are in Washington, please let me know so that both BLM Director Frank Gregg and I can discuss this issue with you.

I look forward to meeting with you on the proposed legislation and on the plans for the future of this region.

With best regards, I am

Sincerely,

Guy R. Martin
Assistant Secretary for
Land and Water Resources

Enclosure

cc: Mr. Tom Smythe
Mr. John Bucholdt

LETTER OF INTENT
TO ACCOMPANY
CSHB 298 (Resources)

It is the intent of the Legislature that the Department of Revenue rely on the following analysis of Committee Substitute for House Bill 298 (Resources) and P.L. 96-514, Title 1, Sec. 100 when administering this Act. In particular, it is the intent of the Legislature that the Department determine if a subdivision is "most directly or severely impacted" by oil and gas development in the National Petroleum Reserve - Alaska for purposes of Sec. 2(c) of this Act in a manner consistent with the analysis of such impacted communities provided in this letter of intent.

CSHB 298 (Res) implements the revenue-sharing provisions of P.L. 96-514, Title 1, Sec. 100 (1380) dealing with the Interior Department's oil and gas leasing program in the National Petroleum Reserve - Alaska. This leasing and revenue sharing program was part of the Interior Department Appropriations Act of 1981.

CSHB 298 (Res) establishes a state program which carries out the legislative intent of the federal act, which states as follows:

> "That 50 per centum thereof (rentals, bonuses, royalties, etc.) shall be paid by the Secretary of the Treasury ... to the State of Alaska for (a) planning; (b) construction, maintenance, and operation of public facilities; and (c) other necessary provisions of public service.
> PROVIDED FURTHER, that in the allocation of such funds, the State shall give priority to use by subdivisions of the state most directly or severely impacted by development of oil and gas leased under this section." 42 U.S.C. Sec. 6508

The purpose of this provision is to provide a source of funds for dealing with impacts related to the NPR-A oil and gas leasing program. The provision states that the funds are to be used for "planning," for "construction," and "operation of public facilities" and for "other necessary" public services. The purpose was also to allocate these funds to communities where the impacts are "most directly or severely" felt. The provision requires the state to give "priority" to subdivisions "most directly or severely impacted" by the NPR-A leasing program in "the allocation of such funds." This will rule out the possibility of a statewide revenue-sharing program or even one designed to ameliorate oil and gas development impacts in general. The purpose is restricted by federal law to communities suffering the effects of the NPR-A leasing program.

The federal provision does not expressly define further than this which communities could qualify for impact funds. Certainly the North Slope Borough would qualify since the program affects the Borough in the most "direct" way possible, being entirely inside of it. This is

consistent with the statutory predecessor to the federal revenue-sharing provision. P.L. 94-258 (1976), which transferred jurisdiction over the NPR-A from the Navy to the Interior Department, authorized the Secretary to assist impacted communities "located on or near the reserve as a direct result of the exploration and study activities, Sec. 107.

The language in the 1980 Act allows the State more leeway in allocating funds to local communities than the 1976 Act; nonetheless, the intention is to abide by the limitation that funds be allocated to communities "most severely or directly impacted." This bill should be implemented with the degree of flexibility necessary to cover such eventualities, but restrained by the purpose of the federal provision.

This approach would also be consistent with similar interpretations of the courts of federal law and federal programs. The U.S. Supreme court recently interpreted the Coastal Zone Management Act's "directly affecting" language in the SECRETARY OF THE INTERIOR v. CALIFORNIA. The court found that for an affect to be direct there had to be a significant, physical alteration of an area; in this case, California's coastal zone. When Congress adopted the Coastal Energy Impact Program (16 U.S.C. 1456 (a)) it limited loans and grants to coastal states and local governments actually in the coastal zone. Also, Senator Stevens' OCS revenue-sharing bill, S.800, would qualify only coastal local governments to receive OCS revenue-sharing funds. Thus, in other, similar situations, both Congress and the courts narrowly relate direct affects on a geographic basis, providing a sound, factual underpinning to federal revenue sharing for adverse affects of specific federal programs.

John Ringstad

Representative John Ringstad,
Co-chairman, House Resources Committee

305 - Rings - Lars - Goll - Vash - Vehl.
Buss Cowdy Lisk

Barbara
0010 expl.

0026 Larson - how much land 220 parcels - 160 acres ea

0031 Larson - effected by municip
- legis would not apply to land where 3rd party interest created - Fed can't take land away fr. 3rd party
Fed would have to sue State -

0053 What liability does state assume -
State already underotkg. to return under fed suit

0068 Goll expl. CS.

0084 Vehling moved CS adoption
Vehling
0088 Moved CS w/indiv recs
recess to 3:15

0108 Al Adams NPRA expl.

0140 Rings where's money going now?
2 sales - 33.4 million - 8.34 wd go to commun
½ goes to perm. fund.

0173 Cowdery - precedent in Lower 48 -
Adams - don't know -

0180 Goll - diff. between this & last year's
-- SENATE bill muddied - legality may be up to atty gen'l

0200 Vehling - use of funds by political subdiv
- Fed guidelines

0225 Ringstad - fund set by Commis Revenue ?
Adams - which comm. impacted by O & G develop

0245 Comm. Bob Heath - Changes appear to have met standards set in earlier legal opinion
Support

0265 Ringstad - Guidline criteria for dispersal of $$
- Dept. wd administer by investing, wd have to be appropriated by legis.
Dept. would have resp. of spreading $ over state

0310 Uehling - appropriation procedure

0322 Goll - Relationship - Fed law; dedicated fund
- refer to DO Law

0335 Bussell - Regulations along with Fed Law - should give guidelines

Tom Koester - Law

0360 Goll - conflict? - None - Wording okay to preclude legal problems - good case - federal dedication is part of strong, attached

0405 Koester - Fed regulations directed at leasing process, rather than "impacts" - no direction

0460 Liska - any funds recept now?
None - heath

0470 Uehling - problem binding future legis.
no - just indicates this legis intent.

0485 Rings - Any recieved yet
Should have received 33 million

Ringstad - No mechanism to comply w/ Congress -
Chain of $$

0530 Heath - wd. go directly into fund from Fed -
Rings - legis approp. back out -

0555 Rings - any guidelines on impacts
Adams hoping admin. wd. make ~~changes~~ recomm -

0572 Bussell - Unless language tightened, big fight on horizon - Matanuska Valley impacted by N. Slope workers

0592 Goll - 50% going into P.F.?
5 yr. review - adjust 50%?
Adams no intent to adjust PF contrib - just amounts going into impacted areas
disc. ens.
Koester - 1/2 PF, 1/4 imp. areas, 1/4 fund -

0670 Goll - No 25% here, only 50% & 50%

0850 Bussell reiterated his problem w/ determination of impact area
Rings suggested Heath come up w/ guidelines

0880 Bussell objects to Chair. encouraging Revenue to do by reg. what should be done by statute.

0890 Rings - will get w/ admin, Adams, etc.

4:05 adjourn.

THE LEGISLATURE OF THE STATE OF ALASKA CSSB 835(Fin)
TWELFTH LEGISLATURE

of committee

FISCAL NOTE

I. REQUEST
Bill/Resolution Number: CSSB 835(Fin) (5/10/82)
Title: Establishing a National Petroleum Reserve, Alaska, Special Revenue Fund
Requested by: Senate Finance Committee
Date: 5/13/82

II. FISCAL DETAIL
Agency Affected: Department of Revenue
Program Category Affected: Revenue Collection and Management
BRU, Program, or Subprogram(s) Affected: Treasury Management
(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES	-	15.7	17.3	-	-	-
200 TRAVEL	-	-	-	-	-	-
300 CONTRACTUAL	-	48.0	48.0	-	-	-
400 COMMODITIES	-	2.0	2.0	-	-	-
500 EQUIPMENT	-	-	-	-	-	-
600 LAND & STRUCTURES	-	-	-	-	-	-
700 GRANTS,CLAIMS,ETC	-	-	-	-	-	-
800 MISCELLANEOUS	-	-	-	-	-	-
TOTAL	-	65.7	67.3	----INDETERMINATE----		

FUNDING (Thousands of Dollars)

GENERAL FUND	-	65.7	67.3	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER (Specify Source)	-	-	-	-	-	-

POSITIONS

FULL TIME	-	-	-	-	-	-
PART TIME	-	1/6mm	1/6mm	-	-	-
TEMPORARY	-	-	-	-	-	-

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

Establishes a National Petroleum Reserve, Alaska, Special Revenue Fund. Consists of amounts received by it from federal government for leasing of oil & gas tracts in National Petroleum Reserve, Alaska. Commissioner of Revenue to invest fund. Monies to be disbursed as grants and used directly by legislative appropriation from fund.

Personal Services for half-time Accounting Tech. II (14,G) for accounting/reporting/allocation/distribution. Contractual Servies: Comm. $5.0; Print & Adv. $5.0; Safekeeping and related reporting/accounting $32.0; Audit $3.0; Misc. $3.0.

Above analysis of costs valid for range of receipts/ave. fund balance of $50-100 million, use of special revenue fund that is not a separately invested fund but with separate accountability. FY 85-87 listed as indeterminate because rate of drawdown unknown.

IV. DATE: May 13, 1982 PREPARED BY: Anselm C. Staack, Treasury Comptroller
A. Staack
AGENCY: Dept. of Revenue, Treasury Divison
PHONE: 465-2350

Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)

33-001 (Rev. 12/81)

STATE OF ALASKA
FISCAL NOTE

Revision Date _____, 1983

I. REQUEST

Bill/Resolution No: HB 298
Title: National Petroleum Reserve Alaska Special Revenue Fund
Sponsor: Adams
Requestor: Resources and Finance

II. FISCAL DETAIL

Agency Affected: REVENUE
Program Category Affected: Revenue Collection and Management
BRU, Program of Subprogram(s) Affected: Treasury Management

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES	-	-	-	-	-	-
200 TRAVEL	-	-	-	-	-	-
300 CONTRACTUAL	-	-	-	-	-	-
400 COMMODITIES	-	-	-	-	-	-
500 EQUIPMENT	-	-	-	-	-	-
600 LANDS & STRUCTURES	-	-	-	-	-	-
700 GRANTS, CLAIMS, ETC.	-	-	-	-	-	-
TOTAL OPERATING	-	INDETERMINATE-		-	-	-
CAPITAL	-	-	-	-	-	-
REVENUE	-	-	-	-	-	-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	-	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER (Specify Source)	-	-	-	-	-	-
-	-	-	-	-	-	

POSITIONS:

FULL-TIME	-	-	-	-	-	-
PART-TIME	-	-	-	-	-	-
TEMPORARY	-	-	-	-	-	-
	-	-	-	-	-	-

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

IV. ANALYSIS: Attach a separate page for any Analysis.

Prepared By: Cathy Poe
Phone: 465-2350
Division: Treasury
Date: 4/28/83

Approved by Commissioner: Robert D. Heath
Date:
Department: Revenue

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(5)

VAN NESS, FELDMAN & SUTCLIFFE
A PROFESSIONAL CORPORATION
SUITE 500
1220 NINETEENTH STREET, N.W.
WASHINGTON, D.C. 20036
(202) 331-9400

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GARY D. BACHMAN
ELLEN L. PARTRIDGE
R. KEITH GUTHRIE
PETER D. DICKSON

December 20, 1979

MEMORANDUM

TO: Mayor Eben Hopson
North Slope Borough

Edward Hopson
President
Arctic Slope Regional Corporation

FROM: G. William Frick GWF

RE: Summary of NPR-A Meeting

This memorandum will summarize the meeting held with representatives of the Arctic Slope Regional Corporation, North Slope Borough and others in Anchorage on December 7, 1979. The persons who attended the meeting are on the attached list.

A. Arctic Gas Pipeline

The first item of discussion was a presentation by Jack Bachman (907-270-2900), the Alaska representative of Northwest Pipeline, who provided an update on the Salt Lake City meeting between Mayor Hopson and other Borough representatives, and John McMillian and Northwest Pipeline staff. Bachman indicated that Northwest Pipeline was pleased with the interest of the North Slope Borough to participate in some manner in the project and was interested in providing an opportunity for the local as well as state involvement if possible. He did note that state actions thus far had been disappointing. He indicated that Northwest Pipeline hoped to begin civil construction in 1981, begin laying pipe in 1982, and finish the line in the warm weather of 1985.

He pointed out that the Northwest Pipeline Company has no direct responsibility for the conditioning plant, although it is extremely interested in its construction as an essential part of the overall system. While the state has indicated it wants to do "something" on the conditioning plant, it has not yet formulated a position. Bachman did note that moving the conditioning plant to Fairbanks would prevent the pipeline from being built. Northwest Pipeline is looking at producers as "overrun insurance," who will be turned to if necessary for completion of the line; the Department of Justice has problems with producers owning the line. Larry Dinneen pointed out that ARCO has expressed interest in knowing what the North Slope Borough and ASRC plan to do regarding the conditioning plant.

Mayor Hopson expressed concern about the failure of the North Slope Borough to have been consulted on issues surrounding the conditioning plant and the pipeline that affect the North Slope Borough. He also emphasized that while NSB had proposed having some involvement, it was subject to further decisions and negotiations involving the NSB and ASRC.

Follow-up actions from the discussion with Bachman are:

1. This firm is to contact Howard Butner, Vice President for Finance of Northwest Alaska Pipeline in Washington. Butner apparently has a variety of studies and other documents regarding various financial schemes for financing the pipeline that may be of use to the NSB in reviewing its potential participation.

2. This firm is to develop a brief analysis summarizing what has transpired with the gas pipeline to date and to prepare recommendations to the Borough on what future actions to take on this issue.

B. <u>NPRA Legislation</u>

The next item discussed was the position of ASRC and NSB on the NPRA legislation now being drafted by the Department of the Interior. Under this legislation NPR-A would be designated a "National Conservation Area." Mayor Hopson emphasized that the North Slope Borough supported any effort, including private leasing, that would open up NPR-A for exploration and development as the North Slope Borough's contribution to the national goal of improving energy supplies. Mayor Hopson emphasized that the Borough has always supported onshore development.

There was general agreement with the basic statutory positions that DOI had indicated would be included in the legislation.

Conrad Bagne suggested that the bill include provisions allowing local access to non-commercial and commercial discoveries found near communities on the North Slope. Herb Bartel pointed out that the BLM had already developed several years of planning analysis and data on NPR-A and that this experience should not be lost in the transition to the NCA management scheme. In particular, with respect to the four areas that were to be given special attention, the governmental offices charged with responsibility for those special areas, assuming it is not BLM, should be required to utilize BLM analysis.

Jon Buchholdt noted that the four areas cited for special consideration are possibly the most promising for private leasing; the boundaries, terms, and access of those areas should be examined carefully to insure development is not precluded. Herb Bartel also observed that the protection for fishing sites should not be limited to designated sites but rather to "systems" that would allow movement within fishing areas as the fish populations, and other influences on fishing, change.

With respect to the leasing systems, it was pointed out that a "nominating" system should be used in order to give the Borough, as well as the federal government, advance notice of what areas should be studied to determine the need for environmental or other protection. There was general agreement that any leasing system should, to the maximum extent possible, utilize bids that would internalize non-economic factors such as environmental protection and local hire. In addition, local considerations and provisions encouraging participation by small companies should be included into a system. Senator Gravel apparently is looking into developing such a program independently of the Department of the Interior. It was also pointed out that the Teshekpuk Lake had already been identified as an area that should be protected for the Native community. This should be kept in mind as the provisions regulating the Teshekpuk Lake area are formulated.

Senator Stevens joined the meeting at this point and made the following comments:

1. He considers the letter of Acting Secretary Joseph, regarding the legislative program of NPR-A, to be balanced but is concerned about those areas that DOI proposes to "set aside." He also feels that any provisions relating to the Mineral Leasing Act may present problems.

2. He is concerned about the revenue sharing provisions and feels it may be hard to hold the 50% now proposed

to be allocated to the state because of the large royalty already received by the state from Prudhoe Bay. Provisions guaranteeing local share from the revenues to the state would help maintain this provision.

3. He supports the NCA being administered by the BLM but is concerned about BLM continuing to apply the approaches they have traditionally followed under the Mineral Leasing Act. Stevens indicated he was meeting with Guy Martin on the legislation on December 10.

4. He is quite committed to keeping this bill separate from D-2 and indicated that this was the view of Secretary Andrus. Senator Stevens cautioned about trying to put D-2 related Native amendments on the bill when it comes from the House.

5. Senator Stevens vigorously emphasized the need to slow the Beaufort Sea sale. He is very concerned about drilling in the Beaufort Sea and feels that the international situation will result in a compressing of the time for leasing of NPR-A.

6. He is very interested in getting small companies involved in the development of NPR-A.

7. He supports the efforts to find a new agency or agencies to fund and administer NARL. He mentioned also the possibility of turning over the gas field at Barrow to the North Slope Borough and providing authority for requiring federal facilities to pay for gas from the field.

In the afternoon we were joined by representatives of the Department of the Interior: Gerry Gilliland, Curt McVie, Irene Rowan, Jim Wicks, and Ed Eisenson.

Gerry Gilliland outlined the Department's views on the legislation. He emphasized that the legislation is to encourage oil and gas development while protecting the unique surface values and lifestyle of the native residents. BLM is to administer the area in a multiple use manner and the local residents are to assist BLM in land use planning and in its lease program. He noted also that the bill included language that would lead to transfer of the Barrow gas field to the North Slope Borough.

With respect to leasing, the Department hopes to have a minimum time schedule that would result in the first lease within twenty months of the legislation. The legislation would provide

broad leasing authority to the BLM to establish terms and conditions. He emphasized that the authority would allow stipulations to protect the environment and require access yet he noted that the proposal did not have any corridors specifically set aside. He said that the bill would provide the Secretary with discretionary authority to lease minerals but only local leasing of coal would be specifically allowed. The report from Gilliland basically coincided with the information provided in Undersecretary Joseph's letter.

Gilliland indicated that the legislation was being reviewed within the Administration but that there had been no major changes proposed. The only objections from other agencies involved issues unrelated to the direct administration of NPR-A, e.g., the Department of Justice was concerned about anti-trust language, some agency was concerned about the size of the tracts being too large and thereby inhibiting participation by local companies, and there was concern over the name of the NCA. Gilliland does not know the exact timetable for submission of the bill to Congress but expects it to happen before January. He felt it was too late for any additional input at this time from the local community although the Department remains interested in the local reaction.

With respect to the four special areas he emphasized that the bill would only have Congress stating that BLM is to give those areas special consideration; it would be left up to the BLM, after consultation with an Advisory Committee, to determine exactly what those special considerations should be. BLM proposes to use the Federal Land Policy Management Act (FLPMA) planning process to establish appropriate restrictions. He also pointed out that Section 603 of FLPMA would not apply nor would the 1876 Mineral Act. This would preclude hard rock mining and provide no protection of existing claims. It was pointed out by Charlie Edwardson that there might be some outstanding claims that existed before the formulation of NPR-A.

Gilliland agreed that the leasing approach authority in the bill would allow internalization of costs but such leasing would not be mandated by the legislation.

Mayor Hopson emphasized the importance of sharing information from prior exploration of NPR-A inasmuch as the data is a key factor affecting exploration on the Slope. Mayor Hopson expressed his desire that the legislation should turn over leasing totally to private companies so that the Federal government would not be involved in the actual exploration.

Gilliland agreed that the applicability of the North Slope Borough ordinances to activities taking place in NPR-A would be part of the planning process. This means that the BLM could decide to apply them but that they were not automatically incorporated into the plan. He also noted that there was no local hire provision in the bill, which produced substantial discussion about the need for such provision. Gilliland and Curt McVie agreed that this was a point that deserved additional examination and indicated a willingness to have the Department consider taking a position on such a provision in the letter of transmittal of the bill to Congress or in the testimony of the Administration on the bill, inasmuch as it was too late to make any change to the legislation at this point.

Follow-up activities.

1. We should draft for the Department of the Interior an analysis of the need for an affirmative action program mentioning the adverse economic as well as societal impacts of not utilizing local residents. We should also draft appropriate language for such provision.

2. We should write to the Department requesting that they include reference to such a provision in their testimony or in the letter of transmittal to Congress.

3. We should attempt to have included in the legislation a specific guarantee of a portion of the state's revenue being allocated to the North Slope Borough.

4. We should examine other National conservation areas, and BLM regulations regulating activities in those areas, to identify deficiencies in the management program that should be addressed in the legislation or in Report langaage.

cc: Conrad Bagne
Tom Smythe
Jon Buchholdt
Oliver Leavitt
Larry Dinneen
Jim Wickwire

ATTENDANCE LIST

December 7, 1979 Meeting

Anchorage, Alaska

Mayor Eben Hopson, NSB

Eugene Brower, NSB

Tom Smythe, NSB

Conrad Bagne, NSB

Herb Bartel, NSB

Jon Buchholdt, NSB

Gerry White, NSB

Ralph Anderson, NSB

Bob Dupere, NSB

Lou Dishner, Lobbyist for NSB

Larry Dinneen, ASRC

Oliver Leavitt, ASRC

Eddie Hopson, ASRC

Jim Wickwire, Seattle

Bill Van Ness, Washington, D. C.

G. William Frick, Washington, D. C.

Ken Forsen, Arctic Technical
Services

Jack Bachman, North West Pipeline

PROPOSED HOUSE RESOURCES COMMITTEE
LETTER OF INTENT TO ACCOMPANY
HOUSE BILL 298

It is the intent of the legislature that the Department of Revenue rely on the following analysis of House Bill 298 and P.L. 96-514, Title 1, Sec. 100 when administering this Act. In particular, it is the intent of the legislature that the Department determine if a subdivision is "most directly or severely impacted" by oil and gas development in the National Petroleum Reserve-Alaska for purposes of Sec. 2(c) of this Act in a manner consistent with the analysis of such impacted communities provided in this letter of intent.

HB 298 implements the revenue sharing provisions of P.L. 96-514, Title 1, Sec. 100 (1380) dealing with the Interior Department's oil and gas leasing program in the National Petroleum Reserve-Alaska. This leasing and revenue sharing program was part of the Interior Department Appropriations Act of 1981.

HB 298 establishes a state program which carries out the legislative intent of the federal act, which states as follows:

> "That 50 per centum thereof (rentals, bonuses, royalties, etc.) shall be paid by the Secretary of the Treasury...to the State of Alaska for (a) planning; (b) construction, maintenance, and operation of public facilities; and (c) other necessary provisions of public service. PROVIDED FURTHER, that in the allocation of such funds, the State shall give priority to use by subdivisions of the state most directly or severly impacted by development of oil and gas leased under this section." 42 U.S.C. Sec. 6508

The purpose of this provision is to provide a source of funds for dealing with impacts related to the NPR-A oil and gas leasing program. The provision states that the funds are to be used for "planning," for "construction," and "operation of public facilities" and for "other necessary" public services. The purpose was also to allocate these funds to communities where the impacts are "most directly or severly" felt. The provision requires the state to give "priority" to subdivisions "most directly or severly impacted" by the NPR-A leasing program in "the allocation of such funds." This will rule out the possibility of a statewide revenue sharing program or even one designed to ameliorate oil and gas development impacts in general. The purpose is restricted by federal law to communities suffering the effects of the NPR-A leasing program.

The federal provision does not expressly define further than this which communities could qualify for impact funds. Certainly the North Slope Borough would qualify since the program affects the Borough in the most "direct" way possible, being entirely inside of it. This is consistent with the statutory predecessor to the federal revenue sharing provision. P.L. 94-258 (1976) which transferred jurisdiction over the NPR-A from the Navy to the Interior Department authorized the Secretary to assist impacted communities "located on or near the reserve as a direct result of the exploration and study activities, Sec. 107.

The language in the 1980 act allows the state more leeway in allocating funds to local communities than the 1976 act, nonetheless, the intention is to abide by the limitation that funds be allocated to communities "most severly or directly impacted." While this would exclude slow, imperceptible or other non-severe or direct growth related impacts in areas outside of the Borough, it would not exclude impacts anticipated to be severe and direct such as those related to development, production and transportation of commercial quantities of oil and gas. Thus, for example, a firm making a major discovery of oil in NPR-A might need to significantly expand its base of operations in Anchorage, including office construction, placing an acute, possibly severe impact on that community. Major pipelines could also result in impacts crossing the Borough's boundaries. This bill should be implemented with the degree of flexibility necessary to cover such eventualities, but restrained by the purpose of the federal provision.

This approach would also be consistent with similar interpretations of the courts of federal law and federal programs. The U.S. Supreme Court recently interpreted the Coastal Zone Management Act's "directly affecting" language in the SECRETARY OF THE INTERIOR V. CALIFORNIA. The court found that for an affect to be direct there had to be a significant, physical alteration of an area, in this case, California's coastal zone. When Congress adopted the Coastal Energy Impact Program (16 U.S.C. 1456 (a)) it limited loans and grants to coastal states and local governments actually in the coastal zone. Also Senator Stevens' OCS revenue sharing bill S. 800 would qualify only coastal local governments to receive OCS revenue sharing funds. Thus, in other similar situations both Congress and the courts narrowly relate direct effects on a geographic basis, providing a sound factual underpinning to federal revenue sharing for adverse effects of specific federal programs.

STATE OF ALASKA
FISCAL NOTE

Revision Date 12/30, 1983

I. REQUEST

Bill/Resolution No: HB 298
Title: National Petroleum Reserve Alaska Special Revenue Fund
Sponsor: Adams
Requestor: H.Resources and Finance

II. FISCAL DETAIL

Agency Affected: Revenue
Program Category Affected: Revenue Collection and Management
BRU, Program of Subprogram(s) Affected: Treasury Management

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES	-	-	-	-	-	-
200 TRAVEL	-	-	-	-	-	-
300 CONTRACTUAL	-	-	-	-	-	-
400 COMMODITIES	-	-	-	-	-	-
500 EQUIPMENT	-	-	-	-	-	-
600 LANDS & STRUCTURES	-	-	-	-	-	-
700 GRANTS, CLAIMS, ETC.	-	-	-	-	-	-
TOTAL OPERATING	-	-	INDETERMINATE	-	-	-
CAPITAL	-	-	-	-	-	-
REVENUE	-	-	-	-	-	-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	-	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER (Specify Source)	-	-	-	-	-	-
	-	-	-	-	-	-

POSITIONS:

FULL-TIME	-	-	-	-	-	-
PART-TIME	-	-	-	-	-	-
TEMPORARY	-	-	-	-	-	-
	-	-	-	-	-	-

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

IV. ANALYSIS: Attach a separate page for any Analysis.

Prepared By: Cathy A. Poe (Cathy A. Poe) Phone: 465-2350
Division: Treasury Date: 12/01/83

Approved by Commissioner: (signature) Date: 1/9/84
Department: Revenue

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FROM: DEPT. OF REVENUE

IV. ANALYSIS (HB 298)

This bill establishes a "National Petroleum Reserve, Alaska, Special Revenue Fund." It would be funded by receipts from the federal government for leasing of oil and gas tracts in the National Petroleum Reserve, Alaska (NPRA). The comissioner of revenue is to invest the fund. Monies of the fund are to be appropriated by the Legislature, half to the state and half to subdivisions in the state directly affected by oil and gas development in the NPRA.

Costs will be incurred; however, due to the fact that amount and grade of oil in the NPRA has not been determined, the size of the fund is unknown. Safekeeping, accounting, audit, and commission costs would be incurred each year the fund exists. This fund would be invested with the General Fund, but accounted for separately.

HB

320

#1

MEMORANDUM State of Alaska

TO: Esther Wunnicke
Commissioner
Department of Natural Resources

DATE: May 5, 1983

FILE NO:

TELEPHONE NO: 465-3600

FROM: Norman C. Gorsuch
Attorney General

SUBJECT: Overview of royalty oil contract terms

By: Robert M. Maynard RMM
Assistant Attorney General
Oil and Gas-Juneau

The state's royalty oil contracts are unique. Normally, oil sales contracts are for cash or equal amounts of oil, are for a relatively short term (three months to one year), and are very short documents (usually no more than three or four pages). In fact, large sales of oil are often accomplished merely by exchanging telex's, with industry custom filling in all non-expressed terms of the agreement. The flexibility of each company to respond to changes and conditions and the concern solely with price and quality of the oil sold allows these contracts to be generally sufficient. In addition, even the longer term contracts (up to five years) have clauses that allow either party to get out the contract, usually after each quarter, if they cannot continue to agree on the price of the oil sold.

The state's contracts, on the other hand, are unique in that not only are they long term (11 to 25 years), but also they have extensive and detailed provisions. The reason for the general difference is that the state is not in the oil market with the same goals as private companies. Nor does the state have a private company's flexibility.

Also, the state is much more risk adverse than the normal oil company. About 40 percent of total state revenues derive from the money the state gets for its royalty oil. Whereas a private company is often willing to "gamble" on making greater profit, the state interest is often more conservative.

Without taking "in-kind", the state would receive what the producers receive when they market their own oil. These companies, primarily Exxon, Sohio, and Arco, have large and expert marketing staffs and are generally able to approach or exceed the values the state could receive over the long term by a

similar marketing effort. Therefore, if the state decides to take its oil in kind it is making a decision that it can get greater consideration for its oil when it sells than the companies as a whole receive when they market their oil. Under certain circumstances this can occur, but it must occur either through unusual circumstances or through the offering of a benefit for the sale of royalty oil that the companies do not offer when they sell their oil in the normal commercial transaction.

In any event, the state is otherwise guaranteed a certain level of revenues from royalty oil when it leaves it with the producers. Taking the oil in kind not only puts an element of risk upon the state that the state should try to minimize, but also entails other problems that make the sale of the royalty oil a more complicated transaction. One of these considerations is that the state as a government has procedures for the sale of oil that bind its flexibility much more than that of a private oil company. For example, the constitution gives the legislature the power to set the terms and conditions of royalty oil sales. The legislature in the past has not given (and there are strong arguments why it should not give) complete discretion and flexibility to one state official in daily transactions for the sale of 40 percent of the state treasury. The delegation of that much control and authority in such a high risk area has been viewed by the legislature as too much of a gamble. Consequently, the statutes set forth a very detailed and, to a private company, cumbersome procedure before the state can commit any significant quantities of royalty oil.

Another practical problem is that it would be extremely difficult for the state to duplicate the marketing expertise of the individual oil companies. First, large staffs would have to be manned with experts in the area. It is doubtful that the state could be able to hire those expert traders on a state salary system. The only alternative would be to hire those experts by contract or to give them a percentage of the transaction.

Even so, the state also doesn't have the backup facilities or expertise in the other aspects of oil transportation and sale that the majors have acquired. The state does not have the ability to instantaneously take oil from or give oil back to the producers -- instead, the state must give six months notice before it can force the producers to either give the state oil or take oil back in case of a problem. Consequently, the state must be prepared to arrange for or invest

in tankers, storage facilities, or other backup systems that would be necessary to handle oil on any emergency basis.

Because of these and other considerations, the state has not attempted to enter the day to day oil marketing business in the same manner as the rest of the industry. Not only would it be difficult to consistently outperform the majors in that type of business transaction, but also there are practical and political barriers to the state attempting to run its royalty oil business in that manner.

Instead, the state has attempted to take advantage of unique conditions for the sale of oil or has attempted to offer a unique advantage to the purchaser of royalty oil that that purchaser could not receive in a normal commercial oil transaction. The occurance of conditions for the short term sale of royalty oil for greater cash consideration are few and far between -- they usually depend upon holes in the market created by government regulation (e.g., government price controls and entitlements). And, those short term sales are only available for relatively small volumes (20 to 50 thousand barrels a day) of oil. Examples of the state taking advantage of unique conditions for a sale are the 1979 sale back to the producers of royalty oil for the ceiling price (which netted the state approximately three to four hundred million dollars) or the auction of state royalty oil in 1980, which ultimately netted the state approximately 60 to 70 million dollars (even with the various bankruptcies and some companies walking on the state contracts).

Otherwise, there is only one unique advantage the state can offer in the world oil market -- a long-term royalty oil contract. The state is the only place in the world where a purchaser can receive a long-term guaranteed supply of oil from a secure source of supply. That guarantee of a long-term supply has some, often unquantifiable, worth which the state can lever into additional consideration above the market value of the oil itself (since market value is determined by the relatively short-term sales of Prudhoe Bay oil).

In offering long-term contracts, however, the state entered into an area for which there was no real precedent. There were no form contracts or proven provisions for long-term oil contracts. As has been seen in the last decade in the oil markets, there are many unknown changes in world circumstances which will occur over the term of the contract. Thus the contract would have to anticipate possible problems and protect the state in the event that an unknown danger arose. Not knowing the exact nature of that unknown condition made the task much

more difficult. In addition, because of the relatively cumbersome procedures for disposing of royalty oil, the state has much less flexibility in amending a contract when problems arise in the future.

One example of this problem is the determination of a price for the oil over the long-term. The price of world oil has gyrated wildly just in the past six years. Negotiating a price term without the benefit of price reopeners over the long-term is a difficult task -- no outside referent (such as OPEC postings, product worth, etc.) has proved to be a reliable guide for the value of Prudhoe Bay oil from year to year. Thus in negotiating for the additional consideration for the long-term nature of the contract, the state must first identify the base consideration that it would otherwise have received for those years. In other words, whether or not the state wishes that additional consideration be in cash or in non-monetary benefits (e.g., in-state processing or in-state supply), a key term is the underlying base consideration representing the short-term value of royalty oil for any particular year. An additional, and extremely important consideration here is that the monetary income for the base price of the royalty oil is a large component of total state revenues. Thus the price term that must be picked should not carry with it the risk of the state receiving less for its oil than it would have if it never entered into a royalty contract at all.

The <u>only</u> price term which accomplishes these purposes is tying the base of the royalty oil to that which the state would have received from the producers if it had continued to take the oil in value rather than in kind. This term would rise and fall over time in proportion to the other sales of North Slope crude oil, and thus be in line with the short-term value of that royalty oil. At the same time it would leave the state in the exact same position as if it had never taken the oil in kind at all.

Therefore the base price for the royalty oil contracts is the "in-value" price term. If the state wishes to take the additional consideration for the long-term nature of the contract in cash, the state would ask for a premium above the in-value price (for example, the in-value price plus thirty cents). If the state wanted non-monetary consideration, it would simply ask for the in-value price and then provide for that non-monetary consideration in other parts of the contract (for example, requiring that the oil be processed in state).

As a general matter, the bulk of the royalty oil contract, and all of the terms of the contract which are unique to the state's sale of oil, revolve around the long-term nature of that contract. On the one hand are those terms which deal with the additional consideration be given to the state because of the long term nature of the contract.

On the other hand are those terms which protect the state from potential adverse consequences of entering into a long-term royalty oil contract. These derive not only from the unknowns which would arise from entering into a contact over a number of years, but also the problems that the state faces from its lack of flexibility if an emergency should arise.

These terms in effect shift the risk of unknown conditions or adverse consequences from the state to the purchaser. It must be emphasized that these terms also represent "consideration" to the state for entering into a long-term contract. As an example, if the benefit of a long-term contract to purchaser is equal to one dollar, terms protecting the state from adverse consequences over the long-term might be worth 40 cents of that dollar (like paying for insurance), leaving the additional consideration available for the cash portion of the price term to be only 60 cents. In other words, every time the state insists on being protected from adverse consequences, it reduces the state's ability to demand greater benefits for in-state benefits or cash from the purchaser.

And, as a matter of policy, the state has decided that if it is to make concessions in the negotiation process, it would make no concessions on those provisions which protect the state from adverse consequences. Consequently, the state, if necessary, would make some concessions in the area of guaranteeing the additional benefits, and make many more concessions on those relatively minor benefits that might be added to the contract. For example, the state would not budge from the strigent guarantees that would require the purchaser to pay the in-value price or guarantee its payment (e.g., a letter of credit for 60 days worth of oil which would require no documentation whatsoever to be submitted for instant payment except for the signature of the Attorney General and the Commissioner of Natural Resources). On the other hand, for in-state processing requirements the state was willing to give a little bit and make those provisions protections against abuse by the purchaser rather than absolute guarantees that certain goals would always be reached. In other words, the in-state processing and in-state supply provisions provide for minimum benchmarks that must be met, and rely upon market conditions in Alaska to

extract the greater benefits that may be realized. In the Tesoro ANS contract, for instance, the contract provides that all oil sold must be run through the plant, and at least 32% of that oil be converted to products marketed in Alaska. The proposed Tesoro plant, however, could produce a much higher percentage of product if Alaska demand required. The contract does not demand that higher percentage; rather, it relies on the market to realize that additional in-state use. It should be emphasized that these concessions were made in exchange for concessions by the purchaser to give the state protection against adverse consequences.

Specifically, there are four general types of provisions that the state has considered essential to protect its long-term interest. First, there are terms that insure that the state will be paid the amount that it would have received from the producers if it had not taken the royalty oil in kind, but instead had left the oil in value (the "in-value price). These include provisions that insure that in-value is the price paid, and assure the payment of that amount in case adverse circumstances arise. Provisions of the standard contract which implement these principles include Article 2.3 (price of royalty oil); Article 2.8 (absolute obligations); Article 5 (payments and accounting); Article 8.2 (inability to receive oil); Article 14 (sovereign power of the state); Article 12 (disposal of oil upon default or termination); Article 15 (security); Article 19 (amendment); and Article 23 (interpretations of terms and conditions).

Second, there are a group of terms which are designed to assure that the state is never in physical custody of the oil, or is otherwise left without someone to pick up the oil at Pump Station Number 1. First, such a situation might result in the state having to sell the oil at distressed prices without the hopes of ultimate recovery from a credit worthy party. Second, the state is simply not equipped, both legally and practically, to make instaneous dispositions of oil on the spot market. Third, because of the limited storage capacity for oil at Valdez, it would not take very long for unlifted oil to back up at Valdez and potentially shut down the pipeline. Such an event would have disastrous consequences on all state revenues. In addition, this catagory of terms also provides that the state is never in physical custody of the oil: that the transfer of oil from the producers to the state and the state to its purchaser is an instanteous transaction and that all risk passes to the purchaser at the time and point the state receives delivery of the oil. Thus these provisions provide that the purchaser must instaneously accept delivery, that the state can force the

purchaser to take delivery under all imaginable circumstances, or that in an emergency the state can take the oil from a purchaser and sell to a third party without interference from the original purchaser (this is to prevent the purchaser from tying the disposition of oil during a disagreement). Examples of these provisions are Article 7 (default), Article 8 (disposition of oil upon default or termination), and Article 11 (force majeure).

A third category of provisions are those provisions that protect the state from the purchaser using an excuse or other legal argument to attempt to get out of their obligation to pick up the royalty oil and pay for it. Thus the state insisted on strigent conditions concerning default, force majeure, and provisions which would provide that the state would not warrant anything except that it had title to the oil. Examples of these provisions are Article 2.1 (quantity); Article 2.2 (quality); Article 2.4 through 2.6 (point and time of deliverly, risk,); Article 4.1 (measurement); Article 18 (disclaimer of warranties); Article 7 (default or termination); Article 8 (disposition of oil); Article 2.8 (absolute obligation); Article 5.7 (late payment); and Article 5.3 (payment).

These provisions provide as close to complete protection as the state could reasonably devise by a contract. In addition, to cover the situation where the purchaser may argue that the contract might be ambiguous or vague when it attempted to be applied to some presently unforeseen event, the state insisted in Article 23 that such disagreements would first be resolved by the commissioner, and that the commissioner would make the initial determination of what the word, term, or application of that word, term or condition would be. In addition, the purchaser contracts to agree to accept that interpretation along as there is substantial evidence supporting the commissioner's findings, which is a standard of review similar to the limited review a court gives a finding of fact by a state agency when it is in its regulatory capacity. In addition, the state inserted some terms and conditions which would allow the state to monitor the purchaser's actions to see if there is any indication that the purchaser might be considering abandoning its obligations under the contract. Such provisions include Article 2.7 (transportation arrangements); Article 3.2 -- 3.3 (financial condition); and Article 22 (records).

In these areas the state insisted on extremely stringent conditions, and for the most part refused to consider any alteration even though it was recognized that these conditions would put burdens on the purchaser not matched any

where in the world under other oil contracts. These provisions were born from the experiences the state has undergone over the past seven years, including the present price dispute with the Alaska Oil Company, a previous bankruptcy of one of the state's purchasers (Energy Cooperative, Inc.), and the abandonment of the royalty oil contract by Alaska Petroleum Company. These terms were reviewed by outside counsel, who also suggested a number of the terms inserted in these contracts.

Although it is impossible to totally protect the state under all conceivable circumstances simply by a contract, there is little question that overall the state has the tightest oil contract in the world. Although this is a little like saying a person has the best sight in a room full of blind people (given the loose and flexible nature of almost all other oil contracts), it does provide a quantum level of increased protection for the state over any other oil contract known.

Like money spent for insurance, however, some premium must be paid by the insistence of the state upon such stringent conditions. Again, since the state was not willing to grant any concessions on terms it considered vital to protect it against risk, the state was not in a position to require as stringent provisions in the other terms of the contract dealing with the additional consideration. Thus in the in-state processing and in-state supply portions of the contract (the non-monetary consideration) the state was not able to insist upon stringent performance guarantees or other provisions which would require the purchaser to produce products in Alaska at a loss or break even point. Nor was the state in a position to insist upon levels of production or in-state processing which were above those reasonably required by Alaska market demand.

Instead, the in-state processing and supply provisions provided "sideboards" or minimum provisions that would protect the state against abuses by the purchaser from the intent of the contract. In other words, the state insisted that the oil be processed in an in-state refinery, that that refinery actually produce significant amounts of products, and that the purchaser otherwise exercise its best efforts to produce and market in Alaska some minimum quantity of oil products. The state left to the local demand the other economic decisions of the local refiner to increase production above that minimum quantity to either meet demand or increase market share.

Therefore, there are provisions in the contract which are designed to assure that to the extent the market in Alaska would support the economic processing and marketing of oil

products within the state, the oil sold to the purchaser would be processed and marketed in the state. Examples of these articles are Articles 2.9 (date of first delivery -- in the Tesoro ANS contract); Article 2.10 (performance guarantee and reservation fee); Article 2.11 (in-state processing); Article 2.12 (best efforts); Article 3.5 (option to purchase resid). As a subsidiary matter, there are also provisions which are designed to assure that the purchaser is not asking or taking more oil than their in-state needs would require (and thus be actually used for some out of state benefit). Article 2.1 (quantity) and Article 2.10 (performance guarantee) are examples of those types of articles which are designed to assist in that goal.

Finally, the state negotiated for some additional benefits, but did not insist upon many guarantees of those benefits. These additional minor benefits could someday be very valuable, but were not considered the primary consideration for the long-term contract. Examples of these provisions are Article 3.4 (expansion); Article 3.6 (petroleum coke); and Article 16 (local hire).

RMM:jf

PRESENTATION BEFORE THE JOINT MEETING OF THE
HOUSE AND SENATE RESOURCES COMMITTEE IN JUNEAU, ALASKA
ON APRIL 20, 1983

I AM ROBERT J. ALFREY, GENERAL MANAGER OF THE WESTERN REGION, SUPPLY & DISTRIBUTION DEPARTMENT FOR CHEVRON U.S.A. INC. IN SAN FRANCISCO.

FOR MANY YEARS, CHEVRON WAS A NET SELLER OF CRUDE ON A WORLD-WIDE BASIS. DURING THAT PERIOD, WE NEVER REQUESTED CONSIDERATION FOR PURCHASE OF ROYALTY OIL. HOWEVER, IN THE LAST FEW YEARS, THE WORLD SUPPLY OF OIL HAS CHANGED AND CHEVRON HAS BECOME A NET PURCHASER OF CRUDE TO MEET THE REQUIREMENTS OF OUR REFINERIES.

CURRENTLY, CHEVRON IS THE ONLY IN-STATE REFINER NOT PURCHASING ROYALTY OIL FROM THE STATE UNDER A LONG-TERM CONTRACT. LAST YEAR, WE SPENT CONSIDERABLE TIME NEGOTIATING A LONG-TERM CONTRACT WITH THE STATE BUT WERE NOT ABLE TO FINALIZE AN AGREEMENT BEFORE THE LEGISLATURE ADJOURNED.

SOME OF YOU ARE AWARE THAT WE HAVE BEEN REQUESTING 38,000 BPD OF ROYALTY OIL FROM THE STATE -- 18,000 BPD FOR OUR NIKISKI REFINERY AND 20,000 BPD FOR PROCESSING IN OUR CALIFORNIA REFINERIES -- TO MAKE THE MORE THAN 12,000 BPD OF PRODUCTS THAT WE BRING TO ALASKA FROM CALIFORNIA. BOTH WESTERN ALASKA AND SOUTHEAST ALASKA ARE SUPPLIED FROM OUR CALIFORNIA REFINERIES BECAUSE IT IS MORE ECONOMIC TO DO SO.

AGO 786417

THE CALIFORNIA REFINERIES PRODUCE AVIATION GASOLINE AND ASPHALT CHARGE STOCK WHICH CANNOT BE PRODUCED BY ANY ALASKAN REFINERY. THE 18,000 BPD LONG-TERM CONTRACT, WHICH IS THE SUBJECT OF TODAY'S HEARING, ONLY PARTIALLY MEETS OUR OBJECTIVE FOR A TOTAL VOLUME OF 38,000 BPD.

WE PLAN TO CONTINUE DISCUSSIONS WITH THE DEPARTMENT OF NATURAL RESOURCES FOR THE ADDITIONAL 20,000 BPD OF ROYALTY CRUDE AND WOULD HOPE TO HAVE AN EXECUTED CONTRACT THROUGH THE ROYALTY ADVISORY BOARD AND WAITING FOR LEGISLATIVE APPROVAL AT THE START OF THE 1984 SESSION.

HOWEVER, IT IS ESSENTIAL TO CHEVRON THAT THIS 18,000 BPD LONG-TERM CONTRACT BE APPROVED BY THE LEGISLATURE THIS YEAR TO ENSURE OUR HAVING A CONTINUOUS SUPPLY OF CRUDE FOR NIKISKI. SUCH ACTION WOULD BE CONSISTENT WITH CONTRACTS THE STATE HAS ALREADY MADE WITH ALL OTHER IN-STATE REFINERS, EXCEPT CHEVRON.

WE ARE AWARE THAT SOME QUESTIONS ARE BEING RAISED AS TO THE BEST DISPOSITION OF ROYALTY OIL INCLUDING COMPETITIVE BIDDING AND EVEN EXPORT TO JAPAN. CHEVRON REPRESENTATIVES FIRST APPEARED BEFORE THE ALASKA ROYALTY OIL AND GAS ADVISORY BOARD OVER THREE YEARS AGO AND REQUESTED THAT THE STATE SELL CHEVRON NORTH SLOPE ROYALTY OIL. AT THAT TIME, WE SAID IT WAS NOT REASONABLE FOR THE STATE TO EXPECT TO SELL NORTH SLOPE ROYALTY OIL TO COMPANIES WHICH DO NOT OPERATE REFINERIES OR MARKET PRODUCTS IN ALASKA, AND THEN EXPECT EXISTING ALASKAN REFINER/MARKETERS TO CONTINUE TO BE ABLE TO MEET THE PRODUCT REQUIREMENTS IN ALASKA WHILE FACING RAPID DECLINES IN CRUDE AVAILABILITY. THIS STATEMENT IS STILL APPROPRIATE TODAY, AS CHEVRON'S WORLD-WIDE CRUDE SUPPLY HAS CONTINUED TO DECLINE SINCE THAT TIME.

AGO 786418

CHEVRON WAS THE FIRST COMPANY TO MARKET PETROLEUM PRODUCTS IN ALASKA STARTING IN 1889 AND HAS SERVED ALASKA CONTINUOUSLY SINCE THAT TIME. WE ARE THE ONLY STATEWIDE MARKETER AND ARE THE SOLE SUPPLIER OF PETROLEUM PRODUCTS IN FOURTEEN COMMUNITIES. CHEVRON SUPPLIES ABOUT 27,000 BPD OR SOME 36 PERCENT OF THE LIGHT PRODUCTS USED IN THE STATE. IN ADDITION, CHEVRON OPERATES THE ONLY FINISHED PRODUCT TANKER BASED IN ALASKA -- THE "ALASKA STANDARD" -- WHICH IS DEDICATED TO SERVING ALASKANS IN REMOTE AREAS. IN ADDITION TO THIS TANKER, WE HAVE EXTENSIVE AND EXPENSIVE BARGING OPERATIONS IN THE BRISTOL BAY, BERING SEA AND SOUTHEAST ALASKA AREAS.

CHEVRON BUILT THE FIRST MODERN REFINERY IN ALASKA WHICH STARTED OPERATING IN 1963. IN ADDITION TO LIGHT PRODUCTS, WE HAVE HISTORICALLY MADE ABOUT 70 PERCENT OF THE STATE'S REQUIREMENT FOR ASPHALT AT NIKISKI AND WILL PROBABLY SUPPLY 100 PERCENT THIS YEAR, AS THE OTHER SUPPLIER HAS WITHDRAWN FROM SELLING ASPHALT IN ALASKA.

THE INDUSTRY HAS SEEN REDUCED DEMANDS RESULTING IN EXCESS REFINING CAPACITY NATIONWIDE, AND A SUBSTANTIAL NUMBER OF REFINERY CLOSINGS HAVE OCCURRED. CHEVRON, TOO, HAS REVIEWED CRITICALLY THE OPERATION OF ALL OUR REFINERIES. ABOUT THREE WEEKS AGO, WE ANNOUNCED PLANS TO SHUT DOWN ONE OF OUR LARGER REFINERIES ON THE EAST COAST WITH A CRUDE CAPACITY OF 168,000 BPD, AS IT WAS NO LONGER ECONOMIC TO PRODUCE LIGHT PRODUCTS IN TODAY'S ENVIRONMENT. NEEDLESS TO SAY, WE CONTINUE TO MONITOR VERY CLOSELY THE ECONOMIC CONTRIBUTION OF EACH OF OUR REFINERIES.

AGO 786419

CHEVRON HAS APPROXIMATELY 190 EMPLOYEES IN ALASKA DIRECTLY ASSOCIATED WITH THE VARIOUS OPERATIONS WE ARE INVOLVED IN. IN ADDITION, WE DO BUSINESS WITH ABOUT 190 INDEPENDENT RETAIL DEALERS WHO EMPLOY 800 PEOPLE AND 69 JOBBERS AND AGENTS WHO EMPLOY OVER 300 PEOPLE. IN TOTAL, CHEVRON'S INVOLVEMENT IN THE PETROLEUM INDUSTRY IN ALASKA RESULTS IN THE DIRECT AND INDIRECT EMPLOYMENT OF ALMOST 1300 PEOPLE.

ALL OF YOU ARE QUITE AWARE OF THE ROYALTY INCOME GENERATED FOR THE STATE AS A RESULT OF THE PETROLEUM INDUSTRY IN ALASKA. FOR MORE THAN TWENTY-FIVE (25) YEARS, CHEVRON HAS BEEN THE OPERATOR OF ALASKA'S FIRST MAJOR PRODUCING OIL FIELD -- THE SWANSON RIVER FIELD.

IN ADDITION TO OUR LARGE VISIBLE INVESTMENTS IN ALASKA IN THE NIKISKI REFINERY AND SOME 260 SERVICE STATIONS AND BULK PLANTS THROUGHOUT THE STATE, WE HAVE MADE LARGE EXPENDITURES -- NOT QUITE SO VISIBLE -- IN EXPLORING FOR NEW OIL FIELDS, WHICH IF SUCCESSFUL, WOULD GENERATE ADDITIONAL ROYALTY INCOME FOR THE STATE. OVER THE PAST FIVE (5) YEARS ALONE, CHEVRON HAS SPENT A TOTAL OF $598 MILLION IN CAPITAL EXPENDITURES AND OPERATING EXPENSES IN ALASKA IN OUR CRUDE OIL EXPLORATION AND PRODUCTION ACTIVITIES. IN ADDITION, OUR MARKETING DEPARTMENT CAPITAL EXPENDITURES AND OPERATING EXPENSES HAVE BEEN APPROXIMATELY $100 MILLION DURING THIS FIVE (5) YEAR PERIOD FOR A COMBINED TOTAL BY CHEVRON OF JUST UNDER $700 MILLION. THIS IS AN AVERAGE OF ABOUT $140 MILLION PER YEAR WHICH WAS PUT INTO THE STATE'S ECONOMY IN ONE WAY OR ANOTHER.

AGO 786420

THE STATE HAS ABOUT 197,000 BPD OF ROYALTY OIL FROM THE NORTH SLOPE, INCLUDING KUPARUK. OF THIS VOLUME, ABOUT 81,000 BPD IS COMMITTED TO IN-STATE REFINERS UNDER LONG-TERM CONTRACTS AND THE BALANCE OF ABOUT 110,000 BPD HAS BEEN LEFT WITH THE PRODUCERS, WHO ARE EXPORTING THE OIL TO THE LOWER 48 STATES. OVER HALF OF THE VOLUME BEING EXPORTED IS GOING THROUGH THE PANAMA CANAL TO THE GULF COAST AREA FOR SUPPLYING PRODUCTS IN THAT AREA, AND THE STATE, IS IN EFFECT PAYING THE TRANSPORTATION COST FROM ALASKA TO THE GULF COAST THROUGH LOWER REALIZATIONS FROM THE PRODUCERS. NONE OF THE THREE LARGEST PRODUCERS EXPORTING ROYALTY OIL RETURN PRODUCTS TO ALASKA FOR USE BY THE RESIDENTS IN ALASKA. IN CONTRAST, AS MENTIONED EARLIER, CHEVRON BRINGS OVER 12,000 BPD OF PRODUCTS TO ALASKA FROM OUR CALIFORNIA REFINERIES TO SUPPLEMENT THE PRODUCTS MADE AT OUR NIKISKI REFINERY. ONE OF THE PRODUCTS WE BRING TO ALASKA IS AVIATION GASOLINE, OF WHICH CHEVRON SUPPLIES ABOUT 80 PERCENT OF THE STATE'S TOTAL REQUIREMENT.

THE STATE HAS THE ALTERNATIVE OF (1) LEAVING 18,000 BPD OF ROYALTY OIL WITH THE PRODUCERS FOR EXPORTING TO THE LOWER 48 TO MAKE PRODUCTS IN THE GULF COAST AREA, OR (2) SELLING THIS VOLUME OF ROYALTY OIL TO CHEVRON UNDER A LONG-TERM CONTRACT AT A HIGHER PRICE THAN THE STATE WILL RECEIVE FROM THE PRODUCERS. OUR CONTRACT WILL PROVIDE THAT WE REFINE THE OIL IN-STATE AT OUR NIKISKI REFINERY AND CONTINUE TO SUPPLY THE PRODUCT NEEDS OF THE CONSUMERS IN ALASKA INCLUDING DIESEL, HEATING OILS, JET FUELS, AND ASPHALT. A SALE TO CHEVRON WILL RESULT IN ALL IN-STATE REFINERS HAVING LONG-TERM CONTRACTS FOR ROYALTY OIL AND

AGO 786421

THEREBY RECEIVING THE BENEFITS OF USING LOWER PRICED ROYALTY OIL FOR IN-STATE PROCESSING. I DO NOT BELIEVE ANYONE CAN ARGUE THAT SUCH USE OF THE ROYALTY OIL IS NOT IN THE BEST INTEREST OF THE STATE AND ITS CITIZENS.

IN CLOSING, WE SINCERELY HOPE THAT THE LEGISLATURE WILL DETERMINE IT IS IN THE BEST INTEREST OF THE STATE AND ITS CITIZENS TO MAKE A LONG-TERM CONTRACT WITH CHEVRON, A COMPANY THAT HAS HISTORICALLY DONE BUSINESS IN ALASKA, HAS SIZABLE INVESTMENTS IN THE STATE AND WOULD LIKE TO CONTINUE OUR MAJOR INVOLVEMENT IN SERVING ALASKA.

I WILL BE HAPPY TO ANSWER ANY QUESTIONS THAT YOU MAY HAVE.

THANK YOU.

AGO 786422

COMMENTS TO

JOINT MEETING OF THE SENATE AND HOUSE

RESOURCE COMMITTEES

APRIL 20, 1983

JUNEAU, ALASKA

On January 26, our Board of Directors gave tentative approval to proceeding with a major expansion and modification of our Kenai refinery. The project includes an increase in crude oil processing capacity from 48,500 B/D to 80,000 B/SD, an expansion of the existing atmospheric gasoil hydrocracker from 7,500 B/D to 9,000 B/D, and the construction of a 14 million-cubic-foot per day hydrogen plant and 14.2 tons per day sulphur plant. Additional process units to maintain air and water quality and other facilities to accommodate the increased refinery capacity would also be constructed. When completed, the Kenai refinery would be capable of processing 100 percent higher sulphur Alaskan North Slope-type crude. Currently, the refinery is limited to processing only about 10% ANS type Sour Crude and 90% Cook Inlet type Sweet Crude. Engineering is in progress and orders for major process units are ready to be placed.

The project is estimated to cost $80 to $90 million and could be completed in mid-1984. At capacity, the expanded refinery would be capable of supplying 100 percent of the expected demand in our market area for motor gasoline, aviation turbine fuel, diesel and heating oil in Alaska for the decade of the '80s.

As with any significant refinery project, the assurance of a long term supply of crude is of critical importance. We have tried many times as our

AGO 786423

refinery has expanded over the years, to acquire a long term supply of crude direct from producers. We have never been successful in those efforts and have had discussions in this regard with all the major producers as recently as within the last month. The response is still the same: Crude can be made available, but only on a short term basis and, in some cases, with the obligation that we provide the supplier with crude oil in some other location on exchange for as much as 50 percent of the total volume. Obviously, it would be difficult to justify spending $80 to $90 million on a refinery expansion with no assurance that crude would be available for more than one year at a time.

Until last year, Tesoro had tried unsuccessfully since 1975 to purchase ANS Royalty Crude. Royalty Board records will show that Tesoro protested strongly when in 1977 the Royalty Board denied Tesoro's request for Royalty Crude and chose instead to make an award to the informers Alpetco.

In 1981, the Department of Natural Resources issued a broad solicitation for proposals for the utilization of ANS royalty crude. Tesoro Alaska was one of 27 respondents to that solicitation. Our proposal was that we be allowed to purchase approximately 70,000 barrels per day of ANS royalty crude, half of which was to be sold to us with certainty and the other half was to be sold to us if and only if we proceeded with the refinery expansion which was then under study. Because Tesoro could not at that time irrevocably commit to go forward with our project, the Department of Natural Resources, as published in its January 1, 1983 Review of Alaska Royalty Oil document, stated, "Since Tesoro could not make a firm commitment to an expansion at the time, the State declined to further consider expansion volume . . ."

I truly wish we could have made the expansion commitment in 1981, but preparation for projects of this magnitude simply take time. We are moving

ACN 786424

forward now and I sincerely hope that you will follow through in support of this project which had its beginning over two years ago.

It is by no means our first project, as most of you well know. We have already invested over $120 million in our Alaskan operations since rather humble beginnings in 1969 and will be approaching one-quarter of a billion dollars invested when the proposed expansion is completed. That means, incidentally, that we have reinvested in Alaska substantially more than the cumulative net after tax earnings of our Alaskan operations since we first opened our doors in 1969.

- We will have grown from 14 employees in 1969 to over 200 when complete with a payroll in excess of $7 million annually. Two-hundred-fifty (250) to 300 workers will be employed during the construction phase.

- State income taxes have increased from $4,000 in 1969 to over one-half million dollars annually today; ad valorem taxes tripled to one-half million per year and annual sales, use, and excise taxes have increased from $8,000 in 1969 to over $7.6 million today.

- The purchase of local goods, services and supplies, exclusive of capital projects and payrolls, has increased from $1.6 million in 1969 to over $13 million per year currently.

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This represents a direct economic impact in Alaska of more than $27.5 million every year, and growing.

Through aggressive marketing, over 100 dealers, jobbers and distributors are now affiliated with Tesoro, providing in excess of 1,200 additional jobs for residents of Alaska, not only in the major metropolitan areas of Anchorage, Fairbanks and Kenai, but in more remote areas such as Delta Junction and Tok as well.

In recent Royalty Board meetings, there were three general areas of discussion relative to the proposed sale of ANS royalty crude to Tesoro Alaska. I would like to provide you with information regarding each of those areas, which I feel will be helpful to you in reaching a decision. I also believe that when you evaluate the facts, good judgement and the best interest of your constituents will favor your support of the sale of royalty crude to our company.

First, let's review the implication of the Charter Security Life Insurance Companies' recent acquisition of common and preferred equity of Tesoro Petroleum Corporation. By contract, a copy of which has been furnished to the Royalty Board, the Attorney General and the Governor, Charter Security Life Insurance Companies have agreed to limit the percentage of voting securities they may own in Tesoro Petroleum Corporation to not more than 30 percent. On March 17, our General Counsel testified before the Royalty Board as to

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the nature of that agreement, and outlined the numerous constraints placed upon the Charter insurance companies with respect to voting, proxy solicitation, first refusal rights of Tesoro to buy back the shares should Charter attempt to make any distribution of the equity during the term of the agreement and preemptive rights to buy back the stock upon the termination of the agreement. Tesoro has had the strength of these restrictions and the enforceability of the agreement reviewed by one of the top corporate law firms in the U.S.--Dewey, Ballantine, Bushby, Palmer & Wood, whom you may recognize as the firm which successfully represented Martin-Marietta Corporation in their recent takeover defense. In addition, the agreement has been reviewed by the New York Stock Exchange and filed with the Securities and Exchange Commission. Of no insignificant consequence is the fact that there is another block of Tesoro equity in the hands of a group who absolutely have no interest in seeing Charter Security Life or any other company make an attempt to take over Tesoro. Directors, officers and employees of the Company are the actual and/or beneficial owners of approximately one million shares of Tesoro equity, which represents about eight percent of the current outstanding common stock of the Company. The cold, hard facts are quite simple: Expert legal opinion is that Charter Security Life Insurance Companies' security ownership in Tesoro does not in any way constitute control and that there is an enforceable contract which restricts their ability to gain control in the future.

If these restrictions were not sufficient protection in and of themselves, and by any definition of "reasonable restrictions" they should be, the State

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has written into the proposed ANS royalty crude contract a clause which gives the State unilateral authority to summarily cancel the crude oil contract with Tesoro should Charter ever gain control. I truly do not understand why that single club alone in the hands of the State doesn't render the entire Charter subject moot. But on the other hand, perhaps I do understand. Sunny Carpenter of Interior Energy Corporation in Fairbanks stated it quite simply in her testimony to the Royalty Board two weeks ago: The Charter subject is a red herring, or better yet, a rotten red herring. It has been suggested to me that, as distasteful as it may seem, some people feel that because of Charter Security Life Insurance Companies' investment in Tesoro, the proposed royalty crude contract (or the withholding of its approval) can be used as leverage to pressure Tesoro into pressing Charter to settle its litigation with the State of Alaska. If that is true, it is a cruel trick that is being played on the many Alaskans who stand to benefit from our project and it is totally repugnant to me as a businessman. Charter does not control Tesoro and Tesoro certainly cannot influence or control Charter. Consideration should be given to the [redacted] people who would otherwise have new permanent jobs with our company and the 300 unemployed construction workers who might otherwise have good jobs next summer, and to the many local suppliers of goods and services who would have shared in the benefits of our growth, and to the local and regional governments who would receive increased tax revenues.

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In the last Royalty Board meeting, the matter of contract term was discussed. I explained as best I could, the need for a supply of crude for a sufficient term to assure amortization of the investment and a reasonable return thereon. Any businessman will tell you that if someone suggests that he can predict earnings with accuracy over time, he is either a genius or a fool. In most businesses, you base capital investments on your best estimate of future income streams. In the current unstable refining environment, the probability of achieving a relatively short payout of five to seven years is not great. In fact, today, refinery margins are, on average, negative. Last year you heard Doyon testify that their bank group would not even consider financing their proposed refinery project without an assured crude supply of around 12 years. If there has been any change in the industry since last year, it's been for the worse, not better.

I would like to share two letters with you. One from Lazard Freres, a leading U.S. investment banking firm, and one from Manufacturers Hanover Trust Company, a top U.S. commercial bank. As you can see, these two financial institutions who are among the top in their field, feel quite strongly that, among other things, a long-term, secure source of crude for a term in the range of 10 to 12 years is one of several critical requirements from a financing perspective, in any major refinery project.

If you feel my own representations regarding the need for a long-term supply of 10 to 12 years are perhaps unduly biased, I urge you to give due

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consideration to the expert opinions of these two highly respected financial institutions.

The third topic of discussion concerned the fundamental wisdom of using 26,000 B/D of the approximately 96,000 B/D of currently uncommitted ANS royalty crude to support the expansion of in-state refining. It was suggested that perhaps the best interest of the State might be served by delaying a decision, thinking that federal legislation to permit the exportation of ANS crude might be possible in the near future, resulting in an increase in the price of ANS crude and thereby increasing Alaska's royalty and tax revenues. You are probably aware that there are about four or five different acts which deal with the exportation of crude oil and that there is intense lobbying for both sides taking place in Washington right now. While I have serious doubts that the removal of all the obstacles to exportation will be accomplished in the next year or so, let's assume that the effort is successful. What would be the result with respect to our proposed contract?

First, the value of ANS crude should increase, but if it does, so does the average price at pump station one and, therefore, so does the price Tesoro Alaska pays for its royalty crude, since our price is based upon that average at pump station one . . . plus, please remember, we have also agreed to pay to the State of Alaska a premium on top of that average that will exceed $33 million over the term of the contract. Thus, unless the State believes that it can out-perform the average in selling crude oil, the State

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will always be ahead, in terms or price, by selling the crude to Tesoro Alaska. But under any circumstance, the State, by awarding this contract to Tesoro is by no means disposing of all its royalty crude. There will still be a very substantial volume uncommitted after satisfying our contract, with which the State may do any number of things, including playing the export game, if it chooses. In addition, under the terms of our contract, the State has call on all of our residual fuel production, which at full capacity, could amount to 30- to 35,000 B/D, which could be exported, sold to someone who wanted feedstock for a coker, used to make coal-oil mistures, or whatever.

Second, if the State chooses to ignore the price consideration and exports the crude, they have effectively exported jobs and tax base which would otherwise accrue to Alaskans. Why should Alaska send a critical raw material to Japan or Korea to have value added by foreign labor when we have Alaskan refineries and labor ready, willing, and able to do the same right here at home?

Third, what happens if there is another major interruption of worldwide crude supplies as there was in 1974 and again in 1978? True, the shipments to Japan and Korea could probably be curtailed in three to six months, but what about the refining capacity to turn that crude into products in Alaska? You certainly can't build refineries in just a couple of months, or even a couple of years. If you lived in Alaska in 1973-74 or 1978-79, and watched the national news, etc. In November 1980, the Royalty Board reviewed the criteria

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for the disposition of royalty crude in the context of the royalty crude auction which was then being contemplated by the Department of Natural Resources. I would like to quote the comment of Don Weld, Executive Director of the Royalty Board addressing criteria (2) which deals with the projected and present local and regional needs for refined products:

> ". . . although existing economic conditions exist which allow imported products to economically compete with products refined locally, it seems illogical for this to continue in the long term. Further, it would seem to be in the State's interest, from a security of supply point of view, to have Alaska-consumed products refined in Alaska if economically possible . . . This problem could be particularly serious should a major world crisis occur, such as the shutdown of the Middle East, creating a serious worldwide shortage which may require lower 48 refiners to discontinue the less economic Alaska market."

I think [redacted] those words holds as true today as it did almost three years ago.

I was in Washington, D.C. last Wednesday and spoke with Senator Murkowski who, as you all know, has been carrying the banner for allowing the export of ANS crude. I expressed enthusiasm that the opportunity might exist for Alaska to increase its revenues; but at the same time, concern, that exportation might impact future product availability in Alaska by limiting royalty crude available for in-state refiners. The

AGO 786432

Alaska State Legislature

Official Business

Pouch V
State Capitol
Juneau, Alaska 99811

April 26, 1983

Rep. John Ringstad, Co-chairman
and Members
House Resources Committee

Dear Rep. Ringstad:

This letter is written in support of the Tesoro Alaska and Chevron USA Royalty Oil contracts which are pending before your committee.

AS 38.05.183(d) states in pertinent part, "Oil or gas taken in kind by the state as its royalty share may not be sold or otherwise disposed of for export from the state until the commissioner determines that the royalty-in-kind oil or gas is surplus to the present and projected intrastate domestic and industrial needs." Commissioner Wunnicke has found that there is a need for in-state refining. Based on those findings and based upon the benefits which can accrue to the state, we believe that the 13th Legislature should go forward in a positive manner with these contracts.

Both Chevron USA and Tesoro Alaska have been extremely good corporate citizens of our community. The Chevron refinery has been in operation 20 years and Tesoro 14 years. During this time they have provided a stable product supply for the state and a stable work force in our area. Both have been community leaders, especially in the establishment at the Kenai Peninsula Community College of the first oil technology program in the state of Alaska. Not only do they provide expertise, equipment, and direction, they hire many of the graduates.

Approximately three years ago, Tesoro expanded the present refinery. Over 90% of the labor force on that expansion came from the local community. All sub-contractors, except those used for some technical applications, were from local contracting firms. Since our unemployment this winter has been running in excess of 20%, the expansion of the Tesoro facility, which would employ 300 workers, is a real shot in the arm for our economy. The 25 or so ongoing jobs also add another

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dimension to the stabilization of the community. Needless to say, the 80-90 million dollar added tax base will more than pay its own way for any additional community services.

Last year Tesoro Alaska could probably have secured the 26,000 additional barrels of royalty oil had they been in the same position as they are now - that is to commit construction dollars. In fact much of the testimony in last year's hearing was based on the now proposed addition. There is no question that Tesoro Alaska was encouraged to proceed with plans for expansion.

This past October, Chevron was awarded 18,000 barrels for their Nikiski refinery. While that was for only one year, the findings by both Commissioner Katz and Commissioner Wunnicke were the same. The oil is needed to ensure a stable supply of products in the state.

In summary, execution of these contracts by the state would help diversify Alaska's economic base, creating jobs and providing a secure supply of petroleum products. This is consistent with current state policy established by law. We believe the contracts should be approved.

We wish to thank you for your time and consideration of this matter.

Sincerely,

Milo Fritz
Rep. Milo Fritz

Don Gilman
Senator Don Gilman

Hugh Malone
Rep. Hugh Malone

Paul Fischer
Senator Paul Fischer

Rep. Bette Cato

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D) COPY OF LETTER OF AGREEMENT FROM TESORO

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Resource Development Council for Alaska, Inc.

444 West 7th Avenue, Anchorage, Alaska 99501
Box 100516, Anchorage, Alaska 99510 — 907/278-9615

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May 2, 1983

SUBJECT: Royalty Oil Legislation

Joe Hayes, Speaker
Alaska House of Representatives
Pouch V
Juneau, Alaska 99811

MAY 3 1983

Dear Mr. Hayes:

As an organization devoted to fostering responsible economic development within Alaska, the Resource Development Council reviews measures introduced in the legislature and comments on those we feel may have significant influence on our state's economy. It was, therefore, with strong interest that we reviewed House Bills 370 and 371 and Senate Bills 268 and 269, which support the sale of state royalty oil to Tesoro and Chevron oil companies. The Council wishes to express its strong support for the proposed legislation.

On April 26, 1983, the statewide Board of Directors for the Council adopted the enclosed policy statements supporting Economic Development, Manufacturing, Energy Resource Development and Natural Gas and Petrochemicals Development.

It is our understanding that the sale of royalty oil to Tesoro and Chevron would provide sufficient quantities of crude oil to enable them to expand their refineries in Alaska and be able to satisfy in-state needs for gasoline and jet fuel. Such value-added processing of Alaska's resources is particularly in line with our policy statement on natural gas and petrochemicals.

To the extent that these bills support the expansion of Alaska's economic base and embrace the concept of the policy statements we have adopted, we express our wholehearted support for the legislation.

Sincerely,

RESOURCE DEVELOPMENT COUNCIL
for Alaska, Inc.

CHUCK WEBBER

Charles R. Webber
President

encl.

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Resource Development Council
for Alaska, Inc.
444 West 7th Avenue, Anchorage, Alaska 99501
Box 100516, Anchorage, Alaska 99510 — 907/278-9615

EXECUTIVE DIRECTOR
Paula P. Easley

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POLICY STATEMENT NO. 1

ECONOMIC DEVELOPMENT

Section 1 of the Alaska Constitution states "It is the policy of the state to encourage the settlement of its land and the development of its resources by making them available for maximum use consistent with the public interest."

Section 2 states "The legislature shall provide for the utilization, development and conservation of all natural resources belonging to the state, including land and waters, for maximum benefit of its people."

The Resource Development Council maintains that economic utilization of the state's resources is consistent with the Constitution of Alaska because all other considerations the government must take into account are predicated on a sound economy.

Extractable resources in the ground or otherwise in a natural state are potential wealth. However, they must be developed and used if they are to be of benefit to Alaska and the nation.

The Resource Development Council believes Alaska's public and private economies, for the foreseeable future, will be built by utilization of the state's natural resources.

Therefore:

I

The Resource Development Council recommends that the state make a definite and demonstrated commitment to increase the public and private economies of Alaska through purposeful development of Alaska's abundant natural resources.

II

The Resource Development Council further recommends that state administrative and legislative leaders recognize that a strong and diversified private economy (free enterprise) is the mainstay of our state, and that state policies be directed to utilizing our resources for the benefit of this private economy, and not for the sole benefit of a larger, more expensive government structure.

-continued-

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III

The Resource Development Council maintains that a state policy providing a climate for private development of Alaska's public resources consistent with sound conservation principles is in line with the intent of the Constitution of the State of Alaska.

To further the goals of a sound economy, stable employment and a desirable quality of life, the Resource Development Council specifically recommends that the State of Alaska encourage economic development that:

(1) offers long-term benefits and increased employment to Alaskans by strengthening and diversifying its present economic base and encouraging new activities that are economically feasible;

(2) is environmentally sound and mitigates adverse impact on the state's wildlife and scenic resources;

(3) provides opportunities for increased personal income and reduces living costs by creating activity in economic sectors not presently in existence or not fully developed;

(4) has a positive effect on the revenue needs and fiscal conditions of the state and local communities and does not impose burdensome costs in excess of its positive effect;

(5) is undertaken after close coordination and full consideration of the views of citizens most impacted by the development;

FURTHER, that the State of Alaska, to take advantage of investment opportunities afforded by Alaska's abundant resources, shall undertake activities that serve as a catalyst to responsible economic development in the state for the benefit of its citizens. The State shall:

(1) assist present and potential domestic and foreign investors in acquiring and developing information necessary to evaluating project feasibility;

(2) with cooperation from investors, seek to identify constraints to economic development imposed by all levels of government and work with government agencies to solve problems created by those constraints;

(3) with cooperation from investors, seek to identify constraints to economic development such as lack of transportation and energy systems necessary to support the extraction, production and transport of resources to markets, and implement capital improvement or other programs to resolve such deficiencies when proved to be in the state's overall best interests;

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Resource Development Council
for Alaska, Inc.
444 West 7th Avenue, Anchorage, Alaska 99501
Box 100516, Anchorage, Alaska 99510 — 907/278-9615

EXECUTIVE DIRECTOR
Paula P. Easley

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POLICY STATEMENT NO. 6

MANUFACTURING

Basic manufacturing in the United States accounts for nearly 25% of all employment. In Alaska, jobs in manufacturing constitute less than 6% of total employment. During the past decade, the increase in manufacturing jobs was 16% less than the growth rate of jobs in all other sectors of the Alaska economy.

In a 1982 estimate by the Alaska Department of Labor, out of a total labor force of 194,400, only 11,100 people made their living in jobs related to the transformation of materials and substances into new products. Many of those jobs were held by non-Alaskans working briefly in seasonal industries.

Manufacturing is said to be the link between the state's natural resources and the consuming elements of national and international economies. Processing and packaging of Alaska seafood, forest and food products; manufacturing of petroleum, chemicals, concrete and fabricated metal products, and miscellaneous items while now only a relatively small percentage of total state production, show great potential for expansion.

Alaska's circumstances have resulted in creation of products for which greater markets may emerge. These range from high-quality craft items to agricultural products to manufactured items designed to serve specific climatic and geographical factors.

Value-added processing of natural resources is a legitimate state goal for strengthening the economy; so as is the encouragement of transforming other materials and substances into new products. Alaska-based manufacturing offers freedom of dependence on imported goods and a wider variety of employment opportunities for the existing and future labor markets. As the state's population grows, more manufacturing ventures become economic. Greater use of export trading companies as vehicles for entering foreign markets will encourage Alaska manufacturing as well.

-continued-

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In addition to the recommendations contained in the Economic Development Policy Statement No. 1, and industry-specific statements, the Resource Development Council recommends:

I

That the State of Alaska and federal agencies, to the greatest extent possible, procure products and services from Alaskan firms. In the bid review process, government agencies should consider the multiplier effects of dollars placed in the Alaska economy as opposed to hard-dollar bid figures.

II

That local and state government agencies enact incentives routinely used by other states to encourage location of manufacturing firms--extension of roads and utilities, discovery royalties state-of-the-art market research assistance, time limits on permitting, tax holidays, land availability, innovative financing programs, tax exemptions on inventories, investment tax credits, vocational training programs, etc., and develop current information on the cost of doing business in specific communities.

Adopted April 26, 1983, as amended.

AGO 786447

Resource Development Council
for Alaska, Inc.
444 West 7th Avenue. Anchorage. Alaska 99501
Box 100516. Anchorage. Alaska 99510 — 907/278-9615

EXECUTIVE DIRECTOR
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POLICY STATEMENT NO. 15

ENERGY RESOURCE DEVELOPMENT

Alaska is singularly blessed with energy resources--oil, natural gas, coal, timber, geothermal, tidal, peat, wind, falling water and sunshine.

Alaska is also a net exporter of energy. This condition is not likely to change in the foreseeable future, and the volume of energy resources in Alaska will far outstrip any projected instate demands.

Alaska will continue to grow and as it does, energy demands will increase. The opportunity to satisfy such needs by renewable means further allows the state to market other energy resources for more diverse purposes.

The Resource Development Council thus recommends:

I

That Alaska increase its commitment to maintain and enhance a position of world-scale net exporter of energy resources, particularly oil, natural gas and coal, while reserving for in-state use that amount of raw material required for manufacturing and energy.

II

That Alaska consider and only commit funding to those renewable resource energy sources that are practical on the scale desired. The test, however, must be on cost effectiveness over the project's life.

Adopted April 26, 1983

AGO 786448

Resource Development Council
for Alaska, Inc.
444 West 7th Avenue, Anchorage, Alaska 99501
Box 100516, Anchorage, Alaska 99510 — 907/278-9615

EXECUTIVE DIRECTOR
Paula P. Easley

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Phil Holdsworth
Robert Hufman
Jerry Jean
Kay H. Easley
Dr. Phillip Locker
Dr. Charles Logsdon
Dennis Lohse
Jeffrey B. Lowenfels
Paul J. Martin
Roger Meeks
Richard Morgan
Max Nolley
Colleen O'Donnell
Nate Olemaun
Tom Owen
Lloyd Pemela
Allen J. Pilto
William Purrington
Sandra Quandt
Pat Quinlan
Sig Restad
Irene Ryan
Dale Teel
Joe Thomas
Dick Tindall
James Wakefield
Jack Werner
Lew Williams
Joe Wilson
Don Wold

STAFF CONSULTANTS
Boyd Brownfield
Steven H. Hasegawa
Sarah Hemphill
Robert Huck
Frank Jones
William Ogle
Dale Tubbs

POLICY STATEMENT NO. 16

NATURAL GAS AND PETROCHEMICALS DEVELOPMENT

Petrochemical development represents a significant opportunity for increasing permanent employment by establishing an industry that adds value to petroleum resources produced from Alaska's lands.

The Alaska Legislature and administration can greatly influence whether a petrochemical industry is developed in the state. The following are examples of actions the state should consider taking and that RDC believes are reasonable and in the best interests of the people of Alaska:

I

That the State of Alaska identify and remove all barriers that detract from and retard the establishment of a petrochemical industry in Alaska.

II

That the legislature, in cooperation with the administration, develop a clear economic policy which will encourage development of manufacturing industries in the state and which, specifically, will facilitate the use and processing of natural gas and gas liquids within the state.

III

That the State of Alaska develop a regulatory policy which would facilitate construction of natural gas and gas liquids pipelines and petrochemical facilities.

IV

That Alaska's Congressional delegation work to remove federal statutory and regulatory prohibitions on the export of liquefied natural gas and surplus gas liquids.

That the State of Alaska work to promote the sale of petroleum products from the North Slope and other areas of the state to foreign markets.

-continued-

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V

That the State of Alaska expand and develop infrastructure which would facilitate and make less costly the development of natural gas and gas liquids and their transportation.

VI

That the state review and amend its pipeline regulatory and tax laws to ensure fair returns to private investors. Pipeline transportation of petroleum products from distant oil and gas fields to processing and export facilities should be expedited and encouraged.

VII

That the State of Alaska continue to support programs to train Alaskans for jobs available in the operation of natural gas, gas liquids and liquefied natural gas pipelines and facilities.

Adopted April 26, 1983, as amended

AGO 786450

Please review!
John Cowdery

MEMORANDUM REGARDING PRICE DISPUTE

BETWEEN THE STATE OF ALASKA AND

ALASKA OIL COMPANY

April 19, 1983

AGO 786451

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I. INTRODUCTION

The litigation between the State of Alaska ("State") and Alaska Oil Company ("AOC") arises from AOC"s failure to pay approximately $62.6 million of the full invoiced price for royalty oil purchased by AOC from the State in 1981 and 1982. The State has insisted from the beginning of the dispute that the price invoiced by the State was calculated in accordance with the contract between the State and AOC, and that the full invoiced price must be paid. But AOC claims that the price invoiced by the State exceeds the "market price" which AOC asserts was agreed to in the contract, and AOC has therefore paid the State a lower price in accordance with AOC's unilateral calculations of the "market value" of the oil.

Section II of this memorandum briefly discusses the State's right to and its options for the disposition of royalty oil from Prudhoe Bay. Then, in Section III, the negotiation and amendment of the AOC contract will be considered, and the price terms will be examined. AOC's withholding from payments to the State, and AOC's claimed reasons for such withholding, are described in Section IV. Finally, in Section V, the ongoing litigation between the State and AOC is reviewed.

II. ROYALTY OIL FROM PRUDHOE BAY LEASES

During the 1960s, the State sold leasehold interests at Prudhoe Bay to various oil companies. Each lease reserves for the State a one-eighth (12.5%) royalty share, to be taken

"in kind" or "in value," in any production which might occur after the leases are explored and developed.

Under the lease terms, if the State opts to take all or part of its royalty share "inkind," the State takes possession of the royalty oil at Pump Station No. 1 after giving the North Slope Producers six months notice of the volume of oil desired. Traditionally, the State does not take physical custody of the oil, but rather resells it at Pump Station No. 1.

Under the "in value" alternative in the Prudhoe Bay leases, the State can receive cash payments from the North Slope Producers for the value of some or all of the State's 12.5% of Prudhoe Bay oil. Although in this case the State has no control of how the oil is marketed, the State is empowered to audit the Producers to insure that proper value is received for the State's royalty oil.

Disposition of the royalty oil to which the State is entitled under the Prudhoe Bay leases is governed by AS 38.05.182-183. Section 182(a) requires the Commissioner of Natural Resources to take royalty oil "in-kind" unless the Commissioner finds that "in value" taking is in the best interest of the State. Section 183(e) requires the Commissioner to evaluate royalty oil purchase proposals (where sale is other than by competitive bid) in light of, among other things, the cash value offered, the benefits of refining or processing in the State, and the ability of the purchaser to supply refined products in-state with price or

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supply benefits. These statutory directives imply a preference for taking royalty oil "in kind" rather than "in value," and a preference for in-state processing over purely export sales.

In 1974 the Alaska Legislature established the Alaska Royalty Oil and Gas Development Advisory Board, and invested it with authority to approve or disapprove any royalty oil disposition contracts submitted by the Commissioner of Natural Resources. Under the 1974 legislation, proposals for the sale of royalty oil first had to be approved by the Royalty Board, and then submitted to the Alaska Legislature for its concurrence.

III. ALPETCO AOC CONTRACT

A. Negotiations

In the summer of 1977, the Department of Natural Resources formally solicited bids for the sale of the State's royalty oil from Prudhoe Bay. The solicitation required each bid to provide for the use in Alaska of "some or all" of the purchased royalty oil. Concurrently, the Royalty Board supplemented the existing statutory guidelines with several policies to guide the disposition of the State's royalty oil. Among the policies was the requirement that the price at which the State sold royalty oil should be no less than the amount the State would have received had the State opted for "in value" cash payments from the Producers instead of taking the oil "in kind."

Ten preliminary proposals responding to the State's solicitation were received by August 1, 1977. After the

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Commissioner of Natural Resources evaluated the proposals, the list of bidders was reduced to four companies who submitted final proposed contracts for large-volume purchases of royalty oil. Following intensive negotiations with the final four bidders, on February 22, 1978 the Commissioner signed, and the Royalty Board approved, an Agreement for the Sale and Purchase of State Royalty Oil (the "Contract") between the State and Alaska Petrochemical Company ("APC"). The initial Contract was for a term of 27 years and authorized the purchase of up to 150,000 barrels per day of royalty oil for processing in a world-scale petrochemical plant APC agreed to construct in Alaska.

B. Amendments to APC Contract

The APC Contract was amended twice. The first amendment occurred as a result of the legislative approval process for the initial Contract; changes were mandated by the Legislature in some of the terms of the Contract relating to required expenditures and construction obligations. The amended Contract required Alpecto to expend certain amounts in furtherance of the project at specified intervals, to enter into arrangements for construction and financing by December of 1979. The amended Contract was approved by the Legislature on June 13, 1978.

The second amendment stemmed from three events. First, the project sponsors indicated that the petrochemical portion of the project was not immediately feasible, and that the facility constructed would in fact be a refinery (although a highly sophisticated refinery using state of the art technology).

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Second, the State's determination in December 1979 that Alpetco had met required conditions regarding construction and financing arrangements, entitling them to interim taking of royalty oil, met with substantial public criticism. Third, the ownership of the project changed substantially in 1979 when APC assigned its interest in the Contract to the Alpetco Company, which later changed it name to Alaska Oil Company ("AOC"). AOC is a general partnership presently consisting of Charter Oil (Alaska) Inc. (85.31%), Valdez Oil, Inc. (8.04%) and Barbour Oil Company (6.65%). Charter Oil (Alaska), Inc. and Valdez Oil, Inc. are both wholly owned subsidiaries of The Charter Company, which therefore has an indirect 93.35% interest in AOC.

The second amendment, entered into in May 1980, reduced the volume of oil to be purchased by AOC beginning in July 1980 from 150,000 to 75,000 barrels per day. Only when the promised refinery was operational would AOC be permitted to purchase up to 100,000 barrels per day. To ensure that AOC constructed the refinery in an expeditious manner, the amended Contract also required AOC to meet specific project development criteria by December 31, 1981, before the Commissioner would approve further sales of North Slope crude to AOC.

C. Contract Price Provisions

The price provisions of the Contract were not altered by either amendment. Since price is at the center of the State's dispute with AOC, the price provisions are described below in some detail.

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The State had insisted from the outset that the minimum acceptable price for its royalty oil would be the equivalent of the "in value" price the State would have received from the Producers had the State not opted to take its oil "in kind." In keeping with the State's unwavering position on price, the Contract expressly provides that the final price to be paid by APC/AOC "shall be equal to the sum the [State] would have received from the [Producers] had [the State] received its royalty in value instead of . . . in kind." (Article 8.1.1.) This provision reflects the simple fact that the State had no intention of diminishing its royalty income as a result of taking its royalty oil "in kind" (for sale to AOC) instead of "in value" (i.e., cash).

At the time the Contract was signed, the method of determining the "in-value" price of royalty oil was the subject of a still unresolved lawsuit entitled State of Alaska, et al. vs. Amerada Hess Corporation, et al. Since the "in value" price had yet to be determined in the Amerada Hess litigation, the Contract provided for two prices: a final price to be paid once Amerada Hess establishes the "in value" price, and an interim price to charged pending the resolution of Amerada Hess.

Article 8.1.1 of the Contract provides that the final price under the Contract will equal the "in value" price to be judicially determined in Amerada Hess.

> After such time as [Amerada Hess] shall be resolved among Seller and [the Producers], the parties hereto will be bound by the terms of such resolution, judicial or otherwise. Seller and Buyer expressly

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> recognize that adjustments in prices previously paid may be necessary following said resolution . . .

Article 8.1.1 of the Contract also specifies the interim price to be used until Amerada Hess is decided:

> Pending resolution of said dispute among Seller and [Producers], by judicial decision or settlement in the [Amerada Hess] case, the in value royalty under the Leases, and therefore the price hereunder, shall be computed in accordance with Exhibit "B", attached [to the Contract.]

Exhibit B was designed to yield a price akin to what the State believes the Court in Amerada Hess will eventually determine is the proper "in value" price. The Exhibit B price is calculated each month in two steps. First, a per barrel royalty oil "value" is determined for each Producer, by taking the higher of the weighted average of the actual prices received by that Producer or the weighted average of the actual prices received by all other Producers. The "values" for each Producer are then used in the second step of the Exhibit B calculation, which computes the weighted average of the "values" of all the Producers. The effect of this method of price calculation is to disregard, for purposes of the final weighted average, the lower prices received by some Producers, and unless all Producers report exactly the same prices, the Exhibit B price will always exceed the weighted average of all Producers' prices for that month.

The fact that neither the final price nor the Exhibit B price under Contract would necessarily equal "market"

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value was repeatedly recognized during negotiation of the Contract, and on at least three occasions the parties rejected use of "market price" as a price standard. APC's original contract proposal called for a "market price" tied to the price of Saudi crude oil. But the State insisted on receiving an "in value" price pegged to the price the Producers would have paid the State had the State's royalty been taken "in value" rather than "in kind," and Alpetco eventually agreed.

Later in the negotiations, discussion turned to the interim price to be paid by APC pending resolution of Amerada Hess. Until Amerada Hess is decided, royalty payments by the Producers are based on a weighted average of all Producers' actual sales, a formula which yields a price lower than the "in value" price which the State in Amerada Hess claims is appropriate, and which Exhibit B approximates. APC objected to paying a higher interim price than the interim price the Producers were paying, and sought to base its interim price on the weighted average of the prices reported to the State by all the Producers. The State, however, was unwilling to allow APC to follow the Producers in paying less than the price the State expects Amerada Hess to establish since APC had no security in Alaska comparable to the Producers' leases. APC eventually agreed to base the interim price (Exhibit B) on the State's position in Amerada Hess, and thus agreed to a price higher than the weighted average of the Producers' prices.

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Thereafter, during the detailed negotiation on using the State's position in Amerada Hess as a basis for the interim price, market price was once again rejected, this time by APC. In Amerada Hess, the State asserts that each Producer should pay the highest of three price standards, one of them being "market price." The State proposed using the same three-part standard for APC's interim price, but APC objected that "market price" is too subjective to use in computing price. The parties then agreed to exclude "market price" from Exhibit B calculations, a decision reflected in Footnote 5 to Exhibit B:

> "Market" . . . value shall not be used in calculating the "In Value Price to Buyer" unless and until the methodology of determining same is judicially decided.

Thus, during negotiation of the Contract, the subject of using "market price" as a standard arose three times. On each occasion, its use was rejected.

IV. THE PRICE DISPUTE

A. AOC Cancellation of Refinery Project

By meeting certain "benchmark" requirements of the Contract pertaining to progress on the refinery project, AOC became entitled to and began receiving 75,000 barrels per day of royalty oil in July 1980. Each month thereafter, the State tendered an invoice to AOC for the oil purchased the previous month. The price used in each invoice was computed by applying the formula in Exhibit B of the Contract to data reported by Producers for royalty purposes. The State also provided AOC with certain data from the Producers' royalty

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reports which were used to calculate the Exhibit B price. For almost one year, AOC paid each monthly invoice, based on the interim Exhibit B price, in full.

On May 21, 1981, AOC announced the cancellation of the refinery project, claiming that they had determined that they would be unable to obtain adequate project financing before the Contract deadline of December 31, 1981. The State and AOC thereafter mutually agreed to terminate the Contract. But because of the notice requirement in the Prudhoe Bay Unit Agreement for denominating royalty oil, the Contract provided that AOC had to continue taking royalty oil for seven months after notice of termination unless the State could make alternate sales arrangements. The State was unable to place the oil elsewhere under satisfactory terms, and AOC therefore continued to take 75,000 barrels per day until January 12, 1982, when the Contract was officially terminated.

B. AOC Witholding from Payments to State

In mid-1981, shortly after AOC's cancellation of the refinery project, AOC became dissatisfied with the interim Exhibit B price established by the Contract and decided to set the price unilaterally. Thereafter, during the remaining months of the Contract, AOC paid about $62.6 million less for the State's royalty oil than the amount invoiced by the State pursuant to Exhibit B.

In underpaying the State for oil delivered from June 1981 to January 1982, AOC not only unilaterally "adjusted" the Exhibit B price to a lower price arbitrarily set

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by AOC; it also subtracted a portion of its payments previously made at the Exhibit B price for the months of February through May 1981. For example, for the month of November 1981, AOC underpaid the State approximately $3 million on the basis of its unilateral price adjustment for the month of November, and withheld an additional $7.5 million as a "retroactive adjustment" for February 1981 -- even though AOC had previously paid the February 1981 invoice in full.

By this device of "retroactive adjustment," AOC attempted to disguise the magnitude of its unilateral price revisions. For example, AOC purported to reduce the price it paid for oil in November 1981 by $1.92 per barrel and attributed the remainder of its November underpayment to a "retroactive adjustment" of $3.53 per barrel for the month of February, 1981; the combined effect of these "adjustments," however, was a price reduction of more than $6 a barrel below the $22.91 invoiced price calculated pursuant to Exhibit B for oil delivered in November.

The oil for which AOC had underpaid the State was re-sold by AOC, through an affiliate, for a profit which has been estimated at between $32 million and $38 million. The disposition of this profit by AOC is difficult to trace with precision, but it is clear that AOC itself retained virtually none of the profit. Instead, the profit was transferred to AOC's partners and to other affiliates of The Charter Company (which indirectly owns 93.35% of AOC).

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C. AOC's Claimed Justification for Withholding

AOC claims that the Contract price for the oil should represent a "market price," and that AOC does not have to pay any price higher than the "market price" calculated by AOC. The basis for AOC's claim that it should pay only a "market price" (rather than the invoice price computed pursuant to Exhibit B of the Contract) has never been thoroughly explained. But AOC argues that the invoiced Exhibit B price was too high because the prices reported by the Producers, on which the Exhibit B calculation is based, were too high. Despite repeated requests from the State for evidence supporting AOC's claim that the Producer reported prices were too high, AOC's only evidence to date consists of theoretical calculations by AOC of what the true "market price" for Prudhoe Bay oil should be. AOC's claim of inflated price reports from the Producers is especially implausible since the severance tax paid to the State by the Producers is based on the prices they report. In other words, if, as AOC claims, the Producers are reporting prices which are too high, then the Producers are thereby deliberately increasing the amount of severance tax they must pay to the State.

Although the factual basis for AOC's withholding remains murky, the claimed legal basis for that withholding is more focused. Article 9.3 of the Contract provides in its entirety:

> Billing Disputes. Should any portion of the account furnished to Buyer by Seller be disputed in good faith, Buyer and Seller agree to mutually arrive at a fair and equitable resolution of such dispute,

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> if possible, and Buyer agrees to pay the amount so determined to be due to Seller within fifteen (15) days after such resolution. Buyer shall pay for such amounts as it does not in good faith dispute in accordance with the provisions of this Article IX.

The State's position is that this Contract provision is designed to cover routine and relatively minor billing disputes, and that, in any event, AOC's price dispute is not in "good faith." But AOC interprets the provision much more broadly, arguing that it covers matters as fundamental as the method of calculating the price, and that AOC has no obligation to pay amounts it unilaterally disputes until fifteen days after the resolution of such dispute.

V. LITIGATION BETWEEN THE STATE AND AOC

The State met on numerous occasions with AOC and its lawyers in an attempt to determine if AOC had any valid grounds for claiming the existence of a pricing dispute within the meaning of the Contract, and to hear various presentations made by AOC in support of their claim. On December 14, 1981, a letter was sent by the State to AOC setting forth the State's determination that no cause for a price dispute existed, and demanding payment of the full amount due to the State under the Contract. The day following receipt of this letter, AOC filed a Complaint for declaratory judgment against the State in Fairbanks Superior Court. The State answered, alleging that the Contract price term controls, and that AOC had engaged in various fraudulent conveyances and other transactions which had depleted its assets. That case is currently pending, but has been stayed by the petition filed by the State in the

AGO 786465

United States Bankruptcy Court in Anchorage seeking to have AOC declared an involuntary bankrupt.

The decision to proceed against AOC in the Bankruptcy Court rather than in Fairbanks Superior Court reflected the fact that AOC itself has virtually no assets, having transferred them to its affiliates. In order to recover any substantial portion of the money owed to the State by AOC, it will be necessary for the State to collect from AOC's parent (The Charter Company) and its affiliates -- a process which is far easier in the Bankruptcy Court than in State Court. Moreover, the Bankruptcy Court has broader jurisdiction over witnesses and documents outside of Alaska, and Bankruptcy proceedings tend to be resolved more quickly than State Court actions.

The bankruptcy proceeding was commenced by the State in February 1982 and the matter was tried in January 1983. During the intervening months, nine separate hearings were held, dozens of briefs and memoranda were filed by both sides, thirty-one depositions were taken in four states, and tens of thousands of pages of documents were exchanged and reviewed.

Trial commenced in Anchorage on January 17, 1983, and continued for five very full trial days. At the conclusion of the trial, the Bankruptcy Judge denied the State's petition to have AOC placed in involuntary bankruptcy. This ruling does not, however, prevent the State from now proceeding against AOC in the Alaska State Courts.

The Findings of Fact and Conclusions of Law which the Bankruptcy Judge must issue to conclude the bankruptcy

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proceedings are still the subject of memoranda and argument before the Court, and are not expected to be issued before the end of April. But even in the absence of a definitive statement from the Court, the oral ruling by the Judge at the close of the trial in Anchorage gives a fair indication of the basis for his ruling.

The Bankruptcy Judge stated that, based solely on the price provisions of the Contract, AOC has a debt to the State for at least some portion of the amount withheld from AOC's payments for royalty oil. But the Judge also concluded that AOC's price dispute is in good faith within the meaning of Article 9.3, and that Article 9.3 of the Contract gives AOC the right to withhold payment of any amounts disputed in good faith until such time as the dispute is resolved. Therefore, the Court concluded, AOC's debt to the State is not yet "due" to be paid because of the good faith price dispute, and AOC could not be judged to be bankrupt for failing to pay that debt. Counsel for the State believe that the Court's ruling is not consistent with existing law, and the prospects for an appeal of the Bankruptcy Court's decision are now being evaluated.

The State is also considering the extent to which it will be fruitful to pursue the State Court action against AOC to recover the $62.6 million withheld by AOC from its payments for royalty oil. Among the factors to be considered in connection with that decision is the fact that Article 9.3, which proved to be the major stumbling block in the Bankruptcy Court proceeding, would have little bearing on an action in Alaskan Courts. AOC was able to avoid involuntary

AGO 786467

bankruptcy by convincing the Bankruptcy Court that its dispute with the State was in good faith, and that (because of Article 9.3) AOC's debt was not yet "due" to be paid. But in State Court, the central issue would be simply whether or not AOC has paid the price called for by the Contract, and AOC's good faith (or lack thereof) would not control whether AOC must pay the State the amount withheld. Another important consideration bearing on the decision whether to pursue the State Court case is the fact that much of the research and discovery already conducted in the bankruptcy proceeding would be used in a State Court action.

AGO 786468

STATE OF ALASKA
THE LEGISLATURE

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

LEGISLATIVE AFFAIRS AGENCY

M E M O R A N D U M May 5, 1983

SUBJECT: Royalty oil sales under AS 38.06.055 (Work Order No. 13-1361)

TO: Representative John Cowdery

FROM: Richard C. Folta
Legislative Counsel

You have asked if the legislature does not approve a royalty oil sale under the above statute, may the commissioner of natural resources sell the oil without legislative approval to the same company on a negotiated short term contract substantially different from the original sale.

The answer is yes, if the sale is determined by the commissioner to be needed to "relieve storage and market conditions". AS 38.06.055(b)(1) provides that legislative approval is not required when the sale, exchange, or other disposition of oil or gas for one year or less if the sale, exchange, or other disposition is entered into to relieve storage or market conditions. The commissioner may also forego competitive bidding if in the "best interest of the state" after notice to the Royalty Board (AS 38.05.183(a)).

The transaction may be viewed with suspicion by the legislature, who after disapproving a sale of royalty oil sees the commissioner finding a sudden storage and market crisis and proceeding with a sale under AS 38.06.055(b)(1). If there was litigation over the sale the standard of review by the courts would be as set out in National Bank of Alaska v. Department of Revenue, 642 p.2d 811 (1982).

The reasonable basis standard is used where the question at issue, i.e., determination of "relieve storage or market conditions" implicates special agency expertise or the determination of fundamental policies within the scope of the agency's statutory functions. The second test or independent judgment standard is when the court makes its own determination of the meaning of the statute and need not

AGO 786469

follow the agency's construction even if it is one of several reasonable readings. Very likely the court would invoke the former rule in coming to a decision.

RCF:ljb
17/031

Introduced by: Mayor
Date: May 3, 1983
Vote:
Action:

KENAI PENINSULA BOROUGH

RESOLUTION 83-119

SUPPORTING APPROVAL OF STATE ROYALTY OIL CONTRACTS TO CHEVRON USA AND TESORO ALASKA.

WHEREAS, contracts for the supply of the State's royalty oil for Chevron USA and Tesoro Alaska are currently pending the approval of the State Legislature; and

WHEREAS, the supplies of crude oil from Cook Inlet and Peninsula fields have been dwindling annually since 1970 necessitating the companies to look to the State for assured supplies; and

WHEREAS, it has been the expressed interest of the State to pledge its royalty oil for in-State processing and to trigger new industrial investment and employment; and

WHEREAS, the contracts call for an eleven-year supply of 18,000 barrels per day to the Chevron refinery, and 26,000 barrels per day to the Tesoro refinery for in-State processing of products for Alaska markets; and

WHEREAS, the supply of the royalty oil will add measurably to the economic well-being of the State of Alaska and the Kenai Peninsula assuring the continuing operation for the Chevron refinery and the further expansion of the Tesoro refinery; and

WHEREAS, the Chevron and Tesoro refineries are annual contributors to the economy with a combined payroll of $4 million from the 105 year-round jobs, operations impacting another 100 jobs and $2.5 million in wages in the service and supply sector, $1.5 million in local purchases, and sizeable tax contributions from a combined $125 million in assessed valuations; and

WHEREAS, such contributions to the economy would be increased by an $80-$90 million expansion of the Tesoro refinery, a 250-member construction work force, and the addition of 20-30 new year-round jobs for the expanded operations of the plant; and

WHEREAS, it has been determined by the State Commissioner of Natural Resources, and the State's Royalty Oil and Gas Advisory Board that the approval of contracts to provide long-term supplies of the State's North Slope crude to the two companies is in

AGO 786471

the best interest of the State of Alaska, and a wise and expedient use of the State's oil resources;

NOW THEREFORE, BE IT RESOLVED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH:

Section 1. That the Assembly recommends that the State Legislature approve contracts for the supply of the State's royalty oil from the North Slope to the in-State refining facilities of Chevron USA and Tesoro Alaska.

Section 2. That the Kenai Peninsula Borough Assembly supports the concept of approval and ratification of those contracts as provided in HB 320; HB 370; HB 371; SB 268, and SB 269.

Section 3. That the Borough Clerk shall distribute a copy of this resolution to Governor William J. Sheffield; to Senate President Jalmar Kerttula; to House Speaker Joe L. Hayes; to the Chairmen of the Senate and House Resources Committees; to Senators Don Gilman and Paul Fischer; and to Representatives Hugh Malone, Bette Cato, Milo Fritz, and Vern Hurlbert.

Section 4. That this resolution takes effect immediately on the date of its adoption.

ADOPTED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH ON THIS _____ DAY OF _____, 1983.

_____
Donald L. McCloud, Assembly President

ATTEST:

_____
Borough Clerk

AGO 786472

Chevron

Chevron U.S.A. Inc.
P.O. Box 7-839, Anchorage, AK 99510 • Phone (907) 279-9666

J. E. Day
Public Affairs Manager

May 11, 1983

Honorable John Ringstad
Honorable Richard Shultz
Co-Chairmen
House Resources Committee

Gentlemen:

At the House Resource Committee hearing on May 5, 1983 there were questions raised for which we had incomplete answers at the time. This letter will provide more complete responses to the specific questions listed.

1. What is the total petroleum product demand in Alaska, and what is the individual refiner market share?

   It is difficult to provide a precise and up-to-date summary of product demands and refiner market share within the time frame needed for your deliberations. However, we feel that the data presented in the Alaska Petroleum Product Pricing Report (L. F. DeLong and L. M. Pernela, February 1, 1983) is reasonably accurate and does report figures that approximate our own estimates that were made in 1979. Therefore, we summarize them on Attachment A, giving you the source pages in the Pricing Study Report. For a separate break-out of "Railbelt" demand Page 34 of that report is enclosed as Attachment B.

   Our own 1979 study anticipated Alaska's demand for product to increase over a 1980 base of 1 by the following factors:

	1980	1985	1990	2000
AV GAS	1	1.00	1.18	1.36
MO GAS	1	.98	.95	.93
JET FUEL	1	1.18	1.35	1.41
DISTILLABLE FUELS	1	1.13	1.21	1.31

AGO 786473 F +

2. What is the price of Cook Inlet Crude?

This crude is priced by the individual producers and the most recent price posting we have is by ARCO dated February 17, 1983. That posting was at $25.00/Bbl. for crude at a gravity between 34.0 and 34.9 °API. For every gravity increase of 1° API the price goes up 10¢; e.g., 36.5° API crude would be $25.20/Bbl.

We also should point out that this is a premium crude; it is low surfur and contains a much higher percent of light products (in the order of magnitude of 55% vs. 35% from ANS).

3. How much Jet Fuel does Chevron import? How much Jet Fuel is imported at Anchorage International Airport?

It might help to first provide a brief description of the airport consortium. It is currently a consortium of ten (10) airline members operated by Butler Aviation. Each airline purchases its own fuel from various suppliers for delivery to common tankage. The fuel is comingled but each airline maintains its own inventory. The consortium itself does not purchase fuel, it only operates the facility.

Chevron supplies fuel to various airlines and during the year of 1982 supplied approximately 2.8 million Bbls. (7.7 MBD). The source of this fuel was as follows:

	%	MBD
Imported via tanker	43	3.3
Produced at Nikiski Refinery	24	1.9
Exchange or purchase agreement from other in-state refiners	33	2.5
	100	7.7

The total thru-put for the Anchorage terminal for 1982 is in the order of magnitude of 5,000,000 Bbls. or about 13.7 MBD.

4. What is Chevron's distribution system for Western Alaska?

This can be best described by use of a map (see Attachment C). The map gives general routes, but some additional detail is provided to help in understanding the magnitude of the handling costs.

In the summer time, tankers deliver product to Dutch Harbor and since the wharf is too small to accomodate them, a barge lightering operation is required. Large barges then move the product from Dutch Harbor up to Kotzebue, Nome and St. Michael, but again, because of shallow water, the fuel is lightered to shore on smaller barges.

Because product resupply can only be accomplished during summer months these terminals are much larger than those that can be resupplied year around. Also, for this same reason average annual inventory at these terminals is much higher than the average which adds a higher than normal inventory cost to the ultimate fuel price.

For the use of the committee only we have also provided some dollar values of ice locked terminal inventories and plant facilities. We ask that this particular information because of its proprietary nature not be released to the press or made available to our competitors.

PLANT	ESTIMATED MARKET VALUE OF PLANT	ESTIMATED VALUE OF AVERAGE INVENTORY
Bethel	$ 2,739,000	$ 4,681,000
St. Michael	809,000	1,474,000
Nome	1,159,000	5,582,000
Kotzebue	2,587,000	5,726,000
Dillingham	1,582,000	1,374,000
Fort Yukon	557,000	670,000
Galena	971,000	1,198,000
Naknek	875,000	1,206,000

We hope that this information is the complete response to your questions. If there is other information that would be desired, please let Mr. Ray Plummer know and we'll try and respond.

Sincerely,

George E Day

G. E. Day

ATTACHMENT A

SUMMARY OF SELECTED PRODUCT DEMANDS IN ALASKA AND IN-STATE REFINERY PRODUCTIONS

	CHEVRON		TESORO		NPR		
	(1) 1982 (Adjusted)	(3) Capacity	(1) 1982	(4) Capacity	(1) 1982	(5) Capacity	(6) Alaska Product Demand - 1982
	(7) BPCD	BPSD	BPCD	BPSD	BPCD	BPSD	BPCD
MO GAS			11.5	12.28	-	-	14.4
JP-4	.9	1.1	1.0	1.07	2.7	3.72	29.1
JET A-1	2.3	2.8	12.6	12.2	5.4	8.37 (3)	
#1 OIL			3.9	4.3	4.4	2.42	31.6
#2 OIL	2.2	2.8					
CRUDE FUEL	(2) 14.5	18.0	45.2	48.5	43.0	46.5	

(7) BPCD = Bbls per calendar day (Average annual production that allows for some down time.)

BBSD = Bbls per stream day (Capacity on any given single day.)

(1) Source is Page 54 of Pricing Report. Chevron's numbers have been adjusted to reflect anticipated operation at 18 MBSD.

(2) BPCD adjusted for refinery maintenance and asphalt production. (Pg. 7 of "Agreement for Sale and Purchase of Royalty Oil" between State of Alaska and Chevron U.S.A. Inc.) Also yield of Jet A-1 in winter is less as that product is used to produce low pour diesel.

(3) Source is Pg. 39 of Pricing Study with yields corrected to reflect current operation.

(4) Source is Pg. 46 of Pricing Study. The split between Mo Gas and JP-4 is an estimate because the Pricing Study lumps them together.

(5) Source is Pg. 42 of Pricing Study.

(6) Source is Pg. 27 of Pricing Study.

AGO 786476

D. RAILBELT DEMAND

The demand for petroleum products in the Railbelt was determined from a number of data sources, including but not limited to: the volumes and types of petroleum products moved thru the ports of Anchorage, Whittier, and Nikiski; the production of products at the Alaska refineries and the product/crude oil movements through the GVEA, Nikiski, and Whittier pipelines. Utilizing the above data and formulating an input/output model, the 1981 and 1982 Railbelt demand on a BPCD basis was determined as outlined below:

RAILBELT PRODUCT DEMAND

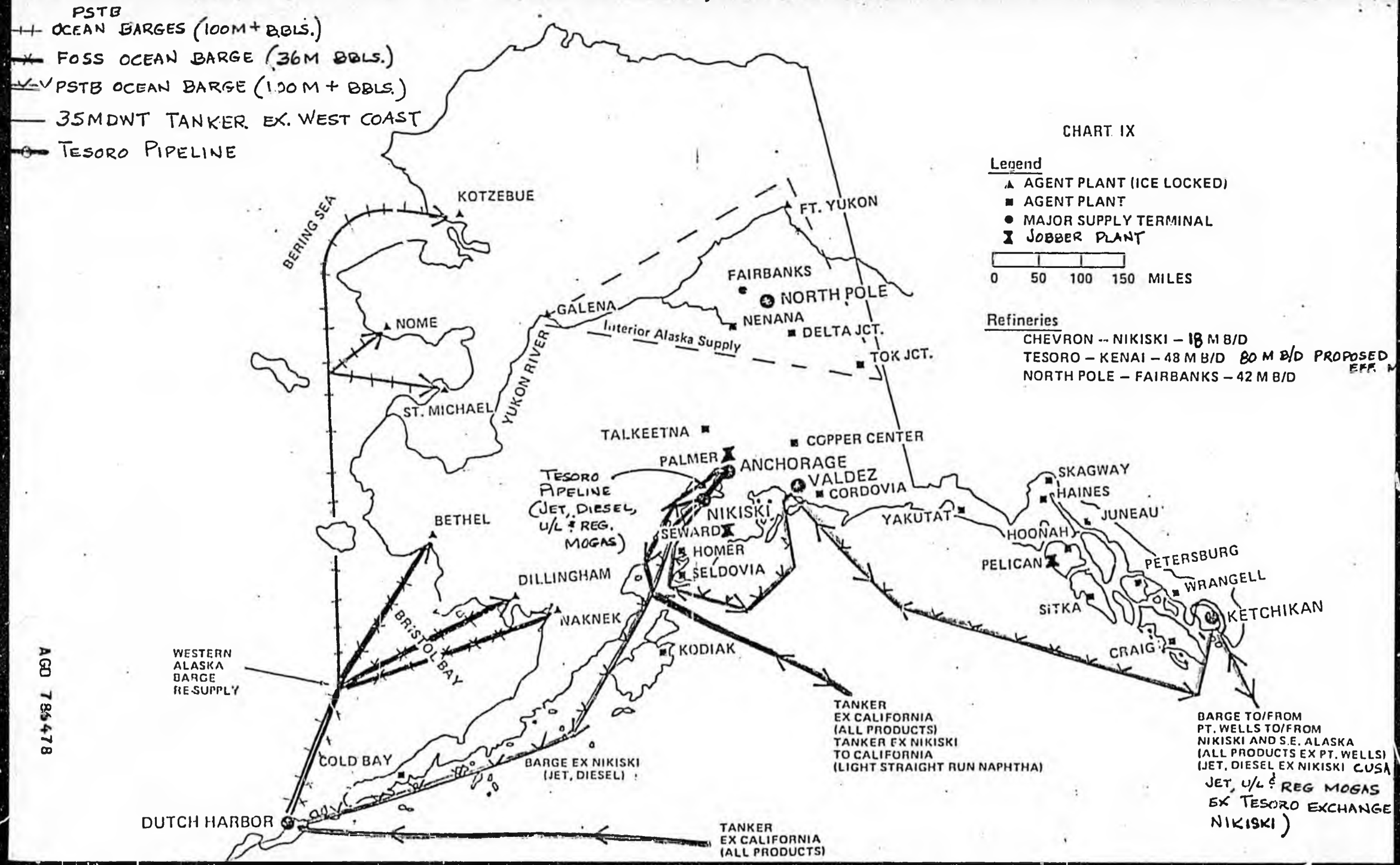
	MPBCD	
Product	1981	1982
MoGas	10.2	10.8
JP-4	4.6	4.6
JET B	1.7	.5
AvGas	.9	.7
Jet A-1	20.1	23.0
#1 HO/diesel/DFA	1.6	1.8
#2 HO/diesel	4.4	4.3
#4 FO	.6	.8
Asphalt	.6	.9
Total	44.0	46.5

The Railbelt volumes shown above reflect actual purchases and deliveries by refiners and wholesalers. Not included in the above figures are the TAPS turbine fuel manufactured and used exclusively by TAPS. Also year to year inventory changes would modify some of the above numbers in a minor way. For example, the changes in yearly inventory of the asphalt mix used in the manufacture of asphalt by Union at their topping plant at their Anchorage terminal is a clear indication of the types of problems encountered when interpreting data. In this example the numbers presented above do not reflect inventory carry-overs or drawdowns, yet in 1981 Union used 1980 asphalt in their plant, whereas in 1982 they imported asphalt mix and used it all in that year. The apparant "increase" in asphalt demand

AGO 786477

Alaska Primary Distribution

ATTACHMENT C



AGO 786478

Memorandum

San Francisco, CA
May 11, 1983

ALASKA PRODUCT STUDY

Mr. J. C. LEUTHYLER:

I have developed the following responses to the questions raised in Mr. J. F. Mayer's May 9 letter to you on the above subject:

Q. What is the cost to produce Nikiski jet fuel versus West Coast jet fuel?

We have never attempted to allocate refinery costs to individual product yields at our refineries and, therefore, these data are not available. We do maintain refinery optimization programs at most of our refineries to determine cost to produce incremental products based on assumed incremental raw material supply. However, these data would not be applicable to determine average costs.

Q. What is the in-state refinery output versus capacity?

Total in-state refinery capacity reflected on page 36 of the study is 130.5 MBPCD. Total output reflected in the refinery yield data incorporated in the study and assuming that Arco is operating its North Slope Refinery at capacity (14.0 MBPCD) totals 84.5 MBPCD.

Q. With the Tesoro expansion what will be the total in-state refinery output?

Based on a February 7, 1983 Oil and Gas Journal article indicating that Tesoro plans to expand its refinery to 80.0 MBD by mid-84, total in-state refinery output would be increased about 30 MBPCD to a total of about 114.5 MBPCD if Tesoro operated that increment at capacity.

Q. What products are imported into the state? From where?

All premium unleaded mogas and avgas must be imported because local refineries are unable to manufacture these premium products. This coupled with the deficits of jet and diesel oil are all imported from the West Coast with the exception of a small amount of foreign jet fuel as discussed in the next question. Asphalt charge stock is also imported from the West Coast for further processing at our Nikiski Refinery to manufacture finished asphalt.

Q. Does the consortium in Anchorage import jet fuel into the state? From where?

It is our understanding that essentially all imported jet into Anchorage flows through the consortium. On page 31 of the study, the import of jet fuel is indicated as follows:

3490 BPCD is imported from the West Coast

540 BPCD from foreign sources

However, we believe the import of foreign-source jet has now been swtiched to the West Coast.

Please advise if you have any questions regarding the above.

W. T. DANKER

WTD:jh

AGO 786480

6/14/83

Tesoro Stake Lowered To 28.9% by Charter Co.

By a WALL STREET JOURNAL *Staff Reporter*

WASHINGTON—Charter Co. said it lowered to 28.9% its stake in Tesoro Petroleum Corp.

In a filing with the Securities and Exchange Commission, Charter said a subsidiary, Charter Security Life Insurance Co., New York, sold 250,000 shares of Tesoro common stock from May 16 through May 20 at prices ranging from $14.875 to $15.25 a share on the open market. The filing also said that 36,800 shares were purchased on April 18 at prices ranging from $14.875 to $15 a share.

The filing also said that on May 23 Charter Security of New York sold 1,276,685 Tesoro common shares to another Charter subsidiary, Charter Security Life Insurance Co., Louisiana, for $14 a share. It also sold all of the Tesoro preferred shares it held to Charter Security of Louisiana for $17.60 apiece. Charter said that its New York unit sold all of its voting stock of Tesoro after New York state Insurance Department representatives indicated that its stake might be violating New York law governing stock ownership by insurance companies.

As a result of the purchases and sales, the filing said that Charter Co. holds 2,184,085 common shares and 2,875,000 preferred shares convertible into 2,500,100 common shares.

As of Dec. 31, Tesoro had 13.7 million common shares outstanding.

In Jacksonville, Fla., a spokeswoman for Charter, an oil, insurance and communications concern, said the company didn't have any comment about the filing. "It's just a regular 13D," she said.

In San Antonio, Texas, Tesoro officals couldn't be reached for comment.

AGO 786481

ALASKA RURAL ELECTRIC COOPERATIVE ASSOCIATION, INC.

237 E. FIREWEED LANE • SUITE 301
ANCHORAGE, ALASKA 99503 • (907) 276-3235

Hon. Frank Ferguson
Alaska State Legislature
Pouch V
Juneau, AK 99811

June 14, 1983

Dear Sen. Ferguson,

Several weeks ago, I had the opportunity to testify before the House and Senate Resources Committees regarding pending state royalty oil contracts with Tesoro Petroleum and Chevron USA.

Our support of these contracts was voiced in an effort to create a condition where competition and free market forces would force lower fuel prices in Western Alaska, both for our member electric utilities and consumers who must now pay more than 50% of their total household income for heat and light.

In the intervening weeks, we have been able to obtain some fuel prices which reinforce our position and should, we feel, be taken into consideration as these contracts are acted upon.

As you know, Western Alaska is supplied exclusively by Chevron USA from bulk shipments of fuel that originate on the West Coast. We have met with the company three times in an effort to negotiate lower prices but these talks have been singularly unproductive. Their prices are their prices and we don't like them; that's too bad. Their prices are also set community by community and are not effected by decreases in prices in Anchorage where Chevron must compete against other suppliers.

Tesoro, on the other hand, has been more than willing to assist our efforts at obtaining lower prices. And the president of Tesoro, Mr. Dennis Jurens, has made good faith commitments to us regarding a continuation of their pricing policies for this year and for the years to come. His company, he says, is interested in moving its products and to do that, it must have additional sales points and a more widespread

AGO 786482

distribution system.

The savings that Tesoro can give our member utilities right now are substantial. In the case of Naknek, Tesoro will sell us fuel at their Nikiski price of $.79 a gallon. We can barge this fuel into Naknek for $.10 a gallon with a landed price of $.89. This compares to $1.1425 per gallon from Chevron. The savings for the co-op in Naknek amount to $256,000 this year.

At Unalakleet, we are looking forward to saving a proportionate amount since Chevron's landed price is $1.38 while we can get supplied from a delivery point outside of St. Michael's at less than $1.16. Instead of prices in excess of $1.40 at Kotzebue, deliveries from competitive markets at Dutch Harbor will come in for just over $1.16.

Tesoro's Nikiski price, by the way, is lower than the jobber prices in Puget Sound. So much lower, in fact, that even piggybacking major shipments to the North Slope on already hired barges is more expensive than buying in-state and shipping from Cook Inlet.

Chevron's comments to us indicate that their prices will only respond to actual competition in the marketplace. None of the other major oil companies in Alaska we have contacted have expressed willingness to market products in Western Alaska in the immediate future. Lower fuel prices in the Western Alaska district are directly tied to Tesoro's ability to process more crude in-state and sell it here to existing markets. We feel that this opportunity to see Alaskans directly benefit from Alaska's oil resource should not be passed up since competition will result in lower prices for home heating fuel as well.

The state has a direct financial interest in these fuel prices, not only as a user of fuels but as a subsidizer of energy costs through the Power Cost Assistance Program and the Energy Cost Assistance Program. The lower the retail price of fuel, the less state money will have to be committed to support these programs.

As an aside, our fuel purchasing efforts are not being confined only to electric co-ops. We are in the process of contacting canneries and other major users who can take deliveries of large quantities to help us achieve an economy of scale. Mr. Jurens has indicated Tesoro's willingness to help us in this effort by arranging trades with other suppliers to provide the

quantities necessary in the event that there is a delay in their refinery expansion.

We feel strongly that it is in the best interests of the state, particularly Western Alaska, to approve these contracts and we would ask your support in this matter.

Regards,

Bill Blessington
Information Director

cc Dennis Jurens

Alaska State Legislature

COMMITTEES
OIL & GAS—(CO-CHAIR)
STATE OF AFFAIRS—(VICE-CHAIR)
LABOR & COMMERCE
RESOURCES

House of Representatives

REPRESENTATIVE
JOHN J. COWDERY
DISTRICT EIGHT

ANCHORAGE
P.O. BOX 10-1623
ANCHORAGE, AK 99511
(907) 344 0950

JUNEAU
POUCH V
JUNEAU, AK 99811
(907) 465-4905
465-4906

June 15, 1983

The Honorable Bill Sheffield
Governor
State of Alaska
Juneau, Alaska 99811

Dear Governor Sheffield:

I am seriously concerned by your recent statements regarding the proposed royalty oil contracts for Tesoro and Chevron. I note that, at your cabinet meeting this week, you accused several "large oil companies" of interfering with your attempts to seek legislative approval of the royalty oil contract legislation. Yet you declined to mention any of these "interferers" by name.

In a free enterprise system it seems quite appropriate to me that competition be allowed to flourish. You evidently disagree as evidenced by your statements. Further, if you intend to make such accusations, I would think you would have the courtesy to specifically name your detractors rather than brand the oil industry wholesale for what you perceive to be improper actions. I would request that you name the "large oil companies" which you are accusing so that the public will not be led to believe that the State's Chief Executive is dealing in rumor spreading or plain gossip.

I also am concerned that you are urging legislative ratification of these contracts and that you feel they deserve to be voted on. Yet, much of the information requested of Tesoro and Chevron by the House and Senate committees has not been forthcoming. Am I to assume by your statements that you wish the Legislature to vote on these contracts while many important questions about the financial feasibility of these long term contracts remain unanswered? I certainly hope not. You recently forced some legislators to vote on another matter without allowing questions to be answered via the committee process, and we have seen the less than ideal results of that debacle.

AGO 786485

The committee process is in place to ask the questions that, perhaps, your Administration would rather not ask. We owe that obligation to Alaskans. The people of Alaska trust that their representatives will vote only after they are properly informed on the issues. Some of us respect the Constitutional duties we have been elected to uphold.

The contracts before us deserve critical and prolonged examination. I, personally, do not believe, at this time, they should be entered into. If the questions I have asked of the oil companies are satisfactorily answered, I might change that opinion.

Finally, I would note that House and Senate priorities were agreed upon during the time you were out of state attending a zoo opening in Oregon. If these contracts were so vital to you, it seems to me you would have been present in Juneau during the critical negotiations between the House and Senate to bring this session to a close.

I urge that you give greater consideration to these contracts and the unanswered questions. I further urge that you refrain from negatively branding the oil industry on which this state depends so greatly without adequate justification.

Sincerely,

John J Cowdery

Representative John Cowdery
Chairman
Joint Legislative Committee on Oil and Gas

AGO 736486

THE ALLIANCE
P.O. Box 100100 / Anchorage, Alaska 99510 / (907) 562-0100

RESOLUTION IN SUPPORT OF
ENACTMENT OF MEASURES
WHICH ALLOW THE STATE TO
PROCEED WITH THE SALE OF
ROYALTY OIL TO BOTH TESORO
ALASKA PETROLEUM CO. AND
CHEVRON U.S.A.

Whereas, the Alaska Support Industry Alliance has reviewed the complicated issues attendant to the contracts between the State of Alaska and the Tesoro Alaska Petroleum Co. and Chevron U.S.A. and,

Whereas, after such review, it appears to be in the best interest of the State to proceed to enter into these agreements.

Now Therefore Be It Resolved that the Alaska Support Industry Aliance hereby does call upon the Legislature of the State of Alaska to expeditiously proceed with passage of those bills which are required to ratify both of the agreements executed by the Commissioner of Natural Resources and the in-state refiners.

Dated this 2nd day of June, 1983

Milton Byrd

Milton Byrd, President

Alaska Support Industry Alliance...for responsible economic development

Milton Byrd — President
Frontier Companies of Alaska
Ann Curtis — Vice President
Crowley Maritime
Paul Harding — Secretary
Universal Services, Inc., Int'l

Joe Mathis — Treasurer
Universal Services, Inc., Int'l
Virgil Gillespie
Alaska International Construction, Inc.
Len Kelley
Greyhound Support Services, Inc

John Martin
Dresser Atlas
Val Molyneu
VECO
Roger Spencer
Alaska Bussell Electric, Inc.

Bill Webb
Arctic Hosts, Inc.
Chuck Becker
Executive Director

AGO 786487

Alaska State Legislature
HOUSE OF REPRESENTATIVES
COMMITTEE ON RESOURCES

JOHN RINGSTAD, CO-CHAIRMAN
RICHARD SHULTZ, CO-CHAIRMAN
POUCH V
JUNEAU, ALASKA 99811
(907) 465-3715

April 20, 1983

TO: All Members, House & Senate Resources Committee
Joint Oil & Gas Committee

FROM: Committee Staff

RE: Royalty Oil Sales to Tesoro and Chevron Petroleum Companies

The Senate Resources Committee and members of the Joint Oil & Gas Committee will join the House Resources Committee on Wednesday, April 20, to hear testimony on the proposed State royalty oil sales to Tesoro and Chevron Petroleum Companies. These hearings will be held at 3:00 p.m. in the Senate Finance Committee room.

There are three different contracts before the Legislature for the sale of royalty oil. The first contract is for the sale of approximately 8,200 b/d of Cook Inlet crude to Tesoro Petroleum Company. The contract would commence January 1984, with a term of eleven years. The price term is the weighted average price which the State would have received had the State taken the oil in-value. Tesoro has committed to manufacture the Cook Inlet crude in their Nikiski refinery.

The second contract is between Chevron, USA, and the State. This agreement is for 18,000 b/d of ANS royalty crude which will be run at Chevron's Nikiski refinery. Chevron has agreed to pay $.30 over the producers weighted average field price which the Department of Natural Resources claims will offset and avoid creating any significant downward trend in the oil market. The term of this contract is twelve years.

The third contract before the Committee is an agreement between Tesoro Petroleum Company and the State for the sale of approximately 26,000 b/d of ANS royalty crude. In consideration for the royalty crude, Tesoro has agreed to pay $.30 over the producers weighted average field price to diminish the possible displacement of ANS on the West Coast. Tesoro has further agreed to refine this crude in their Nikiski refinery, which they plan to expand to refine additional petroleum products for sale in Alaska. Because of the concern over Tesoro's agreement with Charter Security Life Insurance Company, which is a subsidiary of Charter Company, this contract provides that if a third party acquires control of Tesoro, the State may cancel the contract at its sole discretion.

Additional information on these three contracts has been attached.

ACO 786488

4/19/83
DNR

ROYALTY OIL INFORMATION

I. Existing Agreements

A. Cook Inlet - Tesoro takes all royalty oil under 1969 contract; expires in 1983; a ten-year renewal is now before the Legislature (HB 320).

B. Prudhoe Bay

1. Golden Valley Electric Association - may take up to 5,000 barrels a day (b/d) under their 1977 agreement which expires in 1984. Currently working with Department on renewal.

2. North Pole Refining (Mapco) - entitled to 15 percent, or up to 35,000 b/d under their 1978 agreement, which expires in 2003.

3. Tesoro - entitled to 24.5 percent, or up to 46,000 b/d under their 1982 agreement, which expires in 1994.

All of the existing Prudhoe Bay agreements were approved by the Alaska Legislature. Two other long-term proposals, by Alpetco and Doyon, were approved by the Legislature in 1978 and 1982, respectively, but have since been terminated.

AGO 786489

The basic provisions of the pending long-term Prudhoe Bay Unit (PBU) agreement,

Tesoro

- an 11-year contract for almost 14 percent of PBU production (about 26,000 b/d at current levels);

- for every barrel, a 30-cent premium over the in-value price;

- special provisions to avert control of Tesoro by Charter;

- enables $90 million expansion of Nikiski refinery by Tesoro; entire quantity must be processed in-state.

Chevron

- an 11-year contract for about 9½ percent of PBU production (about 18,000 b/d at current levels);

- as with Tesoro, a 30-cent premium for each barrel over the in-value price;

- will avert the closure of the Kenai refinery;

AGO 786490

- will require the in-state production of specified petroleum products, including asphalt (which is in high demand).

Major benefits of the agreements:

In-state processing of more than 23 percent of Alaska's royalty oil promising

- adequate supplies of gasoline, asphalt, and other petroleum products for Alaskans;

- over $4 3/4 million annually above the amount that would have been received in-value;

- continuation of Chevron's Kenai refinery; nearly $90 million expansion of Tesoro's Nikiski refinery;

- attendant tax base and employment benefits.

AGO 786491

TESORO

Tesoro Alaska Petroleum Company

March 15, 1983

Ms. Esther C. Wunnicke,
Commissioner
State of Alaska
Department of Natural Resources
Pouch M
Juneau, Alaska 99811

Dear Commissioner Wunnicke:

Please find enclosed a fully executed original of the Letter Agreement between the State of Alaska and Tesoro Alaska Petroleum Company concerning third party control of Tesoro.

A copy of this letter has been retained for our records.

Yours very truly,

James F. Smith
President

JFS:pw

AGO 786492

STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

DEPARTMENT OF NATURAL RESOURCES

OFFICE OF THE COMMISSIONER

POUCH M
JUNEAU, ALASKA 99811
PHONE: (907) 465-2400

March 12, 1983

Mr. James F. Smith
President
Tesoro Alaska Petroleum
Company
8700 Tesoro Drive
San Antonio, Texas 78286

Dear Mr. Smith:

On March 12, 1983, the State of Alaska and Tesoro Alaska Petroleum Company ("Tesoro Alaska") entered into an Agreement for the Sale and Purchase of Royalty Oil (the "Agreement"). Article 7.5 of the Agreement provides that the State may elect to terminate the Agreement in the event that a "third party" obtains "control" (as such terms are defined therein) of Tesoro Alaska or its parent, Tesoro Petroleum Corporation ("Tesoro").

During the negotiations which led to the execution of the Agreement, you informed the State that, on January 26, 1983, two Charter Security Life Insurance Companies, subsidiaries of The Charter Company ("Charter"), had entered into a Purchase Agreement, a Stockholders Agreement, a Registration Rights Agreement and a Certificate of Designation Establishing A Series of $2.20 Cumulative Covertible Preferred Stock (the "agreements") with Tesoro to purchase 2,875,000 shares of a new series of Cumulative Convertible Preferred Stock of Tesoro. Furthermore, those agreements contemplate that the Charter Security Life Insurance Companies or other companies affiliated with The Charter Company may purchase additional shares of Tesoro so that The Charter Company and companies affiliated with The Charter Company may own up to 30 percent of the voting interest in Tesoro. You also informed us that the Charter Security Life Insurance Companies will be entitled to up to three seats on Tesoro's Board of Directors, depending upon the size of Tesoro's Board.

AGO 786493

0-J9LH

The purpose of this letter is to set forth the understanding and intent of the State and Tesoro Alaska with respect to the application of Article 7.5 of the Agreement to the contemplated relationship between Charter and Tesoro. If the arrangements described in the preceding paragraph are effected, it is the understanding and intent of the parties that Charter and/or its affiliates will not control Tesoro or Tesoro Alaska within the meaning of Article 7.5 of the Agreement. If, however, Charter and/or its affiliates materially increases its or their ability to direct or cause direction of the management and policies of Tesoro or Tesoro Alaska over that contemplated in the agreements, Article 7.5 will be applicable.

Sincerely,

Esther C. Wunnicke

Esther C. Wunnicke
Commissioner

ACCEPTED AND AGREED TO:

James F. Smith

James F. Smith, President
Tesoro Alaska Petroleum Company

WPW
LAW

BILL SHEFFIELD
GOVERNOR

HB 326

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

March 31, 1983

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

Dear Mr. Speaker:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill which provides for legislative approval of a royalty oil contract between the state and Tesoro Alaska Petroleum Company for the sale of Cook Inlet royalty oil.

This contract is described in the findings entitled "Proposed Disposition of Royalty Oil, Tesoro Alaska Petroleum Company" issued by the Department of Natural Resources on February 22, 1983. Copies of these findings have been made available to the legislature and the public for review.

This contract is being submitted for legislative approval for two reasons. First, although this and the previous administration have consistently taken the position that the statutory requirement of legislative approval of royalty oil contracts is unconstitutional (AS 38.06.055), as a matter of comity I respect the legislature's desire to have a direct voice in major disposals of royalty oil. Therefore, this contract contains provisions requiring approval by the legislature before it becomes effective. Second, this bill would ratify the agreement for the sale of oil. This ratification would cure any procedural defect that may have occurred in the process of entering into this contract.

Although we believe that all necessary steps have been taken, the statutes and regulations governing the disposal of royalty oil represent often conflicting desires and goals, both procedural and substantive. For example, even if statutorily requiring legislative approval were constitutional, the present statutes provide, on the one hand, that the legislature is to approve the contract by enacting legislation (AS 38.06.055(a)), but, on the other hand, they also provide that a report of the Royalty Board

AGO 786496

"shall be submitted for legislative review at the time of [sic] resolution for legislative approval of a proposed disposition of royalty oil and gas is introduced in the legislature" (AS 38.06.070(c)). Since legislative approval is required anyway as a matter of contract, I believe it only prudent to present this contract for legislative approval and ratification at this time.

Sincerely,

Bill Sheffield
Governor

STATE OF ALASKA
FISCAL NOTE

Revision Date , 1983

I. REQUEST

Bill/Resolution No.: HB 320
Title: Approving Cook Inlet royalty oil agreement
Sponsor: Governor
Requestor: Governor

II. FISCAL DETAIL

Agency Affected: Natural Resources
Program Category Affected: Mgmt. of Energ
BRU, Program of Subprogram(s) Affected:
Oil & Gas Mgmt.

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL OPERATING	0	0	0			
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Source)						
	0	0	0			

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						
	0	0	0			

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: Mark Wittow Mark Wittow Phone: 465-2400
Division: Commissioner's Office, DNR Date: 3/30/83

Approved for Commissioner: Mary Hakkinen Date: 3/30/83
Department: Natural Resources

Distribution:
Original to Legislative Finance
Copy to Office of Management and Budget (for Legislature introduced bills)
Copy to Department (for Governor introduced bills)
Copy to Sponsor

AGO 786498

BILL SHEFFIELD
GOVERNOR

HB 370

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

April 19, 1983

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

Dear Mr. Speaker:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill which provides for legislative approval of a royalty oil contract between the state and Chevron, U.S.A., Inc. for the sale of Prudhoe Bay royalty oil.

This contract is described in the findings entitled "Proposed Disposition of Royalty Oil, Chevron, U.S.A." issued by the Department of Natural Resources on March 16, 1983. Copies of these findings have been made available to the legislature and the public for review.

This contract is being submitted for legislative approval for two reasons. First, although this and the previous administration have consistently taken the position that the statutory requirement of legislative approval of royalty oil contracts is unconstitutional (AS 38.06.055), as a matter of comity I respect the legislature's desire to have a direct voice in major disposals of royalty oil. Therefore, this contract contains provisions requiring approval by the legislature before it becomes effective. Second, this bill would ratify the agreement for the sale of oil. This ratification would cure any procedural defect that may have occurred in the process of entering into this contract.

Although we believe that all necessary steps have been taken, the statutes and regulations governing the disposal of royalty oil represent often conflicting desires and goals, both procedural and substantive. For example, even if statutorily requiring legislative approval were constitutional, the present statutes provide, on the one hand, that the legislature is to approve the contract by enacting legislation (AS 38.06.055(a)), but, on the other

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hand, they also provide that a report of the Royalty Board "shall be submitted for legislative review at the time of [sic] resolution for legislative approval of a proposed disposition of royalty oil and gas is introduced in the legislature" (AS 38.06.070(c)). Since legislative approval is required anyway as a matter of contract, I believe it only prudent to present this contract for legislative approval and ratification at this time.

Sincerely,

Bill Sheffield
Governor

AGO 786501

STATE OF ALASKA
FISCAL NOTE

Revision Date , 1983

I. REQUEST

Bill/Resolution No.: HB 370
Title: Chevron Prudhoe Bay Unit Royalty Oil Agreement
Sponsor: Governor
Requestor: Governor

II. FISCAL DETAIL

Agency Affected: Natural Resource Mgm
Program Category Affected: Mgmt of Ener
BRU, Program of Subprogram(s) Affected: Oil and Gas Management

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL OPERATING	0	0	0	0		
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Source)	0	0	0	0		

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						
	0	0	0	0		

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: Mark Wittow Mark Wittow Phone: 465-2400
Division: Commissioner's Office, DNR Date: 4/8/83

Approved ~~by~~ for Commissioner: Mary Nelleira Date: 4/8/83
Department: Natural Resources

Distribution:
Original to Legislative Finance
Copy to Office of Management and Budget (for Legislature introduced bills)
Copy to Department (for Governor introduced bills)
Copy to Sponsor
Copy to Requestor (if different from Sponsor)

AGO 786502

BILL SHEFFIELD
GOVERNOR

+16371

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

April 19, 1983

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

Dear Mr. Speaker:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill which provides for legislative approval of a royalty oil contract between the state and Tesoro Alaska Petroleum Company for the sale of Prudhoe Bay royalty oil.

This contract is described in the findings entitled "Proposed Disposition of Royalty Oil, Tesoro Alaska Petroleum Company" issued by the Department of Natural Resources on March 16, 1983. Copies of these findings have been made available to the legislature and the public for review.

This contract is being submitted for legislative approval for two reasons. First, although this and the previous administration have consistently taken the position that the statutory requirement of legislative approval of royalty oil contracts is unconstitutional (AS 38.06.055), as a matter of comity I respect the legislature's desire to have a direct voice in major disposals of royalty oil. Therefore, this contract contains provisions requiring approval by the legislature before it becomes effective. Second, this bill would ratify the agreement for the sale of oil. This ratification would cure any procedural defect that may have occurred in the process of entering into this contract.

Although we believe that all necessary steps have been taken, the statutes and regulations governing the disposal of royalty oil represent often conflicting desires and goals, both procedural and substantive. For example, even if statutorily requiring legislative approval were constitutional, the present statutes provide, on the one hand, that the legislature is to approve the contract by enacting legislation (AS 38.06.055(a)), but, on the other

hand, they also provide that a report of the Royalty Board "shall be submitted for legislative review at the time of [sic] resolution for legislative approval of a proposed disposition of royalty oil and gas is introduced in the legislature" (AS 38.06.070(c)). Since legislative approval is required anyway as a matter of contract, I believe it only prudent to present this contract for legislative approval and ratification at this time.

Sincerely,

Bill Sheffield

Bill Sheffield
Governor

STATE OF ALASKA
FISCAL NOTE

Revision Date , 1983

I. REQUEST

Bill/Resolution No.: HB 371
Title: Tesoro Prudhoe Bay Unit Royalty Oil Agreement
Sponsor: Governor
Requestor: Governor

II. FISCAL DETAIL

Agency Affected: Natural Resource Mgmt.
Program Category Affected: Mgmt. of Energ
BRU, Program of Subprogram(s) Affected: Oil and Gas Management

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL OPERATING	0	0	0	0		
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Source)	0	0	0	0		

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						
	0	0	0	0		

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: Mark Wittow Phone: 465-2400
Division: Commissioner's Office, DNR Date: 4/8/83

Approved by Commissioner: Date: 4/8/83
Department: Natural Resources

Distribution:
Original to Legislative Finance
Copy to Office of Management and Budget (for Legislature introduced bills)
Copy to Department (for Governor introduced bills)
Copy to Sponsor
Copy to Requestor (if different from Sponsor)

AGO 786506

3/8/

RECEIVED
MAR 5 1983
Department of
Natural Resources

EXHIBIT C

STOCKHOLDERS AGREEMENT

This Stockholders Agreement is entered into this 26th day of January, 1983, between CHARTER SECURITY LIFE INSURANCE COMPANY, a New Jersey corporation, and CHARTER SECURITY LIFE INSURANCE COMPANY (NEW YORK), a New York corporation (collectively "Charter" and individually "the Purchasers") and TESORO PETROLEUM CORPORATION, a Delaware corporation ("Tesoro").

W I T N E S S E T H:

WHEREAS, Charter has agreed to purchase from Tesoro and Tesoro has agreed to sell to Charter 2,875,000 shares of Tesoro's $2.20 Cumulative Convertible Preferred Stock (the "Preferred Stock") pursuant to, and in accordance with, a Purchase Agreement (the "Purchase Agreement") dated January 26, 1983 between Tesoro and Charter; and

WHEREAS, as contemplated by the Purchase Agreement, Tesoro and Charter wish to provide for certain arrangements with respect to the Preferred Stock and any shares of common stock (the "Common Stock") of Tesoro which Charter may receive upon conversion of the Preferred Stock or may otherwise acquire from time to time, including the 504,000 shares of Common Stock owned by Charter on the date hereof (such shares of Common Stock and the Preferred Stock are hereinafter referred to as the "Stock") and with respect to certain relationships between Tesoro and Charter;

NOW, THEREFORE, Tesoro and Charter agree as follows:

Section 1. Representations and Warranties.

1.1 Representations and Warranties of Tesoro. Tesoro hereby represents and warrants to Charter as follows:

(a) Tesoro is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware.

(b) The authorized capital stock of Tesoro consists of (i) 50,000,000 shares of Tesoro common stock, of which at January 1, 1983, 13,708,403 shares were validly issued and outstanding, fully paid and nonassessable and no shares were held in Tesoro's treasury and (ii) 5,000,000 series preferred shares, with no par value, of which, at January 1, 1983, 40,000 were designated 8% Convertible Preferred Stock, of which 1,000 were validly issued and outstanding, 4,600,000 were designated $2.16 Cumulative Convertible Preferred Stock, of which 1,323,862 were validly issued and outstanding. In addition, at January 1, 1983, an aggregate of 1,620,619 shares of Tesoro common stock and 200,000 shares of $2.16 Cumulative Preferred Stock (including authorized but unissued shares and treasury shares) were reserved for issuance pursuant to currently existing and future stock incentives, under currently existing stock incentive plans and an aggregate of 2,473,902 shares were reserved for issuance upon conversion of Tesoro's preferred shares and convertible debentures. There are outstanding no other options, warrants, rights or convertible securities providing for the issuance of Tesoro capital stock.

(c) Tesoro has full legal right, power and authority to enter into and perform this Agreement, and the execution and delivery of this Agreement by Tesoro and the consummation of the transactions contemplated hereby have been duly authorized by the Board of Directors of Tesoro and require no other action by the Board of Directors or stockholders of Tesoro. This Agreement constitutes a valid and binding agreement of Tesoro.

1.2 Representations and Warranties of Charter. Charter hereby represents and warrants to Tesoro as follows:

(a) Each of the Purchasers is a corporation duly organized, validly existing and in good standing under the laws of their respective states of incorporation as set forth above.

(b) Charter has full legal right, power and authority to enter into and perform this Agreement, and the execution and delivery of this Agreement by Charter and the consummation of the transactions contemplated hereby have been duly authorized by the Board of Directors of Charter and require no other action by the Board of Directors or stockholders of Charter. This Agreement constitutes a valid and binding agreement of Charter, except that no representation or warranty is made that the restrictions contained in Sections 3.1, 3.2 and 3.3 of this Agreement will be enforceable.

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Section 2. Covenants of Charter with Respect to the Stock and Other Matters.

2.1 Restrictions on Resale or Other Disposition. Until the Expiration Date (as defined in Section 4.1) or the early termination of this Agreement pursuant to Section 4.2 or Section 4.4. Charter covenants and agrees that for so long as it or any of its affiliates owns, directly or indirectly, any Stock or any voting securities of Tesoro (any and all voting securities of Tesoro, including the Stock, are hereinafter referred to as the "Tesoro Voting Securities"), or any other Tesoro securities convertible into or exchangeable or exercisable for the purchase of Tesoro Voting Securities (all such other Tesoro securities and the Tesoro Voting Securities are hereinafter referred to as the "Tesoro Restricted Securities"), Charter and its affiliates will not sell, transfer, pledge, hypothecate or otherwise dispose of any Tesoro Restricted Securities, or any beneficial interest therein, except with the prior written consent of Tesoro. Such consent shall be conclusively presumed and may not be withdrawn by Tesoro, if the proposed sale, transfer, pledge, hypothecation or other disposition is to occur pursuant to:

(a) a public offering of Stock pursuant to the registration rights granted under the Registration Rights Agreement between Tesoro and Charter dated January 26, 1983 (the "Registration Rights Agreement") made in accordance with Section 2.2; or

(b) sales of Stock made in accordance with Rule 144 of the General Rules and Regulations of the Securities and Exchange Commission under the Securities Act of 1933, as amended (the "Securities Act") or sales in conventional brokerage transactions made in compliance with all applicable securities laws, provided that such sales are made in accordance with Section 2.2 and further provided that Charter shall notify Tesoro at least two days prior to the date of entering any such sale or transfer order by Charter, and provided further that, if Tesoro shall thereupon notify Charter of the pendency of a sale under any public offering by it of any Tesoro Voting Securities, and if the managing underwriter of such public offering shall advise Charter that in its good faith judgment sales by Charter pursuant to this paragraph (b) would make it impracticable to conduct Tesoro's public offering at the price at which the securities to be sold in such public offering could be sold without such sales by Charter pursuant to this paragraph (b), neither Charter nor any of its affiliates shall effect any sales pursuant to this paragraph (b) within 10 days prior to the commencement of or during such offering; or

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(c) sales of Stock pursuant to a tender offer or exchange offer which the Board of Directors of Tesoro does not oppose; or

(d) sales of Stock which are exempt from the registration provisions of the Securities Act, provided that no sales of Stock shall be made to any person or group (within the meaning of the Securities Exchange Act of 1934, as amended (the "Exchange Act")), if Charter knows, or upon the exercise of its best efforts, should have known, that the person or group purchasing such Stock owns, or will own, directly or indirectly, following such sale, Tesoro Voting Securities having an aggregate of 5% or more of the voting power of all of the then outstanding Tesoro Voting Securities (assuming for the purposes of such calculation that all Tesoro securities which may, by their terms, be converted into Tesoro Voting Securities without the payment to Tesoro of any consideration, have been so converted) and provided that, prior to making such sales, Charter and its affiliates comply with the provisions of Section 2.3 hereof; or

(e) sales of Stock which are exempt from the registration provisions of the Securities Act, provided that each person purchasing such Stock executes and is bound by an agreement with Tesoro which contains the provisions and restrictions of this Stockholders Agreement and provided that, prior to making such sales, Charter and its affiliates comply with the provisions of Section 2.3 hereof.

2.2 Covenant with Respect to Distribution of Shares. In any transaction or transactions described in Section 2.1(a) or (b), the seller of Stock will use its best efforts to effect the sale or transfer of such Stock in a manner which will effect the broadest possible distribution, with no sales or transfers of Stock to any one person or group (within the meaning of the Exchange Act) in excess of 3% of the then outstanding Tesoro Voting Securities.

2.3 Right of First Refusal. Prior to any sale of shares of Stock pursuant to Sections 2.1(d) or (e), Charter or its affiliates shall notify Tesoro, in writing (the "Purchase Notice"), of their intention to sell such Stock, stating the identity of the purchaser, the price at which the shares of Stock are to be sold, the proposed manner in which sales will be made, the number of shares of Stock to be sold, the proposed closing date for such sales (which closing date may be set by Charter irrespective of any time periods relating to actions to be taken by Tesoro as set forth in Section 2.4) and the other terms and conditions of the sale. In the event that sales are to be made to more than one purchaser, a separate Purchase Notice shall be given with respect to each purchaser. Tesoro shall have, during the periods specified in Section 2.4, the right and option to purchase all, but not less than all, of the shares

of Stock covered by any Purchase Notice in the manner set forth in Section 2.4. In the event that Tesoro notifies Charter that it does not intend to exercise its option or if it does not exercise its option within the periods specified in Section 2.4, Charter and its affiliates may sell the shares covered by the Purchase Notice, at no less than the price, in substantially the manner and to the purchaser specified in the Purchase Notice, provided that such sales are consummated within 120 days of the written notification to Charter by Tesoro that Tesoro does not intend to exercise its option or the failure by Tesoro to exercise its option within the time periods specified in Section 2.4.

2.4 Exercise of First Refusal Right. Tesoro may exercise its right and option arising under Sections 2.3, 4.3(a), 4.3(b) and 4.5 by giving Charter notice in writing ("Notice of Exercise"), within the 15 day period following receipt by Tesoro of the Purchase Notice, of Tesoro's election, subject, if Tesoro so desires, to obtaining financing for the purchase, to exercise its option to purchase all, but not less than all, of the shares covered by the Purchase Notice. The Notice of Exercise shall state the amount and terms of the financing, if any, which Tesoro shall require in connection with its purchase. Tesoro shall use its best efforts during the period ending 60 days after the receipt by Tesoro of the Purchase Notice, to obtain financing in the amount and on the terms specified in the Notice of Exercise. If Tesoro shall arrange financing within such period on terms at least as favorable to Tesoro as those specified in the Notice of Exercise, Tesoro shall, or if Tesoro has not been able within such period to arrange such financing, Tesoro may, at its option, notify Charter of its irrevocable election to purchase the shares covered by the Purchase Notice and shall specify the closing date for the purchase, which shall be a date not more than 90 days after the date on which the Purchase Notice was delivered to Tesoro. On such closing date, Charter shall deliver or cause to be delivered the certificate or certificates representing the appropriate number of shares, endorsed in blank or with appropriate stock powers attached, to Tesoro, or to such other purchaser as Tesoro shall designate to Charter, in writing, against payment of the purchase price by certified or official bank check payable in New York Clearing House funds. The purchase price payable for any shares purchased pursuant to this Section 2.4(c) shall be an amount in cash equal in value to the price set forth in the Purchase Notice, with any property, notes, securities or other non-cash consideration included in the price set forth in the Purchase Notice being valued by agreement between Tesoro and Charter or, in lieu of such agreement, by a nationally recognized investment banking firm agreeable to Tesoro and Charter, plus, with respect to shares of Preferred Stock, the dividends which have accrued and remained unpaid on the shares of Preferred Stock to be purchased during the period

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between the proposed closing date specified in the Purchase Notice and the actual closing date for the purchase of such shares by Tesoro. With respect to shares of Common Stock purchased by Tesoro, Tesoro shall pay to Charter, at the end of the fiscal quarter in which the actual closing date occurred, the pro rata (based on the number of days such shares of Common Stock were owned by Charter during such fiscal quarter) amount of the dividends, if any, that would have been paid on the shares of Common Stock purchased by Tesoro had they been owned by Charter during all of such fiscal quarter. In the event that Tesoro shall fail to give a Notice of Exercise within the 15 day period set forth above, or having given such Notice of Exercise, shall fail to notify Charter of its irrevocable election to purchase the shares covered by the Purchase Notice within the 60 day period from the receipt by Tesoro of the Purchase Notice as set forth above, then Charter may sell the shares covered by the Purchase Notice in the manners specified in Sections 2.3, 4.3(a) and 4.3(b).

Section 3. Voting, Ownership and Other Restrictions.

3.1 Obligation to be Counted for Quorum. Charter agrees, as a stockholder, to be present, and to use its best efforts to cause its affiliates who are stockholders of Tesoro to be present, in person or to be represented by proxy, at all stockholder meetings of Tesoro so that all shares of Tesoro Restricted Securities beneficially owned by Charter or its affiliates may be counted for the purpose of determining the presence of a quorum at such meetings.

3.2 Voting by Charter. Charter and its affiliates agree, as stockholders, if so requested by the Board of Directors of Tesoro, to vote or cause to be voted all Tesoro Restricted Securities beneficially owned by them in the same proportion as the votes cast by or on behalf of all other holders of Tesoro Voting Securities, except that Charter and its affiliates may vote at all times in their discretion with respect to any matter that would materially and adversely affect Charter if it did not own Tesoro securities and with respect to any amendment of the Certificate of Incorporation or By-Laws of Tesoro which imposes limitations on the legal rights of Charter as a Tesoro stockholder, other than those imposed pursuant to the terms hereof, based on the size of security holdings or other considerations applicable to Charter and not to security holders of Tesoro generally.

3.3 Certain Agreements of Charter. Charter and its affiliates shall not, unless the prior written consent of the Board of Directors of Tesoro has been obtained (and then only to the extent such written consent has been obtained):

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(a) solicit proxies or become a "participant" in a "solicitation" (as such terms are defined in Regulation 14A under the Exchange Act) in opposition to the recommendation of the Board of Directors of Tesoro with respect to any matter; or

(b) deposit any Tesoro Voting Securities in a voting trust or subject them to a voting agreement or other arrangement of similar effect; or

(c) acquire or offer to acquire or agree to acquire, directly or indirectly, by purchase or otherwise, any Tesoro Restricted Securities, if after such acquisition Charter and its affiliates would own, directly or indirectly, Tesoro Voting Securities representing more than 30% of the combined voting power of all Tesoro Voting Securities (assuming for the purposes of such calculation that all Tesoro securities which may, by their terms, be converted into Tesoro Voting Securities without the payment to Tesoro of any consideration, have been so converted); or

(d) join or permit any affiliate of Charter to join a partnership, limited partnership, syndicate, or other group for the purpose of acquiring, holding or disposing of Tesoro Voting Securities within the meaning of Section 13(d) of the Act unless such partnership, limited partnership, syndicate, or other group consists solely of Charter and its affiliates; or

(e) initiate, propose or otherwise solicit stockholders for any matter at any time, or induce or attempt to induce any other person to initiate any stockholder proposal or a tender offer for shares of Tesoro securities or any change of directors or control of Tesoro, or for the purpose of convening a stockholders' meeting of Tesoro; or

(f) acquire, other than for investment purposes, by purchase or otherwise, shares representing more than 5% of the voting power of all of the voting securities of any entity, if Charter or its affiliates know, or in the exercise of their best efforts, should have known, that such entity and its affiliates are the beneficial owner of Tesoro Voting Securities having an aggregate of 5% or more of the voting power of all of the then outstanding Tesoro Voting Securities; or

(g) take any action as a Tesoro stockholder by written consent in lieu of a meeting.

3.4 Legend and Stop Transfer Order. To assist in effectuating the provisions of this Agreement, Charter and its affiliates hereby consent:

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(a) to the placement of the following legend on all certificates representing ownership of Tesoro Restricted Securities beneficially owned by Charter or its affiliates until such shares have been sold, transferred or disposed of pursuant to the requirements of Section 2 hereof, at which time Tesoro will promptly remove such legend:

> The shares represented by this certificate are subject to the provisions of an Agreement among Tesoro Petroleum Corporation, Charter Security Life Insurance Company and Charter Security Life Insurance Company (New York), and may not be sold, transferred, pledged, hypothecated or otherwise disposed of except in accordance therewith. A copy of said Agreement is on file at the office of the Secretary of Tesoro Petroleum Corporation.

(b) to the entry of a stop transfer order with the transfer agent or agents of Tesoro securities against the transfer of the Tesoro Restricted Securities except in compliance with the requirements of this Agreement, which stop transfer order shall be removed promptly from the shares being transferred upon transfer in compliance with the requirements of this Agreement, or if Tesoro is its own transfer agent with respect to any Tesoro Restricted Securities, to the refusal by Tesoro to transfer any such securities except in compliance with the requirements of this Agreement.

3.5 Certain Agreements of Tesoro. Tesoro agrees that it will not, at any time prior to the earlier of the Expiration Date (as defined in Section 4.1 hereof) or any early termination of this Agreement pursuant to Section 4.2 or Section 4.4 hereof, unless the prior written consent of Charter has been obtained, acquire or offer to acquire or agree to acquire, directly or indirectly, by purchase or otherwise, any voting securities of The Charter Company.

Section 4. Term of Agreement; Certain Provisions Regarding Termination.

4.1 Term of Agreement. Except as otherwise provided in Section 4.2 or Section 4.4, the respective covenants and agreements of Charter and its affiliates and Tesoro contained in this Agreement will continue in full force and effect from the date first above written until January 25, 1993 (such date being referred to herein as the "Expiration Date"). Upon the Expiration Date, unless there is an early termination of this Agreement pursuant to Section 4.2 (in which case the continuing rights and obliga-

tions of Charter and its affiliates and Tesoro shall be governed by Section 4.3) or Section 4.4 (in which case the continuing rights and obligations of Charter and its affiliates and Tesoro shall be governed by that Section), all rights and obligations of Charter and its affiliates and Tesoro shall terminate except as specifically provided in Section 4.5.

4.2 Early Termination. Charter may, at its sole option, 10 days after written notice (the "Termination Notice") has been received by Tesoro, terminate this Agreement prior to the Expiration Date, if one of the following events has occurred:

(i) if, in Charter's opinion, there is a change in the members of Tesoro's senior officer group which significantly affects the business strategy or prospects of Tesoro;

(ii) if, at any time, in the opinion of Charter's independent public acountants, Charter may no longer account for its ownership of Tesoro Common Stock using the equity method (Charter's accountants shall assume, for the purpose of making this determination, that the number of shares of Tesoro Voting Securities held by Charter is the number that would be obtained if it were assumed that Charter initially purchased 2,875,000 shares of Preferred Stock and 1,625,000 shares of Common Stock and that Charter made no transfers or other dispositions (other than conversions of Preferred Stock to Common Stock) of any Tesoro Restricted Securities held by it from the time of such initial purchase to the time of the determination);

(iii) if any one of the individuals designated by Charter and accepted by Tesoro, pursuant to Section 5 below, for election to the Board of Directors of Tesoro, is not nominated for election as a director or is not elected as a director of Tesoro (other than by reason of such individual's incapacity or unwillingness to serve);

(iv) if, at any time, Tesoro shall be in default in the payment of dividends on the Preferred Stock in an amount equivalent to or exceeding four quarterly dividends (whether or not consecutive) and Charter shall, at such time, own any shares of Preferred Stock;

(v) if, at any time, Tesoro shall be adjudicated as bankrupt or insolvent, or admit in writing its inability to pay its debts as they mature, or make an assignment for the benefit of creditors, or shall apply for or consent to the appointment of any receiver, trustee, or similar officer for it or for all or any

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substantial part of its property, or such receiver, trustee or similar officer shall be appointed without the application or consent of Tesoro or Tesoro shall institute any bankruptcy, insolvency, readjustment of debt or similar proceeding relating to the rights of creditors or if any such proceedings shall be commenced against Tesoro and shall remain undismissed for 60 days; or

(vi) if, at any time, indebtedness of Tesoro (except indebtedness as to which there is no recourse against Tesoro or any of its subsidiaries and except an amount of purchase money mortgage indebtedness not exceeding in the aggregate the lesser of (i) 5% of the total assets of Tesoro and its subsidiaries on a consolidated basis or (ii) $50 million, which indebtedness was incurred with respect to special project financings and with respect to which the only recourse is against subsidiaries of Tesoro formed specifically to accommodate such financings) in an amount in excess of $10 million shall become due and payable, by reason of a default, prior to the date on which such indebtedness was, by its terms, to become due and payable or if, at any time, Tesoro shall receive a notice that such an amount of indebtedness will become due and payable, by reason of a default, prior to the date on which such indebtedness was, by its terms, to become due and payable, and such notice shall not be properly waived or withdrawn within 30 days of its receipt by Tesoro.

Ten days after receipt by Tesoro of the written notice by Charter pursuant to this Section 4.2 electing to terminate this Agreement, unless such notice shall have been rescinded by Charter in writing, all rights and obligations of Tesoro and Charter under this Agreement shall terminate except as shall be provided in Section 4.3. hereof. For purposes of clause (i), "senior officer group" shall mean executives at or above the level currently designated as group vice president; also, the retirement or other loss of members of senior management who at the date of this Agreement are age 63 or older shall not be the basis for a Termination Notice.

4.3 Rights of Tesoro and Charter Upon Early Termination. If, at any time prior to the Expiration Date, Charter shall terminate this Agreement pursuant to Section 4.2 above, the following provisions shall apply:

(a) Right of First Refusal. Prior to any sale by Charter or its affiliates of shares of Common Stock pursuant to Sections 2.1(d) or (e) or pursuant to a bona fide offer by a person unaffiliated with Charter to purchase shares of Common Stock, other than sales pursuant to Sec-

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tions 2.1(a), (b) or (c), which sale is to occur during the two year period following the effective date of the early termination of this Agreement pursuant to Section 4.2 but in no event later than the Expiration Date (the "Common Stock Restricted Period") and prior to any sale by Charter or its affiliates of shares of Preferred Stock pursuant to Sections 2.1(d) or (e) or pursuant to a bona fide offer by a person unaffiliated with Charter to purchase shares of Preferred Stock, other than sales pursuant to Sections 2.1(a), (b) or (c), which sale is to occur during the five year no call period of the Preferred Stock (the "Preferred Stock Restricted Period"), Charter or its affiliates shall notify Tesoro in writing (the "Purchase Notice") of such proposed sale, naming the prospective purchaser, stating the price at which the shares are to be sold, the number of shares sought to be purchased and the other terms and conditions of the proposed sale. In the event that sales are to be made to more than one prospective purchaser, a separate Purchase Notice shall be given with respect to each prospective purchaser. Tesoro shall have, during the periods specified in Section 2.4, the right and option to purchase all, but not less than all, of the shares covered by any Purchase Notice in the manner set forth in Section 2.4. In the event that Tesoro notifies Charter that it does not intend to exercise its option or if it does not exercise its option within the periods specified in Section 2.4, Charter or its affiliates may sell the shares covered by the Purchase Notice to the purchaser at no less than the price and in substantially the manner specified in the Purchase Notice, provided that such sale is consummated within 120 days of the written notification to Charter by Tesoro that Tesoro does not intend to exercise its option or the failure by Tesoro to exercise its option within the time periods specified in Section 2.4.

(b) Right of Repurchase. Tesoro shall have the right, during the Common Stock Restricted Period, to repurchase any or all shares of Common Stock of Tesoro owned by Charter or its affiliates on the effective date of the early termination of this Agreement or received thereafter upon conversion of Preferred Stock. Tesoro may exercise this right of repurchase by notifying Charter in writing (the "Repurchase Notice") of such intention, which Repurchase Notice shall set a closing date for the repurchase of the shares covered by such Repurchase Notice, which closing date shall be a date not less than 120 days or more than 180 days after the date of the Repurchase Notice. If during the 90 day period following the receipt by Charter of the Repurchase Notice Charter or its affiliates shall receive a bona fide offer by a person unaffiliated with Charter to purchase any or all of the shares covered by the Repurchase Notice, which offer Charter or its affiliates intends to accept, then Charter shall notify Tesoro of such offer by means of a Purchase Notice in the manner provided in subparagraph (a) above and Tesoro shall have the right and

option to purchase all, but not less than all of the shares covered by such offer as provided in subparagraph (a) above. Tesoro may purchase at the closing date specified in the Repurchase Notice any or all shares covered by the Repurchase Notice for which no bona fide offer is received by Charter or its affiliates during the 90 day period following receipt by Charter of the Repurchase Notice at a price per share which shall equal 110% of the average closing price for a share of Tesoro Common Stock on the New York Stock Exchange for the 10 trading days immediately preceding such purchase. On the closing date specified in the Repurchase Notice, Charter or its affiliates shall deliver or cause to be delivered the certificate or certificates representing the appropriate number of shares, endorsed in blank or with appropriate stock powers attached, to Tesoro, or to such purchaser as Tesoro shall designate to Charter, in writing, against payment of the purchase price by certified or official bank check payable in New York Clearing House funds.

(c) Restrictions on Transfer. Charter or its affiliates shall not sell, assign or otherwise transfer any shares of Common Stock during the Common Stock Restricted Period or any shares of Preferred Stock during the Preferred Stock Restricted Period except in the manner provided in paragraphs (a), (b), (c), (d) and (e) of Section 2.1 or pursuant to bona fide offers by persons unaffiliated with Charter after complying with the provisions of this Section 4.3.

(d) Restrictions on Purchase. During the Preferred Stock Restricted Period, so long as Charter or its affiliates shall own any shares of Preferred Stock, Charter and its affiliates shall continue to be subject to the restrictions contained in Section 3 hereof. If Charter or its affiliates shall desire that such restrictions shall no longer apply, Charter shall notify Tesoro in writing (the "Restrictions Notice") of such desire. Tesoro shall have the right and option, for a period of 60 days following the receipt of the Restrictions Notice, to purchase any or all of the shares of Preferred Stock owned by Charter or its affiliates at the price of $20 per share plus accrued and unpaid dividends, if any. Tesoro may exercise this right and option by giving Charter notice in writing of Tesoro's election, which notice shall specify the number of shares of Preferred Stock to be purchased and the closing date for the purchase, which shall be a date not more than 90 days after the receipt by Tesoro of the Restrictions Notice. Tesoro may pay the purchase price of the shares of Preferred Stock, by delivery to Charter at the closing of, (i) a certified or official bank check (the "Check") payable in New York Clearing House funds for at least 20% of the aggregate purchase price and (ii) a note (the "Note") for the remaining amount of the aggregate purchase price. The Note shall bear interest at the rate that Charter would charge in a loan to a

company with a credit rating comparable to Tesoro at the date the Restrictions Notice is received by Tesoro. The principal amount of the Note shall be payable in equal annual installments, plus all accrued and unpaid interest, on each succeeding anniversary of the closing date, provided that Tesoro shall pay any unpaid principal amount and all accrued and unpaid interest on the last day of the Preferred Stock Restricted Period and provided that the principal amount of the Note, or any portion thereof, may be prepaid without penalty at any time. Upon delivery to Charter of the Check and the Note, if applicable, on the closing date, Charter and its affiliates shall deliver or cause to be delivered the certificate or certificates representing the appropriate number of shares, endorsed in blank or with stock powers attached, to Tesoro or to such other person as Tesoro shall designate to Charter, in writing. If Tesoro shall have assigned its right to purchase any of the shares covered by the Restrictions Notice to any other purchaser, Tesoro shall unconditionally guaranty all the obligations of such purchaser under the Note, if any, delivered to Charter at the closing. Upon such a closing, or if Tesoro shall have not elected to purchase any shares of Preferred Stock, on the date 61 days after the receipt by Tesoro of the Restrictions Notice, Charter and its affiliates shall cease to be subject to the restrictions contained in Section 3 hereof.

4.4 Other Termination. If, at any time, the Tesoro Voting Securities held by Charter or its affiliates shall represent less than 5% of the voting power of all the then outstanding Tesoro Voting Securities, both Tesoro and Charter shall have the option, during such time as Charter or its affiliates shall continue to own Tesoro Voting Securities representing less than 5% of the voting power of all the then outstanding Tesoro Voting Securities, to terminate this Agreement by written notification to the other party. Ten days after the receipt of such written notice by the other party all rights and obligations of Tesoro and Charter under this Agreement shall terminate.

4.5 Rights of Tesoro and Charter Upon Expiration. After the Expiration Date, for so long as Charter or its affiliates own any of the shares of Stock that were owned by them on the Expiration Date, unless this Agreement has been terminated prior to the Expiration Date pursuant to Section 4.2 (in which case the continuing rights and obligations of Charter and its affiliates and Tesoro shall be governed by Section 4.3) or Section 4.4 (in which case the continuing rights and obligations of Charter and its affiliates and Tesoro shall be governed by that Section), Charter and its affiliates shall not transfer any shares of Stock that were owned by Charter or its affiliates on the Expiration Date, or any interest therein, except pursuant to a bona fide sale. Tesoro shall have a right of first refusal with re-

AGO 786519

spect to any such bona fide sales ("Restricted Transfers") except sales of Stock made by Charter or its affiliates in the manner specified in Sections 2.1(a), (b), (c) or (d); provided that with respect to any sale of stock in the manner specified in Section 2.1(d), such sale need not comply with Section 2.3. Prior to any Restricted Transfer, Charter or its affiliates shall notify Tesoro, in writing (the "Purchase Notice") of their intention to sell such Stock, stating the identity of the purchaser, the price at which the shares of Stock are to be sold, the proposed manner in which sales will be made, the number of shares of Stock to be sold, the proposed closing date for such sales (which closing date may be set by Charter irrespective of any time periods relating to actions to be taken by Tesoro as set forth in Section 2.4) and the other terms and conditions of the sale. In the event that sales are to be made to more than one purchaser, a separate Purchase Notice shall be given with respect to each purchaser. Tesoro shall have, during the periods specified in Section 2.4, the right and option to purchase all, but not less than all, of the shares of Stock covered by any Purchase Notice in the manner set forth in Section 2.4. In the event that Tesoro notifies Charter that it does not intend to exercise its option or if it does not exercise its option within the periods specified in Section 2.4, Charter and its affiliates may sell the shares covered by the Purchase Notice, at no less than the price, in substantially the manner and to the purchaser specified in the Purchase Notice, provided that such sales are consummated within 120 days of the written notification to Charter by Tesoro that Tesoro does not intend to exercise its option or the failure by Tesoro to exercise its option within the time periods specified in Section 2.4.

Section 5. Election of Directors. Tesoro agrees that it will nominate and use its best efforts to the end that two individuals (or, if the total number of directors of Tesoro other than those designated by Charter shall equal or exceed 15, three individuals) designated by Charter and reasonably acceptable to Tesoro shall be, at all times, members of the Board of Directors of Tesoro; provided, however, that at any time when Charter and its affiliates beneficially own shares of Tesoro Voting Securities with less than an aggregate of 1,850,000 votes but more than an aggregate of 925,000 votes, Charter shall have the right to designate one such individual (or, if the total number of directors of Tesoro other than those designated by Charter shall equal or exceed 15, two individuals) and Charter shall use its best efforts to cause one of its designees on the Tesoro Board of Directors to resign forthwith; and provided, further, however, that at any time when Charter and its affiliates beneficially own shares of Tesoro Voting Securities with an aggregate of 925,000 votes or less, Charter shall not have the right to designate any such person and Charter shall use its best efforts to cause its designee or

designees on the Tesoro Board of Directors to resign forthwith. Charter's rights under this Section 5 shall be in addition to any rights which Charter may have as a holder of Preferred Stock.

Section 6. General

6.1 Specific Enforcement; Other Remedies. (a) Charter acknowledges and agrees that Tesoro would be irreparably damaged in the event any of the provisions of this Agreement were not performed by Charter and its affiliates in accordance with their specific terms or were otherwise breached. It is accordingly agreed that Tesoro shall be entitled to an injunction or injunctions to prevent breaches of the provisions of this Agreement and to enforce specifically the terms and provisions hereof in any court of the United States or any state thereof having jurisdiction, in addition to any other remedy to which Tesoro may be entitled at law or equity.

(b) In the event any of the provisions of this Agreement are not performed by Tesoro in accordance with their specific terms or are otherwise breached, Charter and its affiliates shall be entitled to an injunction or injunctions to prevent breaches of the provisions of this Agreement and to enforce specifically the terms and provisions thereof or seek recovery of money damages in any court of the United States or any state thereof having jurisdiction, in addition to any other remedy to which Charter and its affiliates may be entitled at law or equity, provided that any such nonperformance or breach shall not entitle Charter to terminate this Agreement prior to the Expiration Date unless such non-performance or breach was willful and material and further provided that no action taken by Tesoro which constitutes an event specified in Section 4.2 or which causes an event specified in Section 4.2 to occur, shall entitle Charter to terminate this Agreement except in the manner specified in Section 4.2.

6.2 Severability. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of the terms, provisions, covenants and restrictions shall remain in full force and effect and shall in no way be affected, impaired or invalidated. It is hereby stipulated and declared to be the intention of the parties that they would have executed the remaining terms, provisions, covenants and restrictions without including any of such which may be hereafter declared invalid, void or unenforceable.

6.3 Definitions. As used herein the term "affiliate" shall have the meaning set forth in Rule 12b-2 under the Exchange Act and shall also include any person

acting on behalf of a person or its affiliate, the term "person" shall mean any individual, partnership, corporation, trust or other entity and the term "voting power" shall refer to the ordinary right of the holder of a security to vote for the election of directors (without reference to any special rights which may arise with respect to defaults in the payment of dividends or defaults under any other terms of preferred stock).

6.4 Amendments. This Agreement may be amended only by an agreement in writing.

6.5 Descriptive Headings. Descriptive headings are for convenience only and shall not control or affect the meaning or construction of any provision of this Agreement.

6.6 Counterparts. For the convenience of the parties, any number of counterparts of this Agreement may be executed by either party hereto and each such executed counterpart shall be, and shall be deemed to be, an original instrument.

6.7 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the successors and assigns of the parties hereto except that Tesoro may only assign its rights of repurchase and first refusal set forth in Sections 2.3, 4.3 and 4.5 in the manner provided in those Sections.

6.8 Transfers. Nothing in this Agreement shall prohibit transfers of Tesoro Voting Securities among Charter and controlled affiliates of Charter, so long as all limitations and covenants herein on the part of Charter shall apply to such controlled affiliates to the same extent as they apply to Charter.

6.9 Accounting Matters. Tesoro will, and will cause its employees, independent public accountants and other representatives to, provide all information and any certificates or documents to, and otherwise cooperate with, Charter so as to enable Charter to (i) account for its investment in Tesoro pursuant to the equity method, (ii) prepare financial statements and related information in accordance with generally accepted accounting principles and with statutory accounting principles applicable to insurance companies and (iii) to comply with its reporting requirements and other disclosure obligations under applicable laws and regulations. In that regard, Tesoro acknowledges and agrees not to dispute that Charter has the ability, by virtue of its ownership of Stock or its representation on Tesoro's Board of Directors, to influence the management of Tesoro. Nothing in this Section 6.9 shall restrict the right of Tesoro to issue its securities at any time.

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6.10 Redemption of Preferred Stock. Until the Expiration Date or the effective date of any early termination of this Agreement, Tesoro will not, so long as Charter or its affiliates own any shares of Preferred Stock, redeem any shares of Preferred Stock without the prior written consent of Charter.

6.11 Effect of Stock Splits, etc. Whenever any rights under this Agreement are available only when at least a specified minimum number of Tesoro Voting Securities or votes is involved, such specified number shall be appropriately adjusted to reflect any stock split, stock dividend, combination of securities into a smaller number of securities or reclassification of stock.

6.12 Notices. Any notice to be given hereunder shall be deemed sufficiently given when in writing and delivered to an officer of Tesoro or Charter, transmitted by tested telecopier, telex or TWX, or deposited in the United States mail, postage prepaid and registered or certified and addressed as set forth below in this Section 6.12 or to such other address for a party as may be specified in a notice. Tested telecopier, telex and TWX notices shall be effective upon transmission and notices delivered personally to an officer of Charter or Tesoro shall be effective when given. Notices that are mailed shall be effective upon receipt or upon rejection by the party to whom addressed:

To Tesoro:

Tesoro Petroleum Corporation
8700 Tesoro Drive
San Antonio, Texas 78286
Attn: Chairman of the Board

To Charter:

Charter Security Life Insurance Company
21 West Church Street
Jacksonville, Florida 32202
Attn: President

with a copy to:

Smith & Hulsey
500 Barnett Bank Building
Jacksonville, Florida 32202
Attn: E. Ellis Zahra, Jr., Esq.

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6.13 Counterparts. This Agreement may be executed simultaneously in one or more counterparts, each of which shall be deemed an original.

IN WITNESS WHEREOF, Tesoro and Charter have caused this Agreement to be duly executed by their respective officers, each of whom is duly and validly authorized and empowered, all as of the day and year first above written.

TESORO PETROLEUM CORPORATION

By _____

CHARTER SECURITY LIFE INSURANCE COMPANY

By _____

CHARTER SECURITY LIFE INSURANCE COMPANY (NEW YORK)

By _____

The Charter Company agrees that it and its affiliates who are not otherwise parties to this agreement will be bound by the restrictions placed upon them as set forth in this agreement.

THE CHARTER COMPANY

By: _____

ALASKA ROYALTY OIL AND GAS DEVELOPMENT ADVISORY BOARD

Resolution 83-3

WHEREAS, the State of Alaska, through the Commissioner of the Alaska Department of Natural Resources, and Chevron U.S.A. Inc. have entered into an "Agreement for the Sale and Purchase of Royalty Oil" dated the 16th day of March 1983; and

WHEREAS, in accordance with AS 38.06.055(a) "... the Commissioner of Natural Resources may not enter into a sale, exchange, or other disposition of oil or gas or of the rights or waiver of the rights to receive future production of royalty oil or gas under AS 38.05.183 without the prior approval of the Legislature ..."; and

WHEREAS, according to AS 38.06.055(a), "... a sale, exchange, encumbrance, or other disposition of oil or gas or of the rights or waiver of the rights to receive future production of royalty oil or gas may not be made by the Commissioner of Natural Resources under AS 38.05.183 without prior review of the proposed sale, exchange, encumbrance or other disposition by the Board. A written recommendation of the Board on the proposed sale, exchange, encumbrance or other disposition of oil or gas or of the rights or waiver of the rights to receive future production of royalty oil or gas shall be submitted to the Legislature at the time a resolution approving the proposed sale, exchange, encumbrance, or other disposition is introduced in the Legislature"; and

WHEREAS, in accordance with AS 38.06.040(a), the Board shall

"(2) hold public hearings on proposed sales, exchanges, or other disposals of royalty oil or gas to determine whether the proposals comply with AS 38.06.070;

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(3) examine proposed sales, exchanges or other disposal or, and recommend to the Legislature that it approve or disapprove a proposed sale, exchange or other disposal of

(A) the oil or gas that is obtained by the State as royalty under AS 38.05.183; or

(B) the rights to receive future oil or gas production under State Leases"; and

WHEREAS, the Board did on March 17, 1983 receive from the Commissioner of Natural Resources the above-mentioned agreement with Tesoro as well as a document entitled "Proposed Disposition of Royalty Oil, Tesoro Alaska Petroleum Company, Findings and Determinations Required for Disposals of Royalty Oil", dated March 16, 1983 and the Board did act and call public hearings, in accordance with the regulations outlined in 3 ACC 56, in Juneau and by teleconference in Fairbanks, Anchorage, and Kenai on April 5, 1983 and received public comment pertinent to this agreement; and

WHEREAS, in accordance with AS 38.06 and AS 38.05, the Commissioner of Natural Resources is required to submit to the Board, in writing, certain Findings or Determinations relating to the disposal of oil and gas royalty interests and the Board has received the required Findings and Determinations; and

WHEREAS, the board members had the opportunity to review the agreement, related Findings and Determinations and Public Testimony during the period March 17, 1983 until April 20, 1983; and

WHEREAS, the Board did, on April 20, 1983, meet to discuss the agreement, related Findings and Determinations, and Public Testimony to insure that this disposal is in accordance with the statutory purpose and criteria set forth in AS 38.06 as well as the Board's "Basic Principles and Policies" as outlined in the Board's development plan.

THEREFORE, the Board finds as follows:

1. that the Commissioner of Natural Resources has followed the board policies, applicable statutes, and regulations relating to the disposal of oil and gas royalty interests.

2. that the sale of the royalty oil interests to Chevron U.S.A. Inc., as per the agreement, was made because:

   (a) the oil is to be refined or processed in the existing Chevron refinery near Kenai, Alaska.

   (b) Chevron is an in-state refiner which supplies products to the Alaska market with supply benefits to state citizens.

   (c) the price the State will receive for this royalty interest appears to be substantially equivalent to or greater than theprice the State would receive by taking this royalty in-value.

   (d) that Chevron is a qualified company which has been operating its refinery to produce products for the Alaska market for many years.

   (e) Chevron has advised the State that its refining system is short of crude and without additional crude supplies the closure of the Nikiski refinery might be imminent. It is in the State's interest to have the refinery continue to operate.

   (f) Chevron is the State's only road asphalt producer and closure of the refinery would eliminate the State's only local supplier.

   (g) that this agreement is consistent with the criteria outlined in AS 38.06.070.

AND THEREFORE BE IT RESOLVED THAT the Alaska Royalty Oil and Gas Development Advisory Board recommends to the Thirteenth Alaska Legislature that the "Agreement for the Sale and Purchase of Royalty Oil" between the State of Alaska and Chevron U.S.A. Inc., dated March 16, 1983 be approved.

Board Member Jack Roderick moved the adoption of the Resolution. Board Member Richard Lyon seconded. The vote was as follows:

APPROVE	DISAPPROVE
Don Tuckerman	
Joseph K. Donohue	
John R. Roderick	

AGO 786528

ALASKA ROYALTY OIL AND GAS DEVELOPMENT ADVISORY BOARD

Resolution 83-2

WHEREAS, the State of Alaska, through the Commissioner of the Alaska Department of Natural Resources, and the Tesoro Alaska Petroleum Company have entered into an "Agreement for the Sale and Purchase of Royalty Oil" dated the 16th day of March, 1983; and

WHEREAS, in accordance with AS 38.06.055(a) "... the Commissioner of Natural Resources may not enter into a sale, exchange, or other disposition of oil or gas or of the rights or waiver of the rights to receive future production of royalty oil or gas under AS 38.05.183 without the prior approval of the Legislature ..."; and

WHEREAS, according to AS 38.06.055(a), "... a sale, exchange, encumbrance, or other disposition of oil or gas or of the rights or waiver of the rights to receive future production of royalty oil or gas may not be made by the Commissioner of Natural Resources under AS 38.05.183 without prior review of the proposed sale, exchange, encumbrance or other disposition of oil or gas or of the rights or waiver of the rights to receive future production of royalty oil or gas shall be submitted to the Legislature at the time a resolution approving the proposed sale, exchange, encumbrance, or other disposition is introduced in the Legislature"; and

WHEREAS, in accordance with AS 38.06.040(a), the Board shall

"(2) hold public hearings on proposed sales, exchanges, or other disposals of royalty oil or gas to determine whether the proposals comply with AS 38.06.070;

(3) examine proposed sales, exchanges or other disposal of, and recommend to the Legislature that it approve or disapprove a proposed sale, exchange or other disposal of

AGO 786529

(A) the oil or gas that is obtained by the State as royalty under AS 38.05.182; or

(B) the rights to receive future oil or gas production under State leases"; and

WHEREAS, the Board did, on March 17, 1983 receive from the Commissioner of Natural Resources the above-mentioned agreement with Tesoro as well as a document entitled "Proposed Disposition of Royalty Oil, Tesoro Alaska Petroleum Company, Findings and Determinations Required for Disposals of Royalty Oil", dated March 16, 1983 and the Board did act and call public hearings, in accordance with the regulations outlined in 3 ACC 56, in Juneau and by teleconference in Fairbanks, Anchorage, and Kenai on April 5, 1983 and received public comment pertinent to this agreement; and

WHEREAS, in accordance with AS 38.06 and AS 38.05, the Commissioner of Natural Resources is required to submit to the Board, in writing, certain Findings or Determinations relating to the disposal of oil and gas royalty interests and the Board has received the required Findings and Determinations; and

WHEREAS, the board members had the opportunity to review the agreement, related Findings and Determinations and Public Testimony during the period March 17, 1983 until April 20, 1982; and

WHEREAS, the Board did, on April 20, 1983, meet to discuss the agreement, related Findings and Determinations, and Public Testimony to insure that this disposal is in accordance with the statutory purpose and criteria set forth in AS 38.06 as well as the Board's "Basic Pirnciples and Policies" as outlined in the Board's development plan.

THEREFORE, the Board finds as follows:

1. that the Commissioner of Natural Resources has followed the Board policies, applicable statutes, and regulations relating to the disposal of oil and gas royalty interests.

2. that the sale of the royalty oil interests to Tesoro Alaska Petroleum Company, as per the agreement, was made because:

   (a) the oil is to be refined or processed in the Tesoro refinery near Kenai, Alaska.

   (b) Tesoro-Alaska is an in-state refiner which supplies products to the Alaska market with supply benefits to State citizens.

   (c) the sale is made to support Tesoro-Alaska's refinery expansion plans to increase the capacity from the current 48,500 BPD to approximately 80,000 BPD. The construction program is expected to include a new crude distillation tower, expansion of the hydrocracker from 7,500 to 9,000 BPD, a hydrogen plant to produce 14 million cubic feet of hydrogen from natural gas, and a sulfur plant to recover and produce 14.2 tons per day of sulfur. Necessary offsite facilities, such as tankage, pipelines, etc., to support the expansion also are to be constructed. The expansion has an announced cost of $80-90 million and is to be completed to mid-1984.

   (d) the price the State will receive for this royalty interest appears to be substantially equivalent to or greater than the price the State would receive by taking this royalty in value.

   (e) that Tesoro-Alaska is a qualified company which has been operating its refinery to produce products for the Alaska market for over 13 years.

   (f) that this agreement is consistant with the criteria outlined in AS 38.06.070.

AND THEREFORE BE IT RESOLVED THAT the Alaska Royalty Oil and Gas Development Advisory Board recommends to the Thirteenth Alaska Legislature that the "Agreement for the Sale and Purchase of Royalty Oil" between the State of Alaska and Tesoro-Alaska Petroleum Company, dated March 16, 1983 be approved.

Board Member Jack Roderick moved the adoption of the Resolution. Board Member Richard Lyon seconded. The vote was as follows:

APPROVE	DISAPPROVE
Don Tuggleburn	
Joseph K Dwelme	
John R. Roderick	

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STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF NATURAL RESOURCES

OFFICE OF THE COMMISSIONER

POUCH M
JUNEAU, ALASKA 99811
PHONE: 907/465-2400

Pursuant to the Alaska Statutes and the recommendations of the Alaska Royalty Oil and Gas Development Advisory Board, the Commissioner of the Alaska Department of Natural Resources intends to sell the State's royalty oil from Cook Inlet. The Commissioner desires to sell the oil competitively to someone able to process the crude within the State of Alaska or supply products in-state from crude processed elsewhere. Preference will be given to companies capable of processing the crude in Alaska. Only in the case of an exceptional premium would he consider selling it for export from the State.

The amount of crude oil available over the term of the contract will vary with production. The Cook Inlet field is in decline, and it is anticipated that the volume of oil that will be available for sale on January 1, 1984, will be approximately 6,900 barrels per day (b/d). The volume will decline to approximately 2,700 b/d by 1990.

At the present time, the Cook Inlet royalty crude oil is committed by contract to Tesoro Alaska Petroleum. The Tesoro contract, which expires on December 31, 1983, has been in effect since 1970. Tesoro currently processes the crude in its refinery at Kenai, Alaska.

The price of the oil, if sold, will be no less than in-value. The sale is being considered under Title 38 of the Alaska statutes and the regulations contained in 11 AAC 03, and potential buyers should be aware of those provisions.

In addition to the statutory criteria, the financial responsibility of the bidders will be considered and initial information relating to such responsibility should be submitted with the proposal.

It is anticipated that negotiations may begin with the qualified respondents shortly after the close of the solicitation period and that a contract will be finalized in February, 1983, for submittal to the 13th Alaska Legislature. Because of the short timeframe for negotiations and submittal of a contract to the Legislature, proposals must be as specific as possible and should include price, volume and term of

AGO 786533

contract. The purchaser of the royalty oil must be able to process or begin supplying products in-state by January 1, 1984.

The Commissioner may reject submitted proposals at any time after receipt of the proposals, and may not hold negotiating sessions with every prospective buyer who submits a proposal. To the extent possible provisions of the Prudhoe Bay standard form contract will be included in any contract negotiated. The State's policy regarding royalty oil is discussed in the document prepared in February, 1982, entitled "Review of Alaska Royalty Oil Policy and Findings for Proposed Disposition of Royalty Oil." Copies of this document and further information can be obtained by contacting:

Lennie Boston
Special Assistant to the Commissioner
Department of Natural Resources
Pouch M
Juneau, Alaska 99811
(907) 465-2400

Responses to this solicitation must be received by the Commissioner of Natural Resources at the above address by close of business on December 17, 1982.

John W. Katz

John W. Katz, Commissioner
Department of Natural Resources

11/16/82

Date

Union 76 Division

Union Oil Company of California
Union Oil Center, Box 7600, Los Angeles, California 90051
Telephone (213) 977-6560

union 76

R. C. Beach
Vice President
76 Division Crude Supply

December 10, 1982

Commissioner Esther C. Wunnicke
Department of Natural Resources
State of Alaska
Pouch M
Juneau, Alaska 99811

Dear Commissioner Wunnicke:

This letter is in response to your department's solicitation of November 16, 1982, for the sale and purchase of Alaska Cook Inlet area royalty oil commencing January 1, 1984.

Union Oil Company is a major supplier of petroleum products throughout the State of Alaska. Although we will not be able to process the royalty oil within the State, we believe the proposal below will help provide a secure supply of petroleum products to our customers in Alaska.

Proposal

1. The State of Alaska will sell and Union will purchase the full volume of the State's Cook Inlet area royalty oil commencing January 1, 1984.

2. Contract term will be firm for a period of five years.

3. Price paid by Union for the royalty oil will be Union's posted price.

If this response to your solicitation is of interest to the State, Union is prepared to meet with you and pursue the matter further.

Thank you for your consideration. We look forward to meeting with you in Juneau at an early date.

Very truly yours,

Roger C Beach

Roger C. Beach

RCB:jv

AGO 786535

Shell Oil Company

Two Shell Plaza
P.O. Box 2099
Houston, Texas 77001

December 10, 1982

Mr. John W. Katz, Commissioner
Department of Natural Resources
State of Alaska
Pouch M
Juneau, Alaska 99811

Dear Mr. Katz:

This responds to your solicitation letter of November 16, 1982, for proposals to purchase Cook Inlet royalty crude oil beginning January 1, 1984. Shell has carefully considered this matter and has decided not to make a proposal.

Even though Shell could physically transport this crude to its West Coast refineries and process it, it is a higher quality crude than we will require in 1984 and beyond. It is better suited to the Alaskan refineries designed to run it, while Shell's West Coast refineries are more economically suited to heavier crudes - especially California and Alaskan North Slope (ANS) crudes. In addition, unit transportation costs for the relatively low volumes of Cook Inlet royalty crude would be high.

We take this opportunity, however, to re-state our continuing interest in purchasing ANS royalty crude from the State of Alaska. We stand behind our proposal of October 7, 1982, to purchase 20 MB/D of ANS crude and to supply products, as needed, on a one-year term, and stand ready to negotiate a longer-term arrangement. We have been encouraged by recent discussions with you and your staff, and are especially interested in pursuing an arrangement whereby Shell would enter the Alaskan asphalt market in a substantial way.

We appreciate your inclusion of Shell in your solicitation of potential Cook Inlet crude purchasers and we look forward to an opportunity to further develop Shell's ANS crude purchases/product sales proposal to you and the incoming administration.

Most sincerely,

W. L. Kreps, Manager
Trading & Scheduling
Domestic Raw Materials Supply

AGO 786536

bc: M. J. Nevill
R. C. McMahan
O. Runnels
A. J. McNemar
C. G. Chew
R. T. Klope
R. A. Broderick
T. C. Moody
R. J. Bertus
D. R. Salzman
G. R. Nemetz
A. M. Raymond
J. F. Hall

Chevron

Chevron U.S.A. Inc.
575 Market Street, San Francisco, CA 94105

Robert F. Walsh
Vice-President
Supply and Distribution

December 13, 1982

Commissioner John W. Katz
Department of Natural Resources
State of Alaska
Pouch "M"
Juneau, AK 99811

Dear Commissioner Katz:

This is in response to your November 16, 1982 solicitation for proposals to purchase Cook Inlet royalty oil starting January 1, 1984.

Chevron's proposal to purchase the Cook Inlet royalty oil is briefly summarized below:

> Volume: Entire volume of royalty oil estimated to be about 6,900 BPD in January 1984 and declining to about 2,700 BPD by 1990.
>
> Term: Six (6) years ending December 31, 1989 but Chevron is open to consider other periods.
>
> Price: Chevron will pay the same price the State would have received if the State had taken the oil in value from the producers. This would be a weight average producer in-value price.
>
> Additional Consideration: Chevron will commit to make available for sale in Alaska our historic level of aviation gasoline during the term we are purchasing the Cook Inlet royalty oil.

Chevron has been awarded 18,000 BPD of ANS royalty oil for processing at our Nikiski Alaska refinery under a one year contract starting about May 30, 1983. Consequently, we could not process the Cook Inlet royalty oil in-state for a short period of time between January 1, 1984 and May 30, 1984. Chevron is both an in-state refiner as well as a large in-state supplier of refined products that are produced in our California refineries and shipped to Alaska. As the Alaskan demand for products has increased, Chevron has shipped to Alaska as much as 15,000 BPD of gasoline, heating fuels and aviation gasoline. We currently supply about 40% of the motor gasoline, 30% of the heating and distillate fuels and 80% of the aviation gasoline used in Alaska.

Chevron was the first company to market petroleum products in Alaska starting in 1889 and has served Alaska continuously since that time. We are the only statewide marketer in Alaska and are the sole supplier of petroleum products in eighteen (18) Alaskan communities.

AGO 786538

In support of our consideration to continue to make aviation gasoline available for sale in Alaska, we offer the following comments. None of the Alaskan refineries produce aviation gasoline. Consequently, in-state processing of Cook Inlet royalty oil to produce the Alaskan requirements for aviation gasoline cannot be achieved and aviation gasoline will have to be imported to Alaska from California. At least one historic supplier has already withdrawn from some of the aviation gasoline market in Alaska, leaving a greater responsibility on the remaining marketers. Chevron sincerely believes aviation gasoline is essential to the growth and economy in Alaska -- particularly in the Bush communities -- and a commitment by Chevron to meet these requirements is of great value to the State of Alaska. We hope the State will give this aviation gasoline commitment the proper consideration.

Chevron and the State spent considerable time during the past couple of years negotiating a long term agreement to purchase 38,000 BPD of ANS royalty oil. Although an agreement was not finalized, it is still of considerable interest to us. There may be some inter-relationship between a long term agreement for ANS royalty oil and the present solicitation for Cook Inlet royalty oil. Accordingly, Chevron would like the opportunity to discuss this overall royalty oil subject with the appropriate Department of Natural Resources representatives. We would appreciate a meeting in early January 1983 before any decision is made on the Cook Inlet royalty oil disposition.

Attached is a copy of the 1981 annual Report for Standard Oil Company of California (parent company of Chevron U.S.A.). We believe this will meet the request for initial information on the financial responsibility of bidders for Cook Inlet royalty oil.

Please contact Messrs. R. J. Alfrey or R. J. Engelhart at (415) 944-6204 regarding any questions on this proposal for Cook Inlet royalty oil and to set a meeting date in Juneau for discussions on the overall royalty oil subject.

Sincerely yours,

Robert Wilson

RJA:dw
Attachment

TESORO

Tesoro Alaska Petroleum Company

December 13, 1982

Jeff.
Duration
life of
the field
Dick

Ms. Esther Wunnicke
Commissioner
State of Alaska
Department of Natural Resources
Pouch M
Juneau, Alaska 99811

Dear Commissioner Wunnicke:

On November 16, 1982, the Department of Natural Resources solicited proposals for the purchase of Cook Inlet Basin royalty crude oil. Attached in contract form is Tesoro Alaska's response. Crude oil from the Cook Inlet Basin has been the principal feedstock for Tesoro Alaska's refinery on the Kenai Peninsula since it was built in 1969. Our refinery is the natural market for the Cook Inlet crude oil based on proximity to the production facilities. Tesoro Alaska is the only in-state refiner manufacturing the full range of petroleum products required by Alaskans.

During January, 1983, Tesoro Alaska will initiate purchases of State royalty crude oil from the Alaskan North Slope under a twelve year contract approved last year by the Legislature. Under the contract for Alaskan North Slope crude oil, Cook Inlet royalty crude oil reduces the volume available for purchase by Tesoro of ANS. In other words, Tesoro Alaska will not have any larger amount of State royalty crude oil by virtue of the State continuing sales of Cook Inlet royalty crude oil to us.

AGO 786540

The principal points of the attached Cook Inlet contract proposed for your review are as follows:

Volume - 100% of the royalty oil available to the State from leases in the Cook Inlet Basin.

Term - Eleven years beginning January 1, 1984 and ending December 31, 1995 concurrent with the end of the existing purchase agreement for State royalty oil from the Alaskan North Slope.

Price - The weighted average price which the State would have received had it elected to take its royalty "in-value" based on prices paid and information provided by the producers of the Cook Inlet crude oil.

We look forward to meeting with you to discuss any point of the contract with the expectation that a mutually beneficial contract will be approved by the Legislature in its next session.

Sincerely,

James F. Smith
President

JFS:pw
Attachment

AGO 786541

MW

STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

DEPARTMENT OF NATURAL RESOURCES

OFFICE OF THE COMMISSIONER

POUCH M
JUNEAU, ALASKA 99811
PHONE: 907/465-2400

April 14, 1983

Donald H. Triplehorn
Chairman
Alaska Royalty Oil and Gas
Development Advisory Board
620 East Tenth St.
Anchorage, Alaska 99501

Dear Chairman Triplehorn:

I very much appreciated the comments of you and the other Board members at our April 5th meeting. During our discussion, several questions concerning the proposed long-term Prudhoe Bay royalty oil agreements with Tesoro and Chevron were raised. I thought it might aid the consideration of the Board to have the key points of our rationale for the two contracts before you in writing, along with a response to your questions.

The contract with Tesoro is the more controversial of the two. It would commit the State to providing 13.867% of Prudhoe Bay Unit production, or approximately 26,000 barrels a day (b/d) at current production levels, if Tesoro expands the capacity of their refinery to process the oil by 1986. The agreement expires on January 1, 1995; at the same time Tesoro's existing royalty oil contract for 46,000 b/d terminates. The basic rationale for this contract is fairly straightforward - providing a long-term guaranteed crude supply enables Tesoro to make a significant, new in-state investment, with attendant employment, supply, and tax base benefits.

The Board has understandably questioned the recent acquisition by two Charter Co. life insurance subsidiaries of 20% of Tesoro's stock, and the placing of Charter directors Raymond Mason and Gerald Ford on the Tesoro board. The involvement of a corporation with which the State has significant litigation was a cause of serious concern to us at the time of contract negotiations. In response to that concern, we took the following measures to protect the State from possible harm because of the involvement of Charter:

1. A "third-party control" provision in the royalty agreement allows the Commissioner to unilaterally terminate the contract if Charter gains a greater degree of influence over the management of Tesoro.

2. An agreement between Tesoro and Charter requires that Charter vote its shares in the same proportion as the shares held by all other Tesoro stockholders, and prevents Charter from seeking proxy votes.

3. Tesoro may not take the oil unless the Commissioner determines that the refinery will be capable of processing the additional crude; the contract terminates if the refinery expansion has not been completed by July 1986; and all oil taken under the contract must be run at the Tesoro Kenai refinery, and may not be traded, exchanged or otherwise disposed of.

4. The State retains the option to purchase and resell the substantial volumes of residual oil produced by the refinery.

5. Tesoro owns facilities worth over a hundred million dollars in Alaska.

We would hope that the concerns expressed do not stem from a desire to "punish" Charter by rejecting this agreement. We do not believe that Charter would be much affected by rejection of this contract. A vigorous legal effort to collect the money owed the State by Alaska Oil Co. seems to us to be the proper course at this point. Tesoro is a long-standing Alaska business, and deserves to have its contract treated on the merits.

The Chevron contract would furnish their Kenai refinery with 9.6% of Prudhoe Bay production, currently 18,000 b/d, until 1995. The Kenai refinery is not an economic component of Chevron's West Coast refining system, and the company has threatened to close it without a long-term supply of oil from the State. Chevron has consistently requested a 38,000 b/d contract, and will continue to seek an additional 20,000 b/d for processing on the West Coast and return to Alaska in the form of products. The 18,000 b/d agreement will enable the company to operate the Kenai refinery for as long as possible; that volume of oil must be processed at the Kenai plant to maintain the effectiveness of the contract.

The Board has also questioned the duration (eleven years) of the Chevron and Tesoro contracts. The reasons for the concern, to our knowledge, include a desire to leave royalty oil uncommitted so that it can later be offered as an incentive for economic development projects, or so that it can be sold in Japan or elsewhere at a higher price, or a

general desire to retain flexibility in the face of ever-changing oil markets and the future decline in Prudhoe Bay production. We agree that these are valid points, but feel that they have been addressed in the following ways:

1. The contracts provide for a certain percentage of Prudhoe production, not a certain volume. As Prudhoe production declines, so will the contract volumes. At current levels, the contracts leave available 62,500 b/d of Prudhoe royalty production, as well as all Kuparuk royalty oil (currently 12,000 b/d) and any future royalty oil. Approximately 50,000 b/d of residual oil may also be available for sale by the State as a result of the option that the State retains for that oil in most of its royalty oil agreements.

2. Chevron's competitors in Alaska, Mapco and Tesoro, have royalty contracts until 2005 and 1995, respectively, for their base volumes. Although those contracts were consummated by the previous Administration, we felt that Chevron's request for a contract at least as long deserved some consideration in the interest of preserving equity among competing refineries.

3. The term was a negotiated item; although the State originally sought a shorter term, the additional premium over the in-value price of $.30 was agreeable to the companies partially because the State was willing to offer the eleven-year term.

4. The contract's price term is tied to the in-value price, based on producer sales. If Japanese exports become a reality, the price to royalty purchasers will increase if sales to Japan result in higher average prices for North Slope oil.

5. We have reviewed the previous Administration's determination that the highest and best use for royalty oil is for in-state processing, all other things being equal, and concur with it, in light of the existing royalty oil statutes. These contracts are for that use.

The Board has also questioned the meaning of the "future dispositions" clause of the current contracts. I have attached a written opinion by the Attorney General which should clarify that clause. I do not intend to include the provision in any future royalty oil contracts.

The Governor has asked a Cabinet group composed of Attorney General Gorsuch, Commissioner Lyon, and myself to report to him on the petroleum product pricing report which was

submitted in February to the Senate Resources Committee. We should be able to provide you with our written report before the Board's April 20th meeting.

I appreciate all the time you have devoted to royalty oil issues during the past months. Please let me know if we can be further assistance in any way.

Sincerely,

Esther C. Wunnicke

Esther C. Wunnicke
Commissioner

Attachment

MEMORANDUM State of Alaska

TO: Esther Wunnicke
Commissioner
Department of Natural Resources

DATE: April 8, 1983

FILE NO: 366-541-83

TELEPHONE NO: 465-3600

FROM: Norman C. Gorsuch
Attorney General

SUBJECT: Royalty Oil Contract's Preference Provision

By: Robert M. Maynard RMM
Assistant Attorney General
Oil and Gas-Juneau

You have asked for our opinion on the effect of the following clause in proposed state royalty oil contracts:

"2.13 FUTURE DISPOSITIONS OF ROYALTY OIL. Seller recognizes that AS 38.05.183, which governs disposition of Royalty Oil by the State of Alaska, established a statutory preference for dispositions proposing: (1) in-state processing of Royalty Oil, and (2) in-state supply of products generated from processing of Royalty Oil, in that order. Seller represents that, in conjunction with future dispositions of Royalty Oil, Purchaser will be afforded the consideration contemplated by AS 38.05.183."

You have asked whether this provision will in some manner tie the State's hands in future dispositions of Royalty Oil if the statutes were subsequently changed to reflect a different legislative policy.

The answer to your question is no. This contract term enbodies in contractual form an administrative interpretation of a statutory scheme. As such, this language would bind the state as long as the present statutory scheme is not altered. This contractual term cannot, however, be read to bind the legislature's hands in changing the statutory scheme to impose a different policy or preference than that expressed in the contractual clause.

Article VIII of the Alaska Constitution, and particularly Article VIII, sections 2 and 9, give the legislature exclusive authority over prescribing the policy and procedures in the sale of state resources including royalty oil. Article VIII, section 2 provides that "the legislature shall provide for the utilization, development, and conservation of all natural resources belonging to the State, including land and waters, for

the maximum benefit of its people." Article VIII, section 9 provides that

> "subject to the provisions of this section, the legislature may provide for the sale or grant of state lands, or interests therein, and establish sales or sales procedures.

Consequently, the commissioner's only authority is to interpret and execute existing statutory schemes: the commissioner does not have authority to go beyond the express authorization of these statutes and tie future legislature's hands. See, e.g., Udall v. Oil Shale Corp., 406 F.2d 759, 764 (10th Cir. 1969) r'vsd on other grounds Hickel v. Oil Shale Corp., 400 U.S. 48 (1970):

> The Government here argues in effect that the Secretary [of Interior] has all the powers mentioned in the Constitution relating to public lands, but this cannot be. The powers are not in the Secretary, but are vested in Congress and he has what the statutes provide that he have and no more.

Consequently, the commissioner would be acting outside the scope of his or her authority by agreeing to a provision that did actually tie the ability of the legislature to provide for the disposition of state resources. The present law only authorizes the commissioner to dispose of interests for present sales under that law. It does not authorize the commissioner to contractually grant his or herself the power to ignore future laws that may be passed by the legislature. Such a term would be inconsistent with the present law or, more accurately, would be outside the limits presently authorized by law. Such a provision would be invalid and of no effect. Union Oil Company of California v. Morton, 512 F.2d 743, 748 (9th Cir. 1975) (and cases cited therein); Burke v. Southern Pacific Railroad Company, 234 U.S. 669, 693-706, (1941); Central Advertising Co. v. Michigan Highway Commission, 172 N.W. 2d 432 (Mich. 1969); Schoenbroad v. United States, 410 F.2d 400, 404 (Ct. Cl. 1969); Hickman v. Mylander, 362 P.2d 500, 502 (N.M. 1961).

Instead, this clause must be read or construed so as to conform to the statute and the constitution of the state. Wood v. Lovett, 313 U.S. 362, 370 (1941); Hobbs v. McLean, 117 U.S. 567 (1886); Wright v. Paine, 289 F.2d 766, 789 (D.C. Cir. 1961); Sheridan-Wyoming Coal Co. v. Krug, 172 F.2d 282 (D.C. Cir. 1949), r'vds on other grounds 338 U.S. 621; Union Oil Company of California v. Morton, 512 F.2d 743, 749 (9th Cir. 1975).

Generally, 1 McBride & Wectal, Government Contracts, §2.120 (1972); 81 C.J.S. "States" §168(b) at pp. 635-636. See also Skagway City School Board v. Davis, 543 P.2d 218, 222 (Alaska 1975); 3 Corbin on Contracts §551 at 200-201. Here that reading is the reading that we believe is actually intended--namely that the commissioner is merely putting in writing an administration interpretation of the present statute.

This intent and more limited effect of the clause can be seen by its history. This clause first appeared in royalty oil contracts entered into during the early part of 1982. At that time, the state entered into royalty oil contracts with Tesoro Alaska Petroleum Company and Doyon, Inc. In conjunction with those contracts, the commissioner of Natural Resources issued his "Review of Alaska Royalty Oil Policy and Findings for Proposed Disposition of Royalty Oil", dated February 26, 1982. In those findings and review, the comissioner discussed at some length the policies guiding the disposition of royalty oil, including AS 38.05.183. In particular, the commissioner noted that the present royalty oil statutes were not totally clear. In particular, the commissioner stated:

> Although the royalty statute envisions transactions through which royalty oil is used in state, it also demonstrates the inherent conflicts and the many desires expressed by the legislature and the people of the State for the disposal of royalty oil. On the one hand, the statute does not permit sales for export unless there is a determination that present and anticipated in-state domestic and industrial needs are met. Further, there is a preference for in-kind taking and in conjunction with any sale, the commissioner is required to consider the effects on the economy, the projected benefits of any refining or processing, the ability of any prospective buyer to provide products in-state with price or supply benefits. On the other hand, the statute expresses a preference for competitive bidding with the award to go to the highest responsible bidder, and competitive bidding [can] not be waived without a finding that it is in the state's best interests. Examination of the cash value of any proposed transaction is also a primary factor in the determination of whether an award should be made. Consequently, the royalty statute speaks both to in-state development and enhancement of the state's finances as primary objectives for state royalty oil dispositions.

Findings and Review at pp. 121-122.

At that time, and in those contracts, the commissioner of Natural Resources interpreted these conflicting interests by stating in those findings and in the contracts that the statute should be read to give a preference for in-state processing and in-state supply in that order. In the Findings and Review, the commissioner stated that

> "on balance however, it is evident from both the text and the history of the royalty statute that the legislature intended a preference for in-kind taking and for proposals focusing on in-state processing and supply unless a compelling showing can be made that such an approach is contrary to the state's interest.

The contractual provision at Article 2.13 is merely a companion statement of that interpretation. The provision was originally inserted in the standard form contract during the 1982 negotiations with Doyon and Tesoro. At that time, the companies were requesting amounts of oil not only for their base charge, but also for planned increases in refinery capacity. The commissioner would not consider committing royalty oil for future expansions. He told the companies that if an expansion would take place, then under the statutes they would be first in line for royalty oil to meet their increased base needs at that time. Doyon, in particular, was not satisfied with the commissioner's statement or the mere existence of the statutes because of perceived difficulties with their bankers. Doyon was afraid that the bankers would not accept simply Doyon's word that the statutes presently gave Doyon a preference for future calls on royalty oil if an expansion of the domestic refinery occurred. Other in-state refineries also expressed similar, but not as strenuous, concerns. As a result, the commissioner agreed that although he would not grant an option on future royalty oil, he would embody his interpretation of the present statute in the contract. As such, and like a contemporaneous and long-standing administrative interpretation, the state will be bound in the future to that interpretation as long as the present statutory scheme remains essentially unaltered. And, also like administrative interpretations of statutes, that interpretation will not be binding or effective when the legislature changes the underlying statute to eliminate the basis for that interpretation. Not only was this the intent of the provision, but any contrary reading would be invalid and of no effect under the Alaska Constitution and its statutes.

We would also like to note that the preference expressed both in the contract and by the commissioner's previous findings do not create an absolute preference for either in-state processing of royalty oil or in-state supply of products generated from the processing of royalty oil. As the contractual provision states, the preference is only to the extent of that "contemplated by AS 38.05.183." As was noted in the commissioner's findings in February of 1982, 38.05.183 envisions a balancing of many considerations, including monetary value. The statutory interpretation is only that, on balance, the statutes prefer in-state processing of royalty oil or in-state supply of products generated from the processing of royalty oil. This finding is largely based on the express provisions of AS 38.05.183 that "oil and gas taken in kind by the state as its royalty share may not be sold or otherwise disposed of for export from the state until the commissioner determines that the royalty-in-kind oil or gas is surplus to the present and projected intrastate domestic and industrial needs." This particular provision in combination with the criteria set forth in AS 38.05.183(e) and, by reference, AS 38.06.070(a) led the commissioner to make his interpretation of the statute. But a reading of all those provisions, in context, along with other provisions such as the preference for competitive bid and sale to the highest responsible bidder in AS 38.05.183(a), shows that the preference is by no means absolute. In fact, the preference may be outweighed if competing concerns are found by the commissioner to be of greater importance under that particular sale.

PROPOSED DISPOSITION OF ROYALTY OIL
TESORO ALASKA PETROLEUM COMPANY

FINDINGS AND DETERMINATIONS REQUIRED FOR DISPOSALS OF ROYALTY OIL

Under AS 38.05, AS 38.06, and 11 AAC 03, I must make various determinations and findings before I may dispose of royalty oil. This document constitutes those determinations and findings regarding the proposed disposal of Prudhoe Bay royalty oil to Tesoro Alaska Petroleum Company (TAPC).

Under the relevant statutes and regulations I must make the following findings and determinations prior to the execution of an agreement for the disposal of royalty oil:

(1) That the disposal is in the best interest of the State. 11 AAC 03.010(d); AS 38.05.020(2).

(2) If the disposal necessitates a taking in-value (such as return of the oil to the producers) that that taking in-value is in the best interest of the State. 11 AAC 03.010(c); AS 38.05.182.

(3) If the disposal would allow for the export of royalty oil from the State, that that royalty oil is surplus to present and projected intrastate domestic and industrial needs. 11 AAC 03.010(e); AS 38.05.183(d).

(4) If the royalty oil is disposed of to relieve storage or market conditions, that the agreement will relieve the storage or market condition. 11 AAC 03.010(f).

(5) If the disposal is other than by competitive bid, either that no competition exists, or the best interest of the State requires noncompetitive disposals. 11 AAC 03.030(a); AS 38.05.183(c).

(6) That a proposal or proposed disposition offers the maximum benefits to the State. 11 AAC 03.060(a); AS 38.05.183(e).

The determination that a proposal reasonably offers the maximum benefits to the citizens of Alaska is the best interest determination described in 11 AAC 03.010(d). 11 AAC 03.060(b). In making that determination I must consider the criteria described in AS 38.05.183(e), state which of those criteria apply to the proposed disposition, and discuss the weight given to the applicable criteria in determining the maximum benefit to the State. The criteria described in AS 38.05.183(e) are:

1. the cash value offered;

2. the projected effects of the sale, exchange, or other disposal on the economy of the State;

3. the projected benefits of refining or processing the oil and gas in the State;

4. the ability of the prospective buyer to provide refined products or by-products for distribution and sale in the State with price or supply benefits to the citizens of the State;

5. the criteria described in AS 38.06.070(a).

The criteria described in AS 38.06.070(a) are:

1. the revenue needs and projected fiscal condition of the State;

2. the existence and extent of present and projected local and regional needs for oil and gas products and by-products, the effect of state or federal commodity allocation requirements which might be applicable to those products and by-products, and the priorities among competing needs;

3. the desirability of localized capital investment, increased payroll, secondary development, and other possible effects on the sale, exchange, or other disposition of oil and gas or both;

4. the projected social impacts of the transaction;

5. the projected additional costs and responsibilities which could be imposed upon the State and affected political subdivisions by development related to the transaction;

6. the existence of specific local or regional labor or consumption markets which should be met by the transaction;

7. the projected positive and negative environmental effects related to the transaction;

8. the projected effects of the proposed transaction upon existing private commercial enterprise and patterns of investments.

In addition, AS 38.06 and 3 AAC 56 govern the actions of the Alaska Royalty Oil and Gas Development Advisory Board and require, among other things, that they hold public hearings

on proposed disposals of royalty oil to determine compliance with AS 38.06.070.

Background and Chronology

The State currently receives 187,500 barrels per day (b/d) of royalty oil from the Prudhoe Bay Unit. Since the commencement of production in 1977, the State has entered into a variety of contracts for the disposition of its royalty oil. (See Review of Alaska Royalty Oil, dated January 1, 1983 and prepared by the Deputy Commissioner of Natural Resources Geoffrey Haynes, for a detailed discussion of these dispositions.) In 1981, a general solicitation for proposals was issued for disposition of Alaska North Slope royalty oil, and a contract with Tesoro Alaska Petroleum Company (TAPC) for approximately 46,000 b/d was ratified by the state legislature and the governor in 1982 as a result of that solicitation. The contract runs for twelve years beginning January 1983.

During the discussions with TAPC that occurred during 1981 and 1982, the company sought to obtain a total of 70,000 b/d of royalty oil, to provide for both existing refinery needs and a proposed expansion. At that time, the State determined that it was not in the State's best interest to provide for uses which were not imminent, and so declined to provide the prospective expansion volumes.

On January 26, 1983, the Tesoro Petroleum Board of Directors met and approved a 80-90 million dollar expansion of the TAPC Kenai refinery, contingent on obtaining a long-term contract from the State for royalty oil for the increased capacity of the refinery. The modification would increase the capacity of the plant from 48,500 b/d to 80,000 b/d and enable it to run solely on Alaska North Slope crude oil. (The refinery currently requires a significant volume of the sweeter, lighter crude oil produced in Cook Inlet.

Based on the firm decision by the company to make the investment at Kenai, State officials met with TAPC representatives to discuss the key provisions of a contract, to determine if a royalty oil contract beneficial to the State could be negotiated. The key areas of discussion were price, term, security, the "trigger" for taking, and the effect of another Tesoro Board action involving the Charter Company.

At the January 1983 meeting, Tesoro directors approved the acquisition of approximately a 20% interest in the company by two life insurance subsidiaries of the Charter Company. The State of Alaska is currently in litigation with the Alaska Oil, a wholly-owned subsidiary of Charter, over non-payment of approximately $60 million under that

company's now-defunct royalty oil contract with the State. Concern on the part of State officials over possible future effects of Charter's interest in TAPC led to the insertion of a third party control provision in the contract.

Negotiations with TAPC on contract provisions were considerably eased by the experience and basis provided by the efforts leading to TAPC's 1982 Prudhoe Bay Unit royalty oil contract. Detailed discussions on contract terms began on February 7, 1983, and continued on an intensive basis throughout the month. The provisions discussed below represent the key issues of consideration.

In general, the information and analysis which guided this disposition is contained in the report, Review of Alaska Royalty Oil, cited above. I hereby include the full body and text of that report as additional background for my findings for this disposal.

Key Provisions of the Proposed Sale

1. Price

TAPC will pay the in-value price, plus a $.30 premium. The State required this premium for all sales entered into this year, as a general policy, in recognition of the uncertainty of the West Coast market at this time. State sales can have a significant influence on that market; the premium should mitigate that effect. It does so by taking into account the fact that the in-value price, on which the sale to TAPC is based, is an average of the wellhead values of both West Coast and Gulf Coast sales. Gulf Coast wellhead prices are currently somewhat lower than West Coast prices, due to the difference in transportation costs. To the extent that a State sale displaces a sale by a producer at a higher price, the State lowers the in-value price on which all royalty and severance tax payments are based. The State sought the premium in light of these factors. (For a more complete discussion of these issues, see Review of Alaska Royalty Oil, cited above, at pp. 68-69 and 86-208.)

The premium will also generally enhance the revenues received by the State during the period of taking under the contract. The premium represents an additional $2.84 million a year in revenues to the State than would have been received at the in-value price.

2. Term and "Trigger" for Taking

The Tesoro contract becomes effective on the date a bill ratifying the contract is enacted into law, which must occur before September 1, 1983, or the contract is void.

Nomination of royalty oil under the contract may not begin unless the State believes that the refinery will be capable of refining the oil (i.e, expanded) in seven months, when actual delivery would occur. If the refinery expansion has not been completed by June 30, 1986, the State may, in its sole discretion, cancel the contract. In addition, if the refinery does not run the oil, a $2.00 per barrel penalty will be paid for each barrel taken but not processed at the refinery.

The contract terminates on January 1, 1995. This date parallels the existing TAPC Prudhoe Bay royalty oil contract. The company proivded information that a period of that duration was necessary to ensure recovery of its investment in the expansion facilities. A term beyond that date was rejected for two reasons. First, the decline in Prudhoe Bay production will be significant by that date. Second, the State should have the opportunity to reevaluate its royalty oil policy as frequently as is consistent with the other objectives stated in the royalty statutes.

3. Third Party Control

During the negotiations which led to the TAPC contract, company officials informed the State that two Charter Security Life Insurance Companies, subsidiaries of the Charter Company, had entered into various agreements with Tesoro to purchase stock and be represented on the Tesoro Board of Directors. Under that agreement, Charter may own up to 30% of the voting interest in Tesoro.

The TAPC contract provides that if a third party acquires control of Tesoro, the State must be notified and may, in its sole discretion, cancel the contract. In particular, if Charter increases its present influence or control over Tesoro beyond that contemplated by the present agreement between Charter and Tesoro, the State may, in its sole discretion, cancel the contract.

4. Other Provisions

All other contract terms, including a State option on the residual oil and petroleum coke production, security, local hire, performance guarantee and reservation fees, in-state processing requirements, and interpretations and definitions, are substantially identical to the provisions contained in the 1982 TAPC Prudhoe Bay contract. These provisions are discussed in detail in Review of Alaska Royalty Oil, at pp. 240-274.

Findings

(1) I find and determine that the taking of royalty oil in-kind and the disposal of that royalty oil to TAPC for

processing in-state is in furtherance of the intent of AS 38.05.1982-183 and AS 38.06, and is in the best interest of the State for the reasons stated above and for the following reasons:

a. The volume is to be run entirely at Nikiski. Therefore, the entirety of the sale is for in-state processing, which is entitled to a high preference under the governing statutes.

b. The price term is that which the State would have received if the State had taken the oil in-value plus a premium, plus a $.30 per barrel premium. Therefore the requirements of AS 38.05.182 and 11 AAC 03.010(c) relating to taking in-value are met.

(2) AS 38.05.183(c) requires that I make public the findings and conclusions for sales not made by competitive bid. Generally, the purpose of seeking competitive bids is to obtain the highest possible price on a standard form contract. The purpose of this disposal is to maximize the variety of benefits to the State cited in AS 38.05.183 and 38.06, including in-state processing and investment. Obtaining and balancing those benefits requires a negotiation process, as opposed to a one-factor bid process. In addition, other concerns which lie beyond the pale of the competitive bid process include the security arrangements to insure payments to the State, provisions designed to forestall any possible responsibility or liability on the part of the State for handling royalty oil at Pump Station One, and provisions unique to the circumstances of each purchaser.

For those reasons, I waive the competitive bid requirement of AS 38.05.183(c) in favor of direct negotiation.

(3) I find and determine that the findings required by AS 38.05.183(d) and 11 AAC 03.010(e) relating to the export of royalty oil from the State are not applicable to this proposed disposal.

(4) With respect to the criteria set forth in AS 38.05.183(e), I make the following findings and determinations for the proposed disposal to TAPC:

The cash value is the Producers' weighted average field price, plus a .$30 per barrel premium. Therefore, as discussed above the cash value is equivalent to, and above, what the State would have received if it did not enter into this agreement.

A disposal to TAPC will have a favorable effect on the economy of the State because it will enable a significant new investment of $80-90 million to be made

in the State, with the attendant employment, local taxation, and other benefits. Crude oil products would be processed in-state, insuring that industries dependent on petroleum products would likely have adequate supplies.

The benefits of the expanded operation of the Nikiski refinery include the aforementioned employment, tax base, and security of supply benefits, and there would therefore be direct favorable results of processing the royalty crude in-state. Secondary industries partially or wholly connected with TAPC's refining operation would also continue to benefit from that relationship.

With respect to the criteria set forth in AS 38.06.070(a), I make the following findings and determinations with respect to the proposed disposal to TAPC:

Regarding the effect of the disposal on the revenue needs and projected fiscal conditions of the State, the matter is covered above.

The supply needs of crude oil products in various localities and regions are generally met by TAPC. The proposed expansion would increase the supply of products in Alaska, and help satisfy any currently-unmet needs for petroleum products.

The continued operation and expansion of the Nikiski refinery would provide payroll and secondary development benefits to the citizens of the State.

The potential adverse social impacts, adverse governmental costs and responsibilities, adverse private impacts, and adverse environmental effects from the proposed expansion will be provided for under existing State statutes and regulations. The expansion will be immediately adjacent to the existing structure, in an existing industrial area, and should therefore result in minimum adverse effects.

The proposed expansion of the TAPC refinery will help alleviate existing unemployment in the Kenai and Southcentral Alaska areas, by creating both short-term construction and long-term operational jobs. Products from the refinery will largely be supplied to the State's largest market, the Railbelt region.

The proposed expansion should have little or no adverse impact on existing commercial enterprise and investment. All the expected effects are beneficial, as described above.

For the foregoing reasons, I find and determine that the Tesoro Alaska Petroleum Company disposal is in the best interest of the State and maximizes benefits to the State.

Esther C. Wunnicke — March 16, 1983

Esther C. Wunnicke, Commissioner
Department of Natural Resources

Date

Corrected for typographical errors April 15, 1983
Esther C. Wunnicke

AGREEMENT FOR THE SALE AND

PURCHASE OF ROYALTY OIL

THIS AGREEMENT, entered into as of the 16th day of March, 1983, by and between THE STATE OF ALASKA ("Seller") and TESORO ALASKA PETROLEUM COMPANY, a Delaware corporation ("Purchaser").

ARTICLE I

DEFINITIONS

As used in this Agreement, the following terms shall have the following meanings:

1.1 "Commissioner" means the Commissioner of the Alaska Department of Natural Resources.

1.2 "Day" means a period of twenty-four (24) consecutive hours, beginning at 12:01 a.m., Alaska Standard Time.

1.3 "Leases" means the oil and gas leases which are subject to the terms of the Unit Agreement.

1.4 "Lessee" means any person owning a working interest in any of the Leases.

1.5 "Month" means the period beginning at 12:01 a.m., Alaska Standard Time, on the first day of the calendar month and ending at the same time on the first day of the next succeeding calendar month.

1.6 "Oil" or "crude oil" shall have the same meaning as the word "oil" under the Unit Agreement.

1.7 "Point of Delivery" shall have the meaning set out in Article 2.4.

1.8 "Royalty Oil" means the oil which the Seller may take in-kind (amount) as its royalty under the Leases whether or not Seller has elected to take or is taking that royalty in-kind.

1.9 "Daily Royalty Oil" means the quantity of Royalty Oil produced by the Lessees each day.

1.10 "Unit Agreement" means the Prudhoe Bay Unit Agreement effective April 1, 1977, by and between Seller and the Lessees, as it may be amended from time to time.

ARTICLE II

SALE OF ROYALTY OIL

2.1 Quantity. Seller agrees to sell to Purchaser and Purchaser agrees to buy from Seller up to that quantity of oil equal to 13.867% of the Daily Royalty Oil ("Maximum Quantity"). Upon at least nine (9) months' written notice to Seller, Purchaser may increase or decrease the amount of oil to be tendered by Seller at the Point of Delivery, but the amount tendered by Seller under this Agreement shall not exceed the Maximum Quantity. It is understood and agreed that the volume of Daily Royalty Oil available to Seller will vary and may be interrupted from time-to-time, and depends upon a variety of factors, including the

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rate of production from the Leases. Seller disclaims and Purchaser waives any representation, covenant or warranty, express or implied, as to the specific quantity or the total or daily, monthly, average, or aggregate volume of Royalty Oil to be sold or tendered under this Agreement. Seller warrants that it has good title to the oil tendered under this Agreement. Seller shall hold the Purchaser harmless from all liens, encumbrances and valid adverse claims that may affect the Royalty Oil at the time the Royalty Oil is tendered to the Purchaser.

If Purchaser has not taken the Maximum Quantity of oil within five (5) years after the effective date of this Agreement, Seller, at its option, may permanently decrease the Maximum Quantity to the greatest percentage of Daily Royalty Oil tendered by Seller under this Agreement within that five-year period. Purchaser may permanently decrease the Maximum Quantity or terminate this Agreement upon nine (9) months' written notice to Seller.

If Seller underlifts or stores Royalty Oil at Prudhoe Bay, or if Seller recovers underlifted or stored Royalty Oil, the quantity of Royalty Oil tendered under this Agreement shall be calculated as if no Royalty Oil was underlifted or stored or recovered.

2.2 Quality. The Royalty Oil sold shall be the same quality as the oil delivered by the Lessees to the Seller at the Point of Delivery. It is understood and agreed that the quality

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of the Royalty Oil sold may vary from time to time. Seller disclaims, and Purchaser waives, any guarantee, representation, or warranty, either expressed or implied, of the merchantability, fitness for use, or suitability for any particular use or purpose, or otherwise, of any of the oil delivered under this Agreement or as to any specific, average or overall quality or characteristic of Royalty Oil to be sold or tendered under this Agreement.

2.3 Price of the Royalty Oil. The price for the oil tendered under this Agreement shall be equal to the amount that Seller would have received from its Lessees for the Royalty Oil tendered if that royalty had been payable in money (taken in value) rather than taken in kind plus $0.30 per barrel plus the Field Cost Allowance incurred by that oil as determined under the Prudhoe Bay Royalty Settlement Agreement (dated April 1, 1980 for reference purposes only), which was entered as part of a final judgment dated August 13, 1980 in State of Alaska, et al. v. Amerada Hess Corp., et al., (Superior Court for the State of Alaska, First Judicial District at Juneau) ("Amerada Hess") ("Settlement Agreement") ("Purchase Price"). The Purchase Price shall be determined by Seller based upon the reports submitted by the Lessees for royalty purposes or, when those reports are unavailable, incomplete, or inaccurate, upon information submitted by the Lessees for production tax or other tax purposes, as may be adjusted from time to time as provided in this Agreement. Buyer will only be entitled to review or request material or information which is not confidential under state law or regulation.

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The method, basis and amount of royalty due Seller when it takes its royalty in value from the Leases is presently the subject of litigation in Amerada Hess. One of the issues involved is the proper method to be used by the Lessees in calculating the state's royalty when the royalty is payable in money (in value). Until there is a resolution of that dispute through judicial resolution or settlement, the Purchase Price will be based upon the calculation of an amount per barrel equal to the per barrel volume weighted average of the in-value prices reported by the Lessees to Seller for royalty purposes or, when the royalty reports are unavailable, incomplete, or inaccurate, upon information submitted by the Lessees for production tax or other tax purposes, plus $0.30 per barrel, plus the Field Cost Allowance as determined under the Settlement Agreement. Upon resolution of each of the various issues that are or will be involved in Amerada Hess, adjustments will be made to previous payments in accordance with each resolution.

If, however, the State should prevail on the theory it advances in its Motion for Partial Summary Judgment on Count V of Plaintiff's Amended Complaint by Plaintiff State of Alaska dated September 19, 1980 and filed in Amerada Hess ("Exhibit B Theory"), then the $0.30 per barrel additional amount called for herein shall no longer be owed and the precise amount paid as a result of that $0.30 per barrel additional amount shall be credited against additional adjusted amounts owed by Purchaser due solely to the effectuation of the state's "Exhibit B Theory."

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Purchaser and Seller recognize that other adjustments besides those due under the "Exhibit B Theory" may be necessary upon resolution of Amerada Hess.

If additional amounts are owed by Purchaser to Seller, interest on those amounts will be paid at a variable interest rate which is the higher of: (1) the prime rate as may be announced from time to time by The Bank of America, San Francisco, California, plus three percent (3%); or (2) the rate of return as is realized from time to time in the investment of the State of Alaska's general fund. Amounts owed from Seller to Purchaser shall be repaid at the rate set out in Article 5.6. Buyer will not voluntarily intervene or otherwise participate in Amerada Hess unless Seller expressly consents to that participation in writing. A settlement of Amerada Hess will be binding upon Buyer whether or not Buyer agrees with or consents to the terms of that settlement.

If any applicable law of the United States of America or any rule or regulation promulgated by a federal agency will, in the judgment of Seller, operate to prohibit or prevent Seller from receiving the full amount due under the above provisions, Buyer's obligation to pay the amount of the Purchase Price in excess of the amount permitted will be suspended or adjusted to the minimum extent required for Seller to comply with that law, rule or regulation.

2.4 Point and Time of Delivery. Simultaneous with receipt of its Royalty Oil from its Lessees, Seller shall tender the oil

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to Purchaser at the point at which Seller receives the Royalty Oil from its Lessees. That point as presently agreed to by Seller and its Lessees in Article 2.3 of the Settlement Agreement is the custody transfer meters into the Trans Alaska Pipeline System at Prudhoe Bay.

2.5 Passage of Title and Risk of Loss. Title and risk of loss to the Royalty Oil sold under this Agreement shall pass from Seller to Purchaser for all purposes when Seller tenders the oil at the Point of Delivery.

2.6 Purchaser's Responsibility. Purchaser shall be responsible for the oil after passage of title. Purchaser will indemnify and hold Seller harmless from and against any and all claims, costs, damages (including reasonably foreseeable consequential damages), expenses or causes of action as a result of any loss, injury, or damage incurred by any party as a result of any transaction or event which relates to the crude oil after title has passed to Purchaser.

2.7 Transportation Arrangements. Purchaser shall make all necessary arrangements for transporting the oil sold under this Agreement from the Point of Delivery, including satisfaction of line fill obligations and storage tank bottom requirements of the Trans Alaska Pipeline System, if any. If and as requested by the Seller, Purchaser shall submit specific information concerning the arrangement it has made for transportation of the Royalty Oil sold under this Agreement through and away from the Trans Alaska

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Royalty Oil. Such information may include the specific tenders of oil made to the Trans Alaska Pipeline System and identification of tankers which will transport the Royalty Oil. In addition, Purchaser will provide Seller, if and as requested by Seller, with satisfactory evidence or reasonable assurance of the existence and continuing validity of adequate arrangements for the transportation or disposal of the Royalty Oil subject to this Agreement. Failure to provide information, evidence or assurances requested will, at Seller's election by notice to Purchaser, be a material default under this Agreement.

2.8 Absolute Obligations. The obligations of Purchaser to accept, pay for, and arrange for the transportation of the Royalty Oil tendered or sold under this Agreement are absolute and will not be excused or discharged by the operation of any disability of Purchaser, event of force majeure, impracticability of performance, change in conditions, or any other reason or cause.

2.9 Date of First Delivery. Purchaser may not nominate Royalty Oil under this Agreement until (i) Seller is satisfied that Purchaser's Nikiski, Alaska Refinery is able to process 71,000 barrels per day of Alaska North Slope (ANS) crude oil; or (ii) Seller is satisfied that Purchaser's Nikiski, Alaska Refinery will be able within seven (7) months to process 71,000 barrels per day of ANS crude oil. For each day after receipt at the Refinery

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of crude oil purchased under this Agreement, the Refinery is not able to process 71,000 barrels per day of ANS crude oil, Purchaser will pay Seller a sum equal to $2.00 times the difference between 71,000 barrels and the number of barrels of ANS crude oil actually processed that day (but in no event shall this sum exceed $52,000 per day) until the first day that the Refinery processes 71,000 barrels per day of ANS crude oil from which point in time the $2.00 per barrel assessment shall no longer be in force or effect. "Process" means producing Crude Oil Products in a volume of approximately 32% of the Royalty Oil tendered under this Agreement. "Crude Oil Products" does not include residual fuel oil exported from Alaska, but does include bunker fuel loaded in Alaska.

The foregoing notwithstanding, should however, after initial nomination of Royalty Oil is made by Purchaser under this Agreement, there occur a delay in the completion of the expansion of Purchaser's Kenai, Alaska Refinery, the cause of which is beyond the control of Purchaser, in such event Purchaser shall:

(i) immediately notify Seller of such delay and the circumstances attendant thereto;

(ii) make all efforts to denominate any volumes of Crude Oil possible, given with the time limitations Seller must observe in the Leases.

Under such circumstances, Purchaser's obligation as stated herein to pay Seller $2.00 per barrel for underlifted oil shall be suspended and null for the duration of any such delay.

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If by June 30, 1986 Purchaser has not been able to process 71,000 barrels per day of ANS crude oil the Seller, at its sole discretion, may terminate this Agreement.

2.10 Performance Guaranty and Reservation Fee. If Purchaser does not take the Maximum Quantity on the Date of First Delivery, Purchaser shall pay to Seller, in addition to the Purchase Price, an amount equal to 1.25% of the Purchase Price per barrel per day on the difference between the Maximum Quantity and the actual quantity tendered to and accepted by Purchaser ("Actual Quantity") for each day Purchaser does not take the Maximum Quantity on and after the Date of First Delivery. The payment of this fee shall end on the day that Purchaser accepts delivery of the Maximum Quantity. When Purchaser accepts the Maximum Quantity, all of the amounts paid under this Acticle 2.12 will be allowed to be credited against future payments for oil tendered under this Agreement except for an amount to be retained by Seller equal to .75% of the Purchase Price per barrel per day on the difference between the Maximum Quantity and the Actual Quantity for each day Purchaser did not take the Maximum Quantity on and after the Date of First Delivery. If Purchaser should thereafter decrease the amount of Royalty Oil to be tendered under this Agreement, Purchaser shall pay to Seller, in addition to the Purchase Price, an amount equal to .75% of the Purchase Price per barrel per day after the date that the decrease in the amount of Royalty Oil to be tendered by Seller takes effect on the difference between the Maximum Quantity and the Actual Quantity.

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2.11 In-State Processing. Purchaser agrees that any and all of the Royalty Oil tendered under this Agreement shall be processed through Purchaser's refinery near Kenai, Alaska. "Process" means producing oil products in significant quantities, but which quantities may be less than 32% of the volume of Royalty Oil tendered under this Agreement.

Purchaser's obligation to process Royalty Oil in-state may only be suspended or excused under the provisions of Articles VIII and XI.

Seller may, at its option, waive the in-state processing requirement in whole or in part, if Seller is satisfied that Purchaser is using its best efforts to process the Royalty Oil tendered under this Agreement at Purchaser's refinery and that the waiver would not be contrary to the underlying intent of the other provisions of this Agreement.

2.12 Best Efforts. Purchaser agrees to use its best efforts to produce and market in Alaska an amount of crude oil products not less in volume than 32 percent (32%) of the Royalty Oil tendered under this Agreement. "Crude oil products" does not include residual fuel oil exported from Alaska unless the Commissioner, in his sole discretion, otherwise agrees, but does include bunker fuel loaded in Alaska. Purchaser also agrees to use its best efforts to nominate no more than that amount of Royalty Oil that will be necessary to produce and market crude oil products not less in volume than 32 percent (32%) of the Royalty

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Oil that will be tendered under this Agreement. On or before the 20th (twentieth) day after the end of each month of the term of this Agreement, the Purchaser shall provide to the Seller an affidavit certified by the Purchaser stating the quantity of crude oil products produced and marketed in the State of Alaska from in-state processing of the Daily Royalty Oil tendered under this Agreement.

A determination of "best efforts" under this Article shall include consideration of Purchaser's capabilities and the surrounding business circumstances. Purchaser's obligation to use its best efforts include reasonable, diligent, and good faith efforts, but shall not require Purchaser to produce and market crude oil products in Alaska at a loss. "Best efforts" would, however, require Purchaser to produce and market products in Alaska even though Purchaser could make a greater profit by another disposition of the Royalty Oil or the products refined from that oil.

2.13 Future Dispositions of Royalty Oil. Seller recognizes that AS 38.05.183, which governs disposition of Royalty Oil by the State of Alaska, establishes a statutory preference for dispositions proposing: (1) in-state processing of Royalty Oil, and (2) in-state supply of products generated from processing of Royalty Oil, in that order. Seller represents that, in conjunction with future dispositions of Royalty Oil, Purchaser will be afforded the consideration contemplated by AS 38.05.183.

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ARTICLE III

REPRESENTATION AND OBLIGATIONS OF PURCHASER

Purchaser warrants, represents, and agrees:

3.1 Good Standing and Due Authorization. Purchaser is, and at all times during the operation of this Agreement shall remain, a corporation qualified to do business in, and in good standing with, the State of Alaska. Purchaser has all necessary corporate power to enter into this Agreement and to perform its covenants and obligations under this Agreement. All necessary corporate action has been taken to authorize Purchaser's entering into this Agreement and performing its covenants and obligations under this Agreement.

3.2 Financial Condition. The financial information submitted to Seller is complete and correct and fairly presents Purchaser's financial condition at the time the information was submitted to Seller. The financial information was prepared in accordance with generally accepted accounting principles consistently applied. Since the date the information was submitted, the condition, business and properties of Purchaser have not been materially adversely affected in any way. Purchaser agrees to inform Seller immediately if during the term of this Agreement there is any material adverse change in the condition, business, or properties of Purchaser which would have an appreciable adverse effect on Purchaser's performance under this Agreement. Purchaser, in addition, will immediately inform Seller of any significant change in

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ownership of either the Purchaser or any of its affiliates or parent company, and of any change in Purchaser's operations or agreements, which would appreciably affect Purchaser's performance under this Agreement.

3.3 Financial Statements. As soon as possible after the end of each fiscal year of Purchaser, and in any event within one hundred twenty (120) days thereafter, Purchaser will furnish to Seller, at Purchaser's sole cost and expense, complete financial statements, in the form filed with the Securities and Exchange Commission.

3.4 Expansion/Modification. Purchaser agrees, for so long as Purchaser, in its sole judgment, determines that an expansion or modification of its in-state refining capacity is potentially viable for Purchaser, to conduct feasibility studies concerning the expansion or modification of its in-state refining capacity, including analysis of the various options for producing refined products and by-products, including petroleum coke. Purchaser shall report to Seller annually on the status of such studies.

3.5 Option to Purchase Resid. Subject to Purchaser's existing contracts, Purchaser grants to Seller an option to purchase all, or any quantity, of the residual oil ("resid") produced or refined from the Royalty Oil sold hereunder. Seller shall exercise this option by giving Purchaser written notice nine (9) months in advance of purchase by Seller. The notice shall specify the quantity Seller will purchase. Thereafter

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Seller may increase, decrease, or terminate the quantity of resid by giving written notice nine (9) months in advance, and Seller may again, subject to Purchaser's existing contracts, commence purchases after having terminated such purchase by giving written notice nine (9) months in advance of Seller's purchase. Seller shall take the resid for a period of at least nine (9) months unless the Royalty Oil is run in Purchaser's refinery for a period of less than nine (9) months. In that case, Seller shall be obligated to purchase resid only for that shorter period of time.

This option shall remain in effect for the term of this Agreement. Failure to exercise this option for any period of time shall not affect Seller's right to exercise the option at a later time. This option, in whole or in part and for any term, shall be freely assignable by Seller and such assignment shall release Seller from all obligations to receive or pay for the resid sold under this option; provided, however, that Purchaser shall have the right to demand of an assignee of Seller reasonable security for the resid sold to that assignee. If authorized in an assignment by Seller, an assignee shall have the further right freely to assign that option, however, that assignment shall not release that assignee (or any subsequent assignee) of any responsibilities or liabilities to Purchaser unless agreed to by Purchaser in writing.

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Seller shall pay the same price for resid as the highest price the Purchaser is offered for the same product from any other bona fide buyer of the resid. In the event Purchaser has no similar offer to buy from a bona fide buyer, the price shall be Purchaser's posted price for a like grade of resid in effect on date of loading at its Kenai, Alaska refinery, provided, however, that at no time shall the price be more than the cost of the Royalty Oil purchased hereunder plus actual transportation cost to Kenai, Alaska. Purchaser shall have the right to supply a comparable or better quality of resid from any source, domestic or foreign, so long as the laid-in cost of the resid at Seller's intended destination does not exceed the laid-in cost based upon Seller purchasing the resid at Kenai, Alaska.

3.6 Petroleum Coke. Purchaser agrees that if it modifies or expands its refinery at Kenai, Alaska so that the refinery is able to produce and handle petroleum coke, Purchaser will at that time enter into good faith negotiations with Seller for an option to purchase that petroleum coke.

ARTICLE IV

MEASUREMENTS AND TESTS

4.1 Measurement Standards and Procedures. The quantity and quality of the crude oil sold under this Agreement shall be determined at the Point of Delivery. Procedures and methods for measuring and metering the oil sold under this Agreement shall be

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in accordance with the practices then in effect at Prudhoe Bay, Alaska.

ARTICLE V

PAYMENTS AND ACCOUNTING

5.1 Billing. Seller will send to Purchaser, on or before the 10th (tenth) business day of each month after delivery of Royalty Oil, an invoice statement of account of all Royalty Oil estimated to have been measured at the custody transfer meter into the Trans Alaska Pipeline System and tendered to Purchaser under this Agreement during the immediately preceding month according to the best information available to Seller, the estimated price or prices applicable to those deliveries, and the total amount due ("initial billing"). The estimates will be made by Seller according to the best information reasonably available to Seller. Seller may render its initial billing to Purchaser based in part upon information reported by the Lessees to Seller and information published by the U.S. Government. Seller shall thereafter adjust its initial billing under this Article as soon as more accurate information concerning the quantity and price or prices of Royalty Oil delivered each month is available. Seller, however, shall not be required to adjust the initial billing prior to the sending of the next month's invoice statement of account.

5.2 Initial Adjustment. After the monthly invoice under Article 5.1, the subsequent monthly invoice will also state Seller's initial adjustments to be made, if any, to the invoice rendered in the immediately preceding calendar month, in accor-

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dance with any additional or more accurate information which may have become available to Seller. Whether or not initial adjustments are made, however, subsequent adjustments may be made under Article 5.5.

5.3 Payment. Purchaser will make payment of that amount billed under this Article within ten (10) days after receipt of the invoice statement of account. Payment shall be made without any deduction, set off, or withholding in immediately available funds to Seller at the following address:

Bank of America, NT & SA
San Francisco, California
Securities Department 3255

Credit to: State of Alaska Investment Account

Payment may be made in such other manner or to such other address as Seller may specify in the invoice statement of account or by other written notice. All other payments to be made under this Agreement shall be paid in the same manner. If payment is due on a Saturday, Sunday, or legal holiday of the place where payment is to be received, payment shall be made on the next following business day. It is recognized that Seller may bill, and that Purchaser will pay, amounts that are based upon confidential information held or received by Seller. If confidential information is used as the basis for a billing, then upon request Seller will furnish Purchaser with the certified statement of the Commissioner that the amounts billed are correct based upon the best information available to Seller. Except for obvious clerical

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mistakes, if a dispute concerning a bill arises, it is agreed that Purchaser will pay the full amount billed by Seller pending final resolution of the dispute. Upon final resolution, the amount paid will be refunded to the Purchaser with interest, if such a refund is appropriate.

5.4 Payment to Lessee. Purchaser, at the request of Seller in the invoice statement of account or otherwise in writing, shall pay all or any portion designated by Seller of that payment required to be made to one or more of the Lessees at an address or addresses and in the manner designated by Seller. The payment will be made within the time limit specified in Article 5.3. Seller may authorize and designate a third party to make the request and designate the amount, manner and place of payment under this provision. Unless otherwise specified, the balance of the payment due, if any, and payment for subsequent months, shall be made in accordance with Article 5.3.

5.5 Subsequent Adjustments. Purchaser acknowledges that more accurate information concerning the quantity of or Purchase Price for Royalty Oil tendered may subsequently become available to Seller. In the event that any such information should subsequently become available to Seller, Seller shall promptly furnish a corrected invoice statement of account to Purchaser and the parties will adjust the amount billed and pay or refund the amount of those adjustments.

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In the event that Seller should render a corrected invoice to Purchaser, the parties will adjust the amount previously billed accordingly. Any amount to be refunded from Seller to Purchaser or paid from Purchaser to Seller will be paid within fifteen (15) days after the date of the corrected invoice. The time for paying an adjustment will be different, however, when the adjustment concerns an amount last invoiced more than sixty (60) days before the corrected invoice, in which case the amount will be paid by Purchaser or refunded by Seller, as the case may be, in equal monthly installments over the same period of time as that over which the adjustment accrued or six (6) months, whichever is the shorter period. No adjustment will be made more than twelve (12) months after the date of the last original invoice to which the adjustment relates, except for adjustments resulting from: (i) regulatory or court proceedings (including appeals) commenced or pending during that twelve (12) month period, whether or not Seller or Purchaser is a party to the proceeding, or (ii) bona fide audits by Seller of any Lessee(s) commencing at any time during the period six (6) years after the date of the last invoice to which such adjustment relates, or any resolution of disputes arising out of those audits. Adjustments due to audits or regulatory proceedings or court proceedings may be made at any time. The provisions of this Article 5.5 will survive any termination of this Agreement.

5.6 Interest. Except for adjustments made upon resolution of Amerada Hess under Article 2.3, the amount of all sums which are

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not paid when due under this Agreement or which are subsequently determined to be due under an adjustment under Article 5.5, or refunds, shall bear interest from the date accrued until paid in full at a variable rate per annum equal to the prime rate as announced from time to time by the Bank of America, San Francisco, California, plus one and one-quarter percent (1.25%) per annum.

5.7 Late Payment Penalty. Except for unintentional failures to pay, including clerical mistakes or occurrences not within the reasonable control of Purchaser, or insignificant underpayments, if Purchaser fails to make payment within one (1) day of the date that payment is due, then in addition to the amount due plus interest from the date that payment was due until the date of payment, Purchaser will pay an amount equal to one percent (1%) of the amount owed.

5.8 Payment to Third Parties. Seller may direct that Purchaser pay any amount due or which may become due directly to a third party in the manner and time as may be directed by Seller in written notice to the Purchaser if, in the Seller's sole discretion, the payment to the third party will assist Seller in monitoring or enforcing this Agreement.

ARTICLE VI

TERM

6.1 Term. This Agreement shall become effective upon execution by the parties and after enactment of legislation by the State of Alaska (including approval by the Governor)

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approving this Agreement. This Agreement shall be null and void if it is not so approved by September 1, 1983. Subject to the other provisions contained in this Agreement, Seller's obligation to sell and Purchaser's obligation to buy Royalty Oil shall begin as set forth in Section 2.9 hereof, and end January 1, 1995.

ARTICLE VII

DEFAULT OR TERMINATION

7.1 Default. If any one or more of the following events ("Events of Default") occur, then at Seller's option, Seller may terminate or suspend its obligation to tender and sell Royalty Oil and proceed to exercise any one or more of the rights and remedies provided in this Agreement:

(i) except for obvious clerical errors, Purchaser does not pay in full any sum owed under this Agreement at the time when payment is due; or

(ii) Purchaser fails to observe or perform any of its other covenants and obligations under Article II; or

(iii) Purchaser does not perform any act required or contemplated under this Agreement and either: (a) the nonperformance continues for more than thirty (30) days after Seller

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has notified the Purchaser of Purchaser's nonperformance; or (b) Purchaser had failed to perform the same or any other act required or contemplated under this Agreement during the immediately preceding twelve (12) month period; or

(iv) there is a material adverse change in Purchaser's condition, business or property which appreciably affects the ability of the Purchaser to perform any of its obligations under this Agreement, and Purchaser is unable to give Seller adequate assurance of continued performance either within fourteen (14) days of a request for such an assurance or within such other shorter time period as Seller may reasonably request under the circumstances; or

(v) any representation or warranty made by Purchaser in this Agreement proves to have been false or incorrect in any material respect at the time that the representation or warranty was made.

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7.2 Failure to Pay Debts. If at any time Purchaser becomes unable to pay any of its debts when those debts are due, or should otherwise become insolvent (without regard to how that insolvency may be evidenced), Purchaser will immediately give notice of that fact to Seller. Whether or not that notice is given, if Purchaser becomes unable to pay any of its debts when those debts are due or should otherwise become insolvent, Seller's obligation to tender and sell Royalty Oil under this Agreement will automatically and immediately terminate without any requirement of notice or other action by Seller; however, Purchaser will nevertheless be and remain liable for payment and performance of all of its obligations and covenants under this Agreement with respect to Royalty Oil actually tendered by Seller to and after any such termination. Within thirty (30) days after receipt of Purchaser's notice or, if no notice is given, after Seller otherwise becomes aware (as determined in Seller's sole discretion) of Purchaser's insolvency, Seller will have the right, upon written notice to Purchaser, to reinstate all of Seller's and Purchaser's obligations under this Agreement retroactively to the date of termination.

7.3 Seller's Remedies. Upon the occurrence of any Event of Default or if Seller's obligation to tender and sell Royalty Oil under this Agreement is terminated or suspended under Articles 7.1 and 7.2, all obligations of Purchaser accrued but not otherwise due and payable under this Agreement will immediately be due and payable in full. In addition, Purchaser

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will indemnify and hold Seller harmless from and against all other liability, damages (including reasonably foreseeable consequential damages), costs, losses and expenses (including reasonable attorneys' fees and disbursements) incurred by Seller and arising out of the Event of Default, termination, or suspension. Seller shall have the right cumulatively to exercise any and all other rights and remedies and to obtain all other relief available under applicable law or at equity, including mandatory injunction and specific performance. The Seller, upon occurrence of any Event of Default, in its sole discretion, may arrange for any disposition to third parties of Royalty Oil to be tendered and sold under this Agreement. Upon the occurrence of any Event of Default, the Purchaser is released from the obligations set forth in Articles 2.11 (In-State Processing) and 2.12 (Best Efforts) until the Event of Default no longer exists or the obligation of the Purchaser to take Royalty Oil under this Agreement expires. If upon occurrence of any Event of Default the Seller makes arrangement for disposition to third parties of Royalty Oil or if the Purchaser is released from Articles 2.11 and 2.12, whether or not this Agreement is terminated, Purchaser will nevertheless be and remain liable to Seller for the full amount of the Purchase Price for that Royalty Oil in excess of the Purchase Price over any amount or amounts received by Seller on account of that disposition, net of the expenses of that disposition and for all other costs, expenses (including reasonable attorneys' fees and disbursements), damages (including

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reasonably foreseeable consequential damages) and losses incurred by Seller and arising out of the Event of Default or disposition.

7.4 Purchaser's Exclusive Remedies. Upon any breach of, or default in, the due and timely observance or performance of any of Seller's covenants or obligations under this Agreement, Purchaser acknowledges and agrees that Purchaser's remedies will not include a temporary restraining order or preliminary injunction preventing Seller from taking any action with regard to the Royalty Oil sold under the Agreement.

7.5 Third Party Control. If a third party as hereafter defined acquires control of Purchaser or Tesoro Petroleum Corporation, either alone or through a "group" as defined in regulation 13d-5(b) of the Securities and Exchange Commission under the Securities and Exchange Act of 1934, Purchaser will give notice to Seller of such fact within 15 days of the time that such control is acquired, and Seller will have the right, to be exercised within 30 days of receipt of such notice, to elect, in its sole discretion, to cancel this Agreement by giving notice to Purchaser. As used in this Article: "control" means possession of the power to direct or cause direction of management and policies; "third-party" means a person, corporation, partnership or joint venture and their respective affiliates which, directly or through an affiliate, on the date of this Agreement or thereafter up to the date that "control" was acquired was engaged in litigation with Seller which litigation involved (i) claims in excess of sixty million dollars and (ii) the purchase of crude oil from Seller.

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ARTICLE VIII

DISPOSITION OF OIL

8.1 Disposition of Oil Upon Default or Termination.

Purchaser acknowledges and agrees that under the Unit Agreement and Leases Seller's election to take Royalty Oil in-kind can be revoked or reversed only upon the satisfaction of various conditions, including the giving of six (6) months notice to return all or more than ten percent (10%) of Seller's then current nominations. Purchaser acknowledges and agrees that Seller's election to invoke its rights to return to taking its Royalty Oil in value on less than six (6) months notice, or to attempt to secure a waiver of any condition or requirement, is at Seller's sole and complete discretion. Notwithstanding termination of this Agreement for default or for any other reason, including expiration or termination under any provision contained in this Agreement, Purchaser shall continue to take and purchase Seller's Royalty Oil in the amount and for the price set forth in this Agreement for up to seven (7) months following termination of this Agreement if Seller, in its discretion, so requires.

8.2 Inability to Receive Oil. If for any reason Purchaser is unable or refuses to accept or receive any Royalty Oil tendered under this Agreement, Purchaser shall nevertheless be and remain responsible for the disposal of that Royalty Oil and for paying the Seller for the oil as though it had been received and accepted by Purchaser unless Seller, in its sole discretion, elects to waive this requirement.

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8.3 No Right to Storage or Underlift. Purchaser waives and disclaims any interest or right that it may assert to storage of Royalty Oil, including by underlift or other means, to which Seller is or may come to be entitled under the Leases or any other agreement.

ARTICLE IX

WAIVER

9.1 Waiver. The failure of either party to insist upon strict performance of any provision of this Agreement shall not constitute a waiver of, or estoppel against, asserting the right to require that performance in the future. A waiver or estoppel in any one instance shall not constitute a waiver or estoppel with respect to a later breach of a similar nature or otherwise. A course of performance established by a party shall also not estop the other party from complaining of a later breach similar in nature.

ARTICLE X

VALIDITY

10.1 Validity. If any provision or clause of this Agreement or application of this Agreement to any person or circumstance is held invalid, that invalidity shall not affect other provisions or applications of this Agreement which can be given effect without the invalid provision or application. If, however, an invalidity should operate to impair any material right or remedy of a party

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to this Agreement, that party may terminate this Agreement by notice to the other.

ARTICLE XI

FORCE MAJEURE AND CHANGE IN CONDITION

11.1 Effect of Force Majeure. Except for Purchaser's obligations to make payment of money for Royalty Oil tendered under this Agreement and except for Purchaser's obligations to accept and dispose of Royalty Oil, neither party shall be liable for any failure to perform the terms of this Agreement when the failure is due in whole or in substantial part to force majeure. The term "force majeure" as applied to this Agreement shall mean Acts of God, strikes, lockouts and industrial disputes or disturbances, civil disturbances, arrests and restraints from rulers or people, interruptions by government or court orders or by present or future orders of any regulatory body having or asserting jurisdiction, acts of the public enemy, wars, riots, blockades, insurrections, inability to secure materials by reasons of allocations promulgated by authorized governmental agencies, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, explosions, breakage or accident to machinery or lines of pipe, freezing of wells or pipelines, or any other event or condition, whether of the kind herein enumerated or otherwise, not within the reasonable control of the party claiming the benefit of this excuse. If, however, any material obligation of Purchaser is excused or suspended because of a claim of force majeure for a period of three hundred sixty-five (365) successive days or more,

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Seller will have the right to terminate this Agreement. Prior to the Seller exercising its right to terminate this Agreement the Seller and Purchaser shall enter into good faith negotiations to restore, to the fullest extent possible, the Seller and Purchaser to the benefits and obligations that existed under this Agreement before the occurrence of the force majeure condition.

11.2 Responsibility. Upon the occurrence and discovery of an event providing the basis for a claim of force majeure, the party making a claim shall notify the other party to this Agreement of its claim of force majeune. Upon the occurrence of an event constituting force majeure that event shall, so far as possible, be remedied with all reasonable diligence and dispatch. Except for Purchaser's obligations to make payment of money for Royalty Oil tendered under this Agreement and except for Purchaser's obligation to dispose of Royalty Oil, the obligations of the disabled party to perform under this Agreement, insofar as they are affected by that force majeure, shall be suspended from the time that force majeure occurs and for so long as the disability caused should have continued had the party claiming the existence of the force majeure had remedied the event providing the basis of the claim of force majeure with reasonable diligence and dispatch, and for no longer. The settlement of strikes or lockouts or industrial disputes or disturbances will be entirely within the discretion of the party having the difficulty, and the above requirement that any force majeure shall be remedied with diligence and dispatch shall not require the settlement of strikes, lockouts,

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or industrial disturbances by acceding to the demands of any opposing party therein when such course is inadvisable in the sole discretion of the disabled party.

ARTICLE XII

NOTICES

12.1 Method. All notices, requests, demands or statements shall be in writing, and may be delivered personally to the party to be notified or may be sent by registered or certified United States mail, postage prepaid, with a return receipt requested to such party. Notice deposited in the mail in this manner shall be effective upon the expiration of seven (7) days after it is so deposited. Notice given in any other manner shall be effective only if and when received by the addressee. For the purposes of notice, the addresses of the parties to this Agreement shall be as follows:

If to Seller: State of Alaska
Commissioner of Natural Resources
Pouch "M"
Juneau, Alaska 99811

and

Commissioner of Revenue
Pouch "S"
Juneau, Alaska 99811

and

Director, Division of Minerals
and Energy Management
555 Cordova Street
Anchorage, Alaska 99501

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If to Purchaser: Tesoro Alaska Petroleum Company
8700 Tesoro Drive
P. O. Box 17536
San Antonio, Texas 78286

12.2 Change of Address. Each party may change its address for notice by giving notice of the change.

ARTICLE XIII

RULES AND REGULATIONS

13.1 Rules and Regulations. This Agreement is subject to all present and future valid laws, orders, rules and regulations of the United States, the State of Alaska, and any duly constituted agency thereof.

ARTICLE XIV

SOVEREIGN POWER OF THE STATE

14.1 Sovereign Power of the State. This Agreement and its covenants shall not be interpreted as a limit on the exercise by the State of Alaska of any of its sovereign or regulatory powers, whether conferred on the State by constitution, statute or regulation, including but not limited to, its regulatory power over the Leases. The exercise by the State of Alaska of any sovereign or regulatory power will not operate or be deemed to enlarge any rights of Purchaser or to limit or impair any obligations or liability of Purchaser under this Agreement except for state statutes enacted after the effective date of this Agreement which have a direct and significant adverse affect on the ability of Purchaser to perform an obligation under this Agreement other than

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the obligations to accept, dispose, and pay for Royalty Oil tendered under this Agreement.

ARTICLE XV

SECURITY

15.1 Letter of Credit. At least ninety (90) days before the Date of First Delivery, unless waived by Seller, Purchaser shall cause to be furnished to Seller an irrevocable stand-by letter of credit for the benefit of Seller, issued by a state or national banking institution of the United States which is a member of the Federal Deposit Insurance Corporation and has an aggregate capital and surplus of not less than One Hundred Million Dollars ($100,000,000), or other banking institution acceptable to Seller in its sole discretion. The principle face amount of the letter of credit shall initially be Thirty-One Million, Two Hundred Thousand Dollars ($31,200,000). The letter of credit shall be substantially in a form satisfactory to the Commissioner, but in any event shall not require any documents to be submitted in support of drafts drawn against this letter of credit other than the certified statement of the Commissioner or his designee and the Attorney General of the State of Alaska or his designee that Purchaser is liable to Seller for a sum equal to the amount of such draft, and that that sum is due and payable in full and has not been timely paid. In the event that Seller should have reasonable grounds for asserting any claims against Purchaser under this Agreement and does assert those claims in an aggregate amount in excess of the aggregate principal face amount of the letter of credit then in

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effect, Purchaser shall upon Seller's request (whether or not Purchaser may deny, reject or otherwise resist such claims) cause the principal face amount of the letter of credit to be increased by an amount equal to the excess. The principal face amount of the letter of credit shall also be automatically increased by Purchaser without request from Seller whenever the face amount is less than the expected Purchase Price of sixty (60) days of Royalty Oil tenders under this Agreement, to an amount equal to the expected Purchase Price of sixty (60) days of Royalty Oil tenders. The principal face amount of the letter of credit may be decreased by Purchaser upon approval of Seller if the face amount is less than the expected Purchase Price of sixty (60) days of Royalty Oil tenders under this Agreement, to an amount equal to the expected Purchase Price of sixty (60) days of Royalty Oil tenders. The Commissioner may accept such other or additional security as he, in his sole discretion, considers adequate to protect Seller.

ARTICLE XVI

PREFERENTIAL HIRING AND NON-DISCRIMINATION

16.1 Compliance with Alaska Law. Purchaser will comply with all applicable Alaska statutes and regulations in effect at the time this Agreement becomes effective, as well as all amendments to them and subsequent enactments, providing for preferential hiring of Alaska residents and non-discrimination against them.

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16.2 Preference to Qualified Alaska Residents. To the extent not superceded by or inconsistent with present or subsequently enacted legislation or regulations, Purchaser will use its best efforts to assure that work done by or for it within the State of Alaska in connection with this Agreement shall, to the extent they are available, willing and qualified, be performed by Alaska residents who, at the time of their initial employment by Purchaser, its contractors or subcontractors, fall within one or more of the following employment target groups, as determined by the State or an agency or agencies designated by the State:

(1) "chronically unemployed resident," defined as either:

(A) a resident who has been unemployed for a minimum of eight (8) months, cumulatively, of the twelve (12) months immediately preceding the time of application for determination of status, so long as the individual's income for the 12-month period does not exceed $25,000; or

(B) a resident who has exhausted benefits available under the Alaska Employment Security Act, AS.23.20, within the twelve (12) months immediately preceding the time at which he makes the application for certification

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and is currently not eligible for unemployment benefits;

(2) "economically disadvantaged resident," defined as a resident whose total household income for the twelve (12) months immediately preceding the time of application for determination of status falls below seventy percent (70%) of the minimums set by the U.S. Bureau of Labor Statistics "lower living standard income level" as adjusted for Alaska; and

(3) "training-qualified resident," defined as a resident who, within the twelve (12) months immediately preceding the time of application for determination of status, has successfully completed a program of job training designed to qualify the resident for employment on projects carried out in connection with this Agreement.

16.3 Assurance of Compliance. Purchaser shall use its best efforts to assure that neither it, nor its contractors and subcontractors, hire nonresidents when residents falling within one or more of the employment target groups set out in Article 16.2 are known to be available, willing, and qualified for employment for work performed in connection with this Agreement within the State of Alaska.

16.4 Exceptions. The requirements of this Article do not apply to bona fide administrative, executive or professional employees of the Purchaser or its contractors or subcontractors, as those terms are defined in 8 AAC 15.910.

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16.5 Collective Bargaining Agreements. In implementing the requirements of this Article, Purchaser shall assure that it and its contractors and subcontractors use their best efforts to include in all collective bargaining agreements with labor unions covering work to be performed in connection with this Agreement provisions that will assure employment preference to Alaska residents falling within the target groups set out in Article 16.2 in accordance with the requirements of this Article.

16.6 Non-Discrimination. Purchaser shall assure that neither it nor its contractors or subcontractors engage in discriminatory practices against Alaska residents falling within the employment target groups set out in Article 16.2 who are employed or seeking employment by Purchaser or its contractors or subcontractors. Prohibited discriminatory practices include, but are not necessarily limited to:

(1) rejection of a resident referred to an employer by a collective bargaining agent in favor of a nonresident of similar qualifications in employment covered by a collective bargaining agreement;

(2) rejection of a resident in favor of a nonresident of similar qualifications in employment not covered by a collective bargaining agreement;

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(3) termination of a resident in favor of a non-resident of similar qualifications; and

(4) differentiation in payment of wages, salaries, fringe benefits, and working conditions between a resident and nonresident.

16.7 Definitions. In this Article,

(1) "qualified" means able, by education, training and experience or combinations of them, to perform the duties and satisfy the terms and conditions which are usual in the offered employment, provided that the duties, terms and conditions meet the reasonable standards of the industry as required of other employees performing the same type of work in the industry; and

(2) "resident" means a person who:

(A) except for brief intervals, military service, attendance at an educational or training institution, or for absences for good cause, is physically present in the state for a period of at least thirty (30) days immediately before the time that person's status is determined;

(B) maintains a place of residence in the state.

(C) has established residency for voting purposes in the state;

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(D) has not, within the period of required residency, claimed residency in another state; and

(E) shows by all attending circumstances that that person's intent is to make Alaska his or her permanent residence.

ARTICLE XVII

APPLICABLE LAW

17.1 Alaska Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Alaska, excluding any conflict-of-law rule or principle which might refer such construction to the laws of another state or country.

17.2 Submission to Jurisdiction. Any legal action or proceeding arising out of or relating to this Agreement or for the enforcement of the covenants or obligation of either party must be instituted in a State court of general jurisdiction sitting in the State of Alaska, and Purchaser hereby irrevocably submits to the jurisdiction of that court in any such action or proceeding.

ARTICLE XVIII

WARRANTIES

18.1 No Warranties. The purchase and sale of Royalty Oil under this Agreement is subject only to the warranties of Seller expressly set forth in this Agreement and Seller disclaims and Purchaser waives all other warranties, express or implied in law, whatsoever.

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ARTICLE XIX

AMENDMENT

19.1 Amendment. This Agreement may be supplemented, amended or modified at any time, but only by written instrument duly executed by the parties to this Agreement. In addition, material amendments to this Agreement which appreciably reduce the consideration to Seller must be approved by the Legislature of the State of Alaska.

ARTICLE XX

SUCCESSORS AND ASSIGNS

20.1 General Prohibition. No assignment, pledge or encumbrance of this Agreement shall be made by either party without first obtaining the written consent of the other party. The Commissioner may grant such consent on behalf of the Seller. The Commissioner shall have sole and complete discretion in granting or denying a proposed assignment, pledge or encumbrance. Subject to the above requirements in this Article, this Agreement will be binding upon and inure to the benefit of each of the parties and its successors and permitted assigns. In addition, if Purchaser gains or acquires a controlling interest in an entity which has an agreement with Seller for the sale of Royalty Oil ("Other Agreement"), then upon at least one year's notice Seller, at its option may require Purchaser to terminate either this Agreement or the Other Agreement. The choice of which Agreement to terminate will be Purchaser's. Purchaser may

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request that Seller waive this option in advance of Purchaser gaining a controlling interest in an entity which has an agreement with Seller for the sale of Royalty Oil. The Commissioner has sole and complete discretion in granting or denying the requested waiver.

ARTICLE XXI

HEADINGS

21.1 Headings. Headings used in this Agreement are for convenience only and shall not affect the construction of this Agreement.

ARTICLE XXII

RECORDS

22.1 Preservation of Records. Purchaser will preserve and maintain all books, accounts, and records relating to or arising out of the performance of this Agreement, including but not limited to the purchase or sale of Royalty Oil and its refined products, for a period of six (6) years. Purchaser will also maintain and preserve all similar books, accounts, and records of which it has possession belonging to those third parties with whom it contracts for the performance of various parts of this Agreement. Neither Purchaser nor Seller shall be required to retain any records for more than six (6) years unless retention of such records is specifically required by applicable law or regulation. Purchaser shall either maintain its records within

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the State of Alaska or make such records available to Seller at Purchaser's principal office in the State of Alaska within thirty (30) days after written request by Seller.

22.2 Inspection of Records of Parties. Purchaser and Seller will accord to each other and to their authorized agents, attorneys, and auditors during reasonable business hours access to any and all property, records, books, documents, and indexes directly relating to the Purchaser's or Seller's performance of this Agreement and which are under the control of the party from which access is desired so that the other party may inspect, photograph and make copies of that property, records, books, documents and indexes. In no event, however, shall Seller be required to disclose any information, data, or records which are required to be held confidential by state law or regulation. If the information obtained by Seller may be held confidential under state or federal law or regulation, Purchaser may request that that information be held confidential by Seller.

ARTICLE XXIII

INTERPRETATION OF TERMS AND CONDITIONS

23.1 Commissioner Finding and Review. In the event that there is a disagreement about the meaning or application of a word, term, or condition in this Agreement, Purchaser will present the arguments supporting its view in writing to the Commissioner for his consideration. The Commissioner will subsequently, within a reasonable time, issue a finding on the meaning or application

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of the disputed word, term, or condition, and setting forth the basis for his conclusions. Purchaser agrees to accept findings by the Commissioner under this Article as long as there is substantial evidence supporting the Commissioner's findings.

DATED this 16th day of March, 1983.

SELLER: THE STATE OF ALASKA

Esther C Wunnicke
Commissioner,
Department of Natural Resources

PURCHASER: TESORO ALASKA PETROLEUM COMPANY

By James F. Smith
James F. Smith,
President

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LAN

AGO 786601

PROPOSED DISPOSITION OF ROYALTY OIL
CHEVRON U.S.A. - March 1983

Findings and Determinations Required for Disposals of Royalty Oil

Under AS 38.05, AS 38.06, and 11 AAC 03, I must make various determinations and findings before I may dispose of royalty oil. This document constitutes those determinations and findings regarding the proposed disposal of royalty oil to Chevron USA.

Under the relevant statutes and regulations I must make the following findings and determinations prior to the execution of an agreement for the disposal of royalty oil:

(1) That the disposal is in the best interest of the State. 11 AAC 03.010(d); AS 38.05.020(2).

(2) If the disposal necessitates a taking in-value (such as return of the oil to the producers) that taking in-value is in the best interest of the State. 11 AAC 03.010(c); AS 38.05.182.

(3) If the disposal would allow for the export of royalty oil from the State, that royalty oil is surplus to present and projected intrastate domestic and industrial needs. 11 AAC 03.010(e); AS 38.05.183(d).

(4) If the royalty oil is disposed of to relieve storage or market conditions, that the agreement will relieve the storage or market condition. 11 AAC 03.010(f).

(5) If the disposal is other than by competitive bid, either that no competition exists, or the best interest of the State requires noncompetitive disposal. 11 AAC 03.030(a); AS 38.05.183(c).

(6) That a proposal or proposed disposition offers the maximum benefits to the State. 11 AAC 03.060(a); AS 38.05.183(e).

The determination that a proposal reasonably offers the maximum benefits to the citizens of Alaska is the best interest determination described in 11 AAC 03.010(d). 11 AAC 03.060(b). In making that determination I must consider the criteria described in AS 38.05.183(e), state which of those criteria apply to the proposed disposition, and discuss the weight given to the applicable criteria in determining the maximum benefit to the State. The criteria described in AS 38.05.183(e) are:

1. the cash value offered;

2. the projected effects of the sale, exchange, or other disposal on the economy of the State;

3. the projected benefits of refining or processing the oil and gas in the State;

4. the ability of the prospective buyer to provide refined projects or by-products for distribution and sale in the State with price or supply benefits to the citizens of the State;

5. the criteria described in AS 38.06.070(a).

The criteria described in AS 38.06.070(a) are:

1. the revenue needs and projected fiscal conditions of the State;

2. the existence and extent of present and projected local and regional needs for oil and gas products and by-products, the effect of state or federal commodity allocation requirements which might be applicable to those products and by-products, and the priorities among competing needs;

3. The desirability of localized capital investment, increased payroll, secondary development, and other possible effects on the sale, exchange, or other disposition of oil and gas or both;

4. the projected social impacts of the transaction;

5. the projected additional costs and responsibilities which could be imposed upon the State and affected political subdivisions by development related to the transaction;

6. the existence of specific local or regional labor or consumption markets which should be met by the transaction;

7. the projected positive and negative environmental effects related to the transaction;

8. the projected effects of the proposed transaction upon existing private commercial enterprise and patterns of investments.

In addition, AS 38.06 and 3 AAC 56 govern the actions of the Alaska Royalty Oil and Gas Development Advisory Board and require, among other things, that they hold public hearings on proposed disposals of royalty oil to determine compliance with AS 38.

Background and Chronology

The Commissioner of Natural Resources issued a solicitation for the sale of royalty oil in February, 1981, which was amended in July, 1981. The solicitation invited proposals from companies interested in purchasing royalty oil, but stressed that preference would be given to proposals for the processing of royalty oil in-state or the supply in-state of products from royalty oil processed elsewhere, as required by statute.

Twenty-seven companies responded to the solicitation. The Commissioner conducted negotiations with each proponent, and subsequently narrowed consideration to those companies whose proposals appeared most meritorious. Chevron USA was one of the finalists.

Chevron USA is one of the largest West Coast refiners and marketers of petroleum products, with a total refining capacity of 870,000 b/d. Chevron owns a small and now antiquated refinery in Nikiski, Alaska, with a capacity of 18,000 b/d, as part of its West Coast refining network. It is also the largest supplier of petroleum products in Alaska, which products are refined both in Nikiski and at Chevron's California refineries. Chevron owns productive leases in both Cook Inlet and at Prudhoe Bay. Currently, Chevron trades its Cook inlet production to Tesoro Alaska Petroleum to be run in Tesoro's Nikiski refinery. All 12,000 b/d of Chevron's North Slope production is being used in Chevron's Nikiski refinery.

Chevron USA submitted a proposal in response to the solicitation requesting a long term contract for the sale of 45,000 b/d of royalty oil. Of the 45,000 b/d, 18,000 b/d represented an amount equal to the full refinery charge for the Nikiski refinery, 7,000 b/d was for a possible expansion of the Nikiski refinery, and the remaining 20,000 b/d would be refined in California and returned to Alaska in the form of petroleum products. The State was not considering the dedication of royalty oil to a mere tentative expansion; consequently, 7,000 b/d was excised from the proposal and negotiations centered on a volume of 38,000 b/d for a term of 12 years.

Negotiations between the State and Chevron USA continued until the deadline for submitting completed contracts to the legislature for approval/disapproval was reached. At that point, in return for a 12 year contract for 38,000 b/d, Chevron was willing to (1) use its best efforts to market specified petroleum products from its Nikiski refinery, (2) use its best efforts to supply historic levels of specified petroleum products produced from the 20,000 b/d processed in California, (3) supply Alaska needs first in the event of products shortage to the extent permitted by Federal law,

(4) continue to supply any local market in which Chevron is or becomes the sole supplier, (5) investigate a possible expansion of the Nikiski refinery and facilities in Western Alaska, and (6) provide the State with an option to purchase up to 400,000 tons annually of petroleum coke. Among other features, Chevron requested the right to terminate the contract on one year's notice.

The State came to the following conclusions with respect to Chevron's offer:

a. Much of what Chevron was proposing appeared to be in Chevron's interest anyway, and likely to be done by Chevron regardless of whether it received a royalty oil contract from the State.

b. Chevron could not offer petroleum coke to the State until 1986, which was not soon enough to satisfy the State's purposes in obtaining such an option.

c. The consideration being offered by Chevron, especially with respect to the 20,000 b/d to be exported from Alaska, was not sufficient to offset the potential losses which the State could experience from displacement and market downtrends created by a State sale. 1/

As a result, the State and Chevron USA were unable to come to an agreement for a long term contract at the time the deadline for submission of proposals to the 1982 legislature was reached. Negotiations were, therefore, suspended with the proviso that further discussions would be conducted subsequent to the legislative session to determine whether common ground could be identified. In the event it were possible for Chevron USA and the State to reach agreement, a contact would be drafted by the Commissioner and presented to the next Governor for action at the Governor's discretion. 2/

Several meetings were held after the legislative session between the State and Chevron regarding a possible long term contract. While some additional consideration was identified, it was not deemed sufficient by the State to justify a long term agreement.

In conjunction with a discussion held in the fall of 1982, however, Chevron notified the State that it expected its refining system would be short of crude oil in the immediate future. Therefore, while Chevron remained interested in a long term contract, their preference was now for a one year agreement with delivery as soon as possible. Chevron's initial request was for 100,000 b/d, later scaled back to 38,000 b/d and finally to 18,000 b/d. Chevron stated that

without additional crude supplies, the closure of the inefficient Nikiski refinery might be imminent.

At the time of Chevron's request, it was generally known that Chevron's principal supplier on the West Coast was Sohio, through an exchange agreement that had been in force for some time. Trade journals placed the volume of ANS received by Chevron from Sohio as high as 300,000 b/d, and stated that Chevron (through its parent Standard of California, an Aramco partner) returned Arabian Oil to Sohio for its refineries in the eastern US. At the time Chevron altered its request to the State from a long term to a short term contract and stated that they were crude short, articles began appearing in the press that the exchange agreement was being renegotiated with a substantial possibility that no agreement would be reached. Were this to happen, the State assumed that Chevron would replace some or all of the ANS formerly received from Sohio with foreign crude, thereby reducing the amount of higher-netback West Coast ANS placements. Consequently, the State did not want to become in any way a factor in the bargaining between Chevron and Sohio over continuation of their exchange agreement.

In discussing a possible short term agreement with Chevron, the State set forth the following elements as its position:

a. The State may not sell royalty oil on a short term (less than one year) basis except for a price premium or to relieve a market situation. The State notified Chevron that it would not consider a short term sale absent a price which would plainly return more to the State than if it made no sale, or a demonstration by Chevron that failure to make the sale would make closure of the Nikiski refinery imminent and likely.

b. The State would consider only a volume of 18,000 b/d (representing the full refinery charge for Nikiski) for in-state processing. The State would consider a greater volume only if the premium were so high it would be irresponsible for the State to ignore it.

c. Even if Chevron could demonstrate that closure of the Nikiski refinery was imminent and likely absent a sale of royalty oil, a premium equalizer over and above the Producers' Weighted Average Field Price would be required to obviate any losses from displacement and to avoid creating a market downtrend by serving as an acquisition bargain in contrast to Chevron's existing suppliers. Further, the State could not view as consideration the benefits which would accrue through a long term contract in which the relationship between the company and the State were maximized.

d. Chevron would be required to run the royalty oil through the Nikiski refinery and to produce specified levels of stated petroleum products on a best efforts standard. Further, Chevron would be required to use its best efforts to produce historic levels of asphalt and to produce additional amounts if demand so required. 3/

e. The State would not attempt to blend a short term contract into a long term contract, with the latter being approved by the legislature; only a short term contract would be considered.

f. A public hearing in Kenai would be required at which Chevron aired its reasons for needing royalty oil in order to keep the refinery open. Other parties would be permitted to testify. A sufficient justification for selling royalty oil short term would have to be placed on the public record by Chevron, both as a legal prerequisite and to avoid any appearance that a contract was being concluded behind closed doors in the final days of the Administration.

At the public hearing in Nikiski, Chevron presented written and oral testimony regarding its refining needs and the fact that it is presently crude short. 4/ This was later supplemented with additional written testimony. Chevron has stated for the record that, without additional crude oil in the form of State royalty oil, Chevron would have to seriously consider closing the Nikiski refinery as it is the least efficient member of its refining system (see attached letter). 5/ They have characterized a decision on closure of the refinery as imminent and likely to be adverse to its continued operation.

Chevron also agreed to the conditions set forth by the State (summarized on the previous page), including a price consisting of the Producers' Weighted Average Field Price, adjusted for the outcome of the present litigation, plus $.94 per barrel.

In February 1983, Chevron again approached the State with a proposal for a long-term contract for 38,000 b/d, to see if the new Administration would treat their proposal differently from the previous one. Because market conditions on the West Coast have not changed from the fall, the concerns cited above are still applicable. However, in the interest of keeping Chevron's Nikiski refinery operational for as long as possible, the State was willing to consider a long-term contract for volumes to be run at the Nikiski refinery. Those volumes will be sold at the in-value price, plus a .$30 premium.

The long-term contract, if approved by the legislature and governor, will supercede the one-year contract negotiated by the previous commissioner.

For general information on previous dispositions of Alaska royalty oil, and the marketing factors to be considered, I have also relied upon the Review of Alaska Royalty Oil, dated January 1, 1983, and prepared by former deputy commissioner Geoffrey Haynes, and hereby adopt the body of that report as part of these findings. That report also contains an analysis of all of the standard terms of the contract, which I hereby cite as an alternative to a discussion of them in this document.

Findings and Determinations

(1) I find and determine that the taking of royalty oil in-kind and the disposal of that royalty oil to Chevron for processing in-state is in furtherance of the intent of AS 38.05.182-183 and AS 38.06, and is in the best interest of the State for the following reasons:

a. The volume is limited to 18,000 b/d which will be run at Nikiski. Therefore, the entirety of the sale is for in-state processing, which is entitled to the highest preference under governing statutes.

b. Without the supply of royalty oil to Chevron, there is a substantial possibility that the refinery at Nikiski would be closed. There are numerous reasons (not limited to the availability of crude oil) which might cause Chevron to consider closing the facility, not the least of which is the decline in demand for petroleum products. However, Chevron has stated that they will keep the facility open for at least an additional year given a royalty oil contract for the amount of the Nikiski refinery charge. The combination of the adverse economic effects of closing Nikiski on the surrounding region together with the immediate absence thereafter of in-state capability for asphalt production at a time of high demand renders such a sale in the public interest. 6/

c. The price equalizer of $.30 over the Producer's Weighted Average Field Price will likely offset the adverse effects of displacement, and avoid creating any significant downward trend in the market through an acquisition bargain for Chevron. While it is impossible to forecast the spread in the two-tier price structure over the period of the contract, the amount of the equalizer is likely to cover a reasonable differential. Therefore, the equalizer is expected to leave the State in the same position financially as if no sale had been made, and avoids placing the State in

a position of inadvertently affecting any negotiations between Chevron and its other suppliers.

d. Public sentiment expressed at the hearing in Kenai and in other settings supports the sale of royalty oil to Chevron for the purpose of keeping the Nikiski refinery open.

(2) I find and determine that the findings required by AS 38.05.182 and 11 AAC 03.010(c) relating to taking in-value and to relief of storage conditions are not applicable to this proposed disposal.

(3) I find and determine that the findings required by AS 38.05.183(d) and 11 AAC 03. 010(e) relating to the export of royalty oil from the State are not applicable to this proposed disposal.

(4) I have determined in accordance with AS 38.05. 183 (a) that the best interest of the State does not require competitive bidding. The best interest of the State is served by requiring several contractual provisions designed to protect the State from factors which lay outside the realm of the competitive bid process. These include provisions designed to preclude the placing of royalty oil in a market which could have the effect of lowering the State's in-value price. Other concerns which lie beyond the pale of the competitive bid process include the security arrangements to insure payments to the State, provisions designed to forestall any possible responsibility or liability on the part of the State for handling royalty oil at Pump Station One, and provisions unique to the circumstances of each purchaser.

I find and determine that, in order to realize the objectives intended by AS 38.05.182-183 respecting instate processing and supply, disposal strictly by competitive bid with the award determined entirely upon the cash value offered is not in the best interest of the State. Rather, it is in the best interest of the State to dispose of royalty oil for a minimum of the in-value price to purchasers who offer the maximum benefits to the State under contracts which protect the interests of the State, recognizing the objectives intended by AS 38.05.182-183.

(5) With respect to the criteria set forth in AS 38.05.183(e), I make the following findings and determinations with respect to the proposed disposal to Chevron USA:

The cash value is the Producers' Weighted Average Field Price, plus .$30 per barrel. Therefore, as discussed above the cash value is equivalent to, and possibly

above, what the State would receive if it did not enter into this agreement.

A disposal to Chevron will have a favorable effect on the economy of the State because it will ensure the continued operation of the refinery with attendant employment and tax base benefits for the term of the contract. Crude oil products (including asphalt), would be processed in-state, insuring that industries dependent on those products would likely have adequate supplies. Moreover, continuation of existing processing and supply would maintain competition to the benefit of products consumers.

The benefits of the continued operation of the Nikiski refinery include the aforementioned employment, tax base, and security of supply benefits, and there would therefore be direct favorable results of processing 18,000 b/d in-state. Secondary industries partially or wholly connected with Chevron's refining operation would also continue to benefit from that relationship.

Chevron is the largest supplier of petroleum products in Alaska, and has demonstrated for over 90 years their ability to provide refined products or by-products for distribution and sale in the State. Continued operation of the Nikiski refinery promotes competition in the petroleum products market in Alaska and therefore benefits the citizens of the State.

(6) With respect to the criteria set forth in AS 38.06.070(a), I make the following findings and determinations with respect to the proposed disposal to Chevron USA:

Regarding the effect of the disposal on the revenue needs and projected fiscal conditions of the State, the matter is covered above.

The supply needs of crude oil products in various localities and regions are generally best met by Chevron, which has the most extensive marketing structure in the State of any refiner/supplier. Commodity allocation requirements are not applicable to this disposal.

The continued operation of the Nikiski refinery with attendant payroll and secondary benefits would have a positive and desirable effect on the citizens of the State. Although this disposal will not result in new capital investment or development, it will enable existing investment and development to continue to be utilized.

The projected social impacts of a disposition to Chevron are anticipated to be favorable. The benefits presently received from the operation of the Nikiski refinery plus the supply of products through Chevron's distribution system would continue. Should the refinery close, the social impact would be negative.

Since most of the essential provisions of the proposed disposal to Chevron relate to operation of its existing facilities and systems the additional costs and responsibilities which could be imposed upon the State and affected subdivisions are likely to be minimal.

While local labor markets are primarily confined to the Nikiski area, regional consumption markets could be directly and favorably affected by the Chevron disposal.

Environmental effects from consummating the proposal are negligible, if any, since the facility is already in existence.

The effects of the proposed disposal upon existing commercial private enterprise and patterns of investments could only be enhanced because of the continued operation of the Nikiski refinery and the continued supply of Chevron's full range of products to the State.

For the foregoing reasons, I find and determine that the proposed Chevron disposal is in the best interest of the State and maximizes benefits to the State.

Esther C Wunnicke — March 16, 1983

Esther C. Wunnicke, Commissioner — Date
Department of Natural Resources

Corrected for typographical errors April 15, 1983
Esther C Wunnicke

FOOTNOTES:

1. The price term for sales of royalty oil is founded on the average destination sales price (or internal transfer price) received by the Producers for all sales of Alaska North Slope (ANS) crude oil, netted back (i.e., with transportation and pipeline tariff charges subtracted) to Pump Station No. 1, the point of sale; this is referred to as the Producers' Weighted Average Field Price. Because ANS crude oil is marketed both on the West Coast and the Gulf Coast of the United States, the Weighted Average Field Price is necessarily a mixture of sales prices for both markets. Traditionally, the average netback price for West Coast sales has been higher than for Gulf Coast sales (as

explained on pp. 101 of the Commissioner's February 26, 1982 Findings). This differential netback is often called the two-tier price structure; the State believes this structure is a valid indication of the value of ANS in the respective markets and will persist in the future.

The two-tier price structure creates two potential adverse financial consequences to the State for a royalty oil sale to a West Coast destination. First, since the Producers' Weighted Average Field Price is used to calculate severance tax and royalty payments due the State, a State royalty sale to a West Coast destination may replace a higher netback West Coast producer sale in the calculation on pp. 116 of the Commissioner's February 26, 1982 Findings). The State estimated that the effect of displacement in a sale to Chevron would be in the neighborhood of $2,000,000 to $5,000,000 annually.

Second, if the State's mixed-market Producers' Weighted Average Field Price were substantially below the West Coast Commercial Price for ANS crude oil, large volume sales by the State on the West Coast could create a downward trend on the price of ANS generally with some major adverse effects on royalty and severance tax payments to the State. As explained in the Commissioner's Findings (pp. 99), this apparently happened once previously when approximately 159,000 b/d of the State's royalty oil was on the market short term from several of the State's purchasers. The potential losses to the State from creating a downtrend in the market can be in the tens of millions of dollars annually.

While economic and other benefits can generally be identified to offset potential losses with respect to instate processing, the same is not necessarily true regarding royalty oil processed elsewhere and simply brought back in the form of refined products. As a result, while the State offered Chevron a 12 year contract for 18,000 b/d (which Chevron declined), it did not believe that the consideration offered by Chevron for the remaining 20,000 b/d justified a sale. In addition to a lack of sufficient benefits to offset the consequences of displacement and market downtrends for the exported barrels, it was noted that a West Coast refiner such as Chevron may realize substantial savings in its crude oil acquisition costs if it purchases royalty oil from the State. This is because the Producers' Weighted Average Field Price used by the State (mixed Gulf Coast/West Coast price) will be lower than the West Coast commercial price charged by North Slope producers selling ANS on the West Coast to Chevron and others. The amount of savings would vary depending on the continuation of the two-tier price structure and the degree of difference between the Gulf Coast and West Coast netbacks. For 38,000 b/d over 12 years, however, the amount of reduced

acquisition costs could be as much as $200,000,000. The State did not believe that the consideration offered by Chevron was in proportion to these potential savings.

2. This same provision was made for Suneel Alaska and for Provident Energy, for which agreement was unable to be reached in time for the legislative session. Both companies subsequently withdrew their proposals.

3. The Department of Transportation and Public Facilities indicated the possibility of an asphalt shortage for the 1983 season which could slow the State's capital construction program. In addition, the State's other supplier of asphalt appears ready to terminate operations.

4. Sohio correctly pointed out that a sale of royalty oil by the State in substitution for one of the producers would not result in a net increase in ANS crude oil on the West Coast.

5. Chevron declined an 18,000 b/d contract at the Weighted Average for 12 years on the grounds that an obligation to keep Nikiski open for that period is not worth it unless Chevron gains additional oil for its California facilities. Therefore, we have concluded that Chevron will be unwilling to commit to keeping Nikiski open over the long term absent a royalty contract from the State for a volume including California barrels as well as Nikiski barrels.

6. This unique combination of circumstances cannot be assumed to repeat itself at any time Chevron considers closing this facility.

AGREEMENT FOR THE SALE AND
PURCHASE OF ROYALTY OIL

THIS AGREEMENT entered into as of the 16th day of March, 1983, by and between the STATE OF ALASKA ("Seller") and CHEVRON U.S.A. INC., a California corporation ("Purchaser),

ARTICLE I
DEFINITIONS

As used in this Agreement, the following terms shall have the following meanings:

1.1 "Commissioner" means the Commissioner of the Alaska Department of Natural Resources.

1.2 "Day" means a period of twenty-four (24) consecutive hours beginning at 12:01 a.m., Alaska Standard Time.

1.3 "Leases" means the oil and gas leases which are subject to the terms of the Unit Agreement.

1.4 "Lessee" means any person owning a working interest in any of the Leases.

1.5 "Month" means the period beginning at 12:01 a.m., Alaska Standard Time, on the first day of the calendar month and ending at the same time on the first day of the next succeeding calendar month.

1.6 "Oil" or "crude oil" shall have the same meaning as the word "oil" under the Unit Agreement.

1.7 "Point of Delivery" shall have the meaning set out in Article 2.4.

1.8 "Royalty Oil" means the oil which the Seller may take in-kind amount as its royalty under the Leases whether or not Seller has elected to take or is taking that royalty in in-kind.

1.9 "Daily Royalty Oil" means the quantity of Royalty Oil produced by the Lessees each day.

1.10 "Unit Agreement" means the Prudhoe Bay Unit Agreement effective April 1, 1977, by and between Seller and the Lessees, as it may be amended from time to time.

ARTICLE II

SALE OF ROYALTY OIL

2.1 Quantity. Seller agrees to sell to Purchaser and Purchaser agrees to buy from Seller that amount of oil equal to 9.600% of the Daily Royalty Oil ("Maximum Quantity"). Upon at least nine (9) months written notice to Seller, Purchaser may increase or decrease the amount of Daily Royalty Oil to be tendered by Seller at the point of Delivery, provided that the amount tendered by Seller under this Agreement shall not exceed the Maximum Quantity. It is understood and agreed that the volume of Daily Royalty Oil available to Seller will vary and may be interrupted from time to time, and depends upon a variety of factors, including the rate of production from the Leases. Seller disclaims and Purchaser waives any representation, covenant or warranty, express or implied, as to the specific quantity or the total or daily, monthly, average, or aggregate volume of Royalty Oil to be sold or tendered under this Agreement. Seller warrants that it has good title to the oil tendered under this Agreement. Seller shall hold the Purchaser harmless from all liens, encumbrances and valid adverse claims that may affect the Royalty Oil at the time the Royalty Oil is tendered to the Purchaser.

If Purchaser has not taken the Maximum Quantity of oil within five (5) years after the effective date of this Agreement, Seller, at its option, may permanently decrease the Maximum Quantity to the greatest percentage of Daily Royalty Oil tendered by Seller within that five-year period or, (2) the maximum amount of oil that can be processed at Purchaser's refinery, located at Nikiski, Alaska. Purchaser may permanently decrease the Maximum Quantity or terminate this Agreement upon nine (9) months written notice to Seller.

If Seller underlifts or stores Royalty Oil at Prudhoe Bay, or if Seller recovers underlifted or stored Royalty Oil, the quantity of Royalty Oil tendered under this Agreement shall be calculated as if no Royalty Oil was underlifted or stored or recovered.

2.2 Quality. The Royalty Oil sold shall be the same quality as the oil delivered by the Lessees to the Seller at the Point of Delivery. It is understood and agreed that the quality of the Royalty Oil sold may vary from time to time. Seller disclaims, and Purchaser waives, any guarantee, representation, or warranty, either

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expressed or implied, of the merchantability, fitness for use, or suitability for any particular use or purpose, or otherwise, of any of the oil delivered under this Agreement or as to any specific, average or overall quality or characteristic of Royalty Oil to be sold or tendered under this Agreement.

2.3 Price of the Royalty Oil. The price for the oil tendered under this Agreement shall be equal to the amount that Seller would have received from its Lessees for the Royalty Oil tendered if that royalty had been payable in money (taken in value) rather than taken in kind, plus a premium of $0.30 per barrel, plus the Field Cost Allowance incurred by that oil as determined under the Prudhoe Bay Royalty Settlement Agreement (dated April 1, 1980 for reference purposes only), which was entered as part of a final judgment dated August 13, 1980 in State of Alaska, et al. v. Amerada Hess Corp., et al., (Superior Court for the State of Alaska, First Judicial District at Juneau) ("Amerada Hess") ("Settlement Agreement") ("Purchase Price"). The Purchase Price shall be determined by Seller based upon the reports submitted by the Lessees for royalty purposes or, when those reports are unavailable, incomplete, or inaccurate, upon information submitted by the Lessees for production tax or other tax purposes, as may be adjusted from time to time as provided in this Agreement. Buyer will only be entitled to review or request material or information which is not confidential under state law or regulation.

The method, basis and amount of royalty due Seller when it takes its royalty in value from the Leases is presently the subject of litigation in Amerada Hess. One of the issues involved is the proper method to be used by the Lessees in calculating the state's royalty when that royalty is payable in money (in value). Until there is a resolution of that dispute through judicial resolution or settlement, the Purchase Price will be based upon the calculation of an amount per barrel equal to the per barrel volume weighted average of the in-value prices reported by the Lessees to Seller for royalty purposes or, when the royalty reports are unavailable, incomplete, or inaccurate, upon information submitted by the Lessees for production tax or other tax purposes, plus the Field Cost Allowance as determined under the Settlement Agreement. Upon resolution of each of the various issues

that are or will be involved in Amerada Hess, adjustments will be made to previous payments in accordance with each resolution. If additional amounts are owed by Purchaser to Seller, interest on those amounts will be paid at a variable interest rate which is the higher of: (1) the prime rate as may be announced from time to time by The Bank of America, San Francisco, California plus three per cent (3%); or (2) the rate of return as is realized from time to time in the investment of the State of Alaska's general fund. Amounts owed from Seller to Purchaser shall be repaid at the rate set out in Article 5.6.

If any applicable law of the United States of America or any rule or regulation promulgated by a federal agency will, in the judgment of Seller, operate to prohibit or prevent Seller from receiving the full amount due under the above provisions, Buyer's obligation to pay the amount of the Purchase Price in excess of the amount permitted will be suspended or adjusted to the minimum extent required for Seller to comply with that law, rule or regulation.

2.4 Point and Time of Delivery. Simultaneous with receipt of its Royalty Oil from its Lessees, Seller shall tender the oil to Purchaser at the point at which Seller receives the Royalty Oil from its Lessees. That point as presently agreed to by Seller and its Lessees in Article 2.3 of the Settlement Agreement is the custody transfer meters into the Trans Alaska Pipeline System at Prudhoe Bay.

2.5 Passage of Title and Risk of Loss. Title and risk of loss to the Royalty Oil sold under this Agreement shall pass from Seller to Purchaser for all purposes when Seller tenders the oil at the Point of Delivery.

2.6 Purchaser's Responsibility. Purchaser shall be responsible for the oil after passage of title. Purchaser will indemnify and hold Seller harmless from and against any and all claims, costs, damages (including reasonably foreseeable consequential damages), expenses or causes of action as a result of any loss, injury, or damage incurred by any party as a result of any transaction or event which relates to the crude oil after title has passed to Purchaser.

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2.7 Transportation Arrangements. Purchaser shall make all necessary arrangements for transporting the oil sold under this Agreement from the Point of Delivery, including satisfaction of line fill obligations and storage tank bottom requirements of the Trans Alaska Pipeline System, if any. If and as requested by the Seller, and at the time or times requested by Seller, Purchaser shall submit specific information concerning the arrangement it has made for transportation of the Royalty Oil sold under this Agreement through and away from the Trans Alaska Pipeline System and for the resale or other disposal of the Royalty Oil. Such information may include the specific tenders of oil made to the Trans Alaska Pipeline System and identification of tankers which will transport the Royalty Oil. In addition, Purchaser will provide Seller, if and as requested by Seller, with satisfactory evidence or reasonable assurance of the existence and continuing validity of adequate arrangements for the transportation or disposal of the Royalty Oil subject to this Agreement. Failure to provide information, evidence or assurances requested will, at Seller's election by notice to Purchaser, be a material default under this Agreement.

2.8 Absolute Obligations. The obligations of Purchaser to accept, pay for, and arrange for the transportation of the Royalty Oil tendered or sold under this Agreement are absolute and will not be excused or discharged by the operation of any disability of Purchaser, event of force majeure, impracticability of performance, change in conditions, or any other reason or cause.

2.9 Date of First Delivery. On May 30, 1983, or on the date of statutory approval as set forth in Article VI, whichever is later, Seller will initiate tenders of the Royalty Oil to Purchaser at the Point of Delivery the Maximum Quantity unless Purchaser, under the provisions of Article 2.1, decreases the amount of Royalty Oil to be tendered.

2.10 Performance Guaranty and Reservation Fee. If Purchaser does not take the Maximum Quantity on the Date of First Delivery, Purchaser shall pay to Seller, in addition to the Purchase Price, an amount equal to 1.25% of the Purchase Price per barrel per day on the difference between the Maximum Quantity and the actual quantity

tendered to and accepted by Purchaser ("Actual Quantity") for each day Purchaser does not take the Maximum Quantity on and after the Date of First Delivery. The payment of this fee shall end on the day that Purchaser accepts delivery of the Maximum Quantity. When Purchaser accepts the Maximum Quantity, all of the amounts paid under this Article 2.10 will be allowed to be credited against future payments for oil tendered under this Agreement except for an amount to be retained by Seller equal to .75% of the Purchase Price per barrel per day on the difference between the Maximum Quantity and the Actual Quantity for each day Purchaser did not take the Maximum Quantity on and after the Date of First Delivery. If Purchaser should thereafter decrease the amount of Royalty Oil to be tendered under this Agreement, Purchaser shall pay to Seller, in addition to the Purchase Price, an amount equal to .75% of the Purchase Price per barrel per day after the date that the decrease in the amount of Royalty Oil to be tendered by Seller takes effect on the difference between the Maximum Quantity and the Actual Quantity.

2.11 <u>In-state Processing</u>. Purchaser agrees that 100% of the Royalty Oil tendered under this Agreement shall be processed through Purchaser's refinery near Nikiski, Alaska, or shall be exchanged for other crude oil which shall be processed at that refinery. "Process" means producing oil products from the crude oil in significant quantities, but which quantities may be less than 34.44% of the volume of Royalty Oil tendered under this Agreement. "Exchange" means: (1) direct trades of equal volumes of crude oil; (2) trades of crude oil involving either cash or volume adjustments, or both, provided that those adjustments relate solely to quality or location differences; (3) sequential transactions in which Purchaser receives back crude oil from a party other than the party which receives the Royalty Oil in a trade from Purchaser; or (4) matching purchases and sales of crude oil. The terms under which Purchaser receives crude oil in any exchange shall not differ in any significant term from the terms under which Purchaser delivered Royalty Oil except for terms which adjust for differences in quality and location. Purchaser agrees that any trade or exchange shall not reduce the price to be paid to Seller and that trades or exchanges shall be at no cost or expense to Seller.

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Purchaser's obligation to process Royalty Oil in-state may only be suspended or excused under (1) the provisions of Articles VIII and XI, or (2) during refinery maintenance or asphalt production.

Seller may, at its option, waive the in-state processing requirement in whole or in part, if Seller is satisfied that Purchaser is using its best efforts to process the Royalty Oil tendered under this Agreement at Purchaser's refinery and that the waiver would not be contrary to the underlying intent of the other provisions of this Agreement.

2.12 Best Efforts. (1) Purchaser agrees to use its "best efforts" to produce and market in Alaska an amount of crude oil products from its refinery near Nikiski, Alaska not less in volume than 34.44% of the Royalty Oil tendered under this Agreement. Said crude oil products shall be comprised of at least jet kerosene, heating fuel, diesel, and asphalt. (2) In addition, Purchaser agrees to use its "best efforts" to sell to the Defense Fuels Supply Center JP-4 military jet fuel produced at said refinery. "Crude oil products" does not include residual fuel oil exported from Alaska unless the Commissioner, in his sole discretion, otherwise agrees, but does include bunker fuel loaded in Alaska. During periods of refinery maintenance or asphalt production where some or all of the Royalty Oil or exchanged oil is not being processed in-state (as described in Paragraph 2.11), the amount of crude oil products required under this paragraph which are not produced from the Nikiski refinery shall be produced from Purchaser's California refining facilities and made available. On or before the 20th day after the end of each month of the term of this Agreement, the Purchaser shall provide to the Seller an affidavit certified by the Purchaser stating the quantity of crude oil products produced and marketed in the State of Alaska from in-state processing of the Daily Royalty Oil tendered under this Agreement.

A determination of "best efforts" under this Article shall include consideration of Purchaser's capabilities and the surrounding business circumstances. Purchaser's obligation to use its best

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efforts include reasonable, diligent, and good faith efforts, but shall not require Purchaser to produce and market crude oil products in Alaska at a loss. "Best efforts" would, however, require Purchaser to produce and market products in Alaska even though Purchaser could make a greater profit by another disposition of the Royalty Oil or the products refined from that oil.

2.13 Future Dispositions of Royalty Oil. Seller recognizes that AS 38.05.183, which governs disposition of Royalty Oil by the State of Alaska, establishes a statutory preference for dispositions proposing (1) in-state processing of Royalty Oil and (2) in-state supply of products generated from processing of Royalty Oil, in that order. Seller represents that, in conjunction with future dispositions of Royalty Oil, Purchaser will be afforded the consideration contemplated by AS 38.05.183.

ARTICLE III
REPRESENTATION AND OBLIGATIONS OF PURCHASER

Purchaser warrants, represents and agrees:

3.1 Good Standing and Due Authorization. Purchaser is, and at all times during the operation of this Agreement shall remain, a corporation qualified to do business in, and in good standing with, the State of Alaska. Purchaser has all necessary corporate power to enter into this Agreement and to perform its covenants and obligations under this Agreement. All necessary corporate action has been taken to authorize Purchaser's entering into this Agreement and performing its covenants and obligations under this Agreement.

3.2 Financial Condition. The financial information submitted to Seller is complete and correct and fairly presents Purchaser's financial condition at the time the information was submitted to Seller. The financial information was prepared in accordance with generally accepted accounting principles consistently applied. Since the date the information was submitted, the condition, business and properties of Purchaser have not been materially adversely affected in any way. Purchaser agrees to inform Seller immediately if during the

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term of this Agreement there is any material adverse change in the condition, business, or properties of Purchaser which would have an appreciable adverse effect on Purchaser's performance under this Agreement. Purchaser, in addition, will immediately inform Seller of any significant change in ownership of either the Purchaser or any of its affiliates or parent company, and of any change in Purchaser's operations or agreements which would appreciably affect Purchaser's performance under this Agreement.

3.3 Financial Statements. As soon as possible after the end of each fiscal year of Purchaser, and in any event within 120 days thereafter, Purchaser will furnish to Seller, at purchaser's sole cost and expense, a report or a complete copy of a report in a form to be prescribed from time to time by Seller which will include Purchaser's balance sheet as of the close of the fiscal year and the income statement for that year prepared in each case in accordance with generally accepted accounting principles consistently applied by certified public accountants of recognized standing. For purposes of complying with this Article, Purchaser may submit, and Seller will accept, the annual report and supplement thereto of the Standard Oil Company of California.

3.4 Expansion/Modification. Purchaser agrees, for so long as Purchaser, in its sole judgement, determines that an expansion or modification of its in-state refining capacity is potentially viable for Purchaser, to conduct feasibility studies concerning the expansion or modification of its in-state refining capacity, including analysis of the various options for producing refined products and by-products, including petroleum coke. Purchaser shall report to Seller annually on the status of such studies.

3.5 Option to Purchase Resid. Subject to Purchaser's existing contracts, Purchaser grants to Seller an option to purchase all, or any quantity, of the residual oil ("resid") produced or refined from oil sold hereunder or the oil exchanged for the Royalty Oil refined at Purchaser's Nikiski, Alaska refinery. Seller shall exercise this option by giving Purchaser written notice nine (9) months in advance of purchase by Seller. The notice shall specify the quantity Seller will purchase. Thereafter Seller may increase, decrease, or terminate the quantity of resid by giving written notice

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nine (9) months in advance, and Seller may again subject to Purchaser's existing contracts, commence purchases after having terminated such purchase by giving written notice nine (9) months in advance of Seller's purchase. Provided, however, that Seller shall take the resid for a period of at least nine (9) months unless the Royalty Oil is run in Purchaser's refinery for a period of less than nine (9) months. In that case, Seller shall be obligated to purchase resid only for that shorter period of time.

This option shall remain in effect for the term of this Agreement. Failure to exercise this option for any period of time shall not affect Seller's right to exercise the option at a later time. This option, in whole or in part and for any term, shall be freely assignable by Seller and such assignment shall release Seller from all obligations to receive or pay for the resid sold under this option; provided, however, that Purchaser shall have the right to demand of an assignee of Seller reasonable security for the resid sold to that assignee. If authorized in an assignment by Seller, an assignee shall have the further right freely to assign that option, however, that assignment shall not release the assignee (or any subsequent assignee) of any responsibilities or liabilities to Purchaser unless agreed to by Purchaser in writing. Purchaser's obligations to supply resid, as set forth in this Article, following exercise of the purchase option by Seller, shall be freely assignable by Purchaser, in whole or in part and for any term; provided, however, that any such assignment shall not relieve purchaser of its obligations hereunder.

Seller shall pay the same price for resid as the highest price the Purchaser is offered for the same product from any other bona fide buyer of the resid. In the event Purchaser has no similar offer to buy from a bona fide buyer, the price shall be Purchaser's posted price for a like grade of resid in effect on date of loading at its Nikiski, Alaska refinery, provided, however, that at no time shall the price be more than the cost of the Royalty Oil purchased hereunder plus actual transportation cost to Nikiski, Alaska. Purchaser shall have the right to supply a comparable or better quality of resid from any source, domestic or foreign, so long as the laid-in cost of the

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resid at Seller's intended destination does not exceed the laid-in cost based upon Seller purchasing the resid at Nikiski, Alaska.

3.6 Petroleum Coke. Purchaser agrees that if it modifies or expands its refinery at Nikiski, Alaska so that the refinery is able to produce and handle petroleum coke, Purchaser will at that time enter into good faith negotiations with Seller for an option to purchase that petroleum coke.

ARTICLE IV
MEASUREMENTS AND TESTS

4.1 Measurement Standards and Procedures. The quantity and quality of the crude oil sold under this Agreement shall be determined at the Point of Delivery. Procedures and methods for measuring and metering the oil sold under this Agreement shall be in accordance with the practices then in effect at Prudhoe Bay, Alaska.

ARTICLE V
PAYMENTS AND ACCOUNTING

5.1 Billing. Seller will send to Purchaser, on or before the tenth (10th) business day of each month after delivery of Royalty Oil, an invoice statement of account of all Royalty Oil estimated to have been measured at the custody transfer meter into the Trans Alaska Pipeline System and tendered to Purchaser under this Agreement during the immediately preceding month according to the best information available to Seller, the estimated price or prices applicable to those deliveries, and the total amount due ("initial billing"). The estimates will be made by Seller according to the best information reasonably available to Seller. Seller may render its initial billing to Purchaser based in part upon information reported by the Lessees to Seller and information published by the U. S. government. Seller shall thereafter adjust its initial billing under this Article as soon as more accurate information concerning the quantity and price or prices of Royalty Oil delivered each month is available. Seller, however, shall not be required to adjust the initial billing prior to the sending of the next month's invoice statement of account.

5.2 Initial Adjustment. After the monthly invoice under Article 5.1, the subsequent monthly invoice will also state Seller's initial adjustments to be made, if any, to the invoice rendered in the

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immediately preceding calendar month, in accordance with any additional or more accurate information which may have become available to Seller. Whether or not initial adjustments are made, however, subsequent adjustments may be made under Article 5.5.

5.3 Payment. Purchaser will make payment of that amount billed under this Article within ten (10) days after receipt of the invoice statement of account. Payment shall be made without any deduction, set off, or withholding in immediately available funds to Seller at the following address:

Bank of America, NT & SA
San Francisco, California
Securities Department 3255
Credit to:
State of Alaska Investment Account

Payment may be made in such other manner or to such other address as Seller may specify in the invoice statement of account or by other written notice. All other payments to be made under this Agreement shall be paid in the same manner. If payment is due on a Saturday, Sunday, or legal holiday of the place where payment is to be received, payment shall be made on the next following business day. It is recognized that Seller may bill, and that Purchaser will pay, amounts that are based upon confidential information held or received by Seller. If confidential information is used as the basis for a billing, then upon request Seller will furnish Purchaser with the certified statement of the Commissioner that the amounts billed are correct based upon the best information available to Seller. Except for obvious clerical mistakes, if a dispute concerning a bill arises, it is agreed that Purchaser will pay the full amount billed by Seller pending final resolution of the dispute. Upon final resolution, the amount paid will be refunded to the Purchaser with interest, if such a refund is appropriate.

5.4 Payment to Lessee. Purchaser, at the request of Seller in the invoice statement of account or otherwise in writing, shall pay all or any portion designated by Seller of that payment required to be made to one or more of the Lessees at an address or addresses and in the manner designated by Seller. The payment will be made within the

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time limit specified in Article 5.3. Seller may authorize and designate a third party to make the request and designate the amount, manner and place of payment under this provision. Unless otherwise specified, the balance of the payment due, if any, and payment for subsequent months, shall be made in accordance with Article 5.3.

5.5 Subsequent Adjustments. Purchaser acknowledges that more accurate information concerning the quantity of or Purchase Price for Royalty Oil tendered may subsequently become available to Seller. In the event that any such information should subsequently become available to Seller, Seller shall promptly furnish a corrected invoice statement of account to Purchaser and the parties will adjust the amount billed and pay or refund the amount of those adjustments.

In the event that Seller should render a corrected invoice to Purchaser, the parties will adjust the amount previously billed accordingly. Any amount to be refunded from Seller to Purchaser or paid from Purchaser to Seller will be paid within fifteen (15) days after the date of the corrected invoice. The time for paying an adjustment will be different, however, when the adjustment concerns an amount last invoiced more than sixty (60) days before the corrected invoice, in which case the amount will be paid by Purchaser or refunded by Seller, as the case may be, in equal monthly installments over the same period of time as that over which the adjustment accrued or six (6) months, whichever is the shorter period. No adjustment will be made more than twelve (12) months after the date of the last original invoice to which the adjustment relates, except for adjustments resulting from (i) regulatory or court proceedings (including appeals) commenced or pending during that twelve-month period, whether or not Seller or Purchaser is a party to the proceeding, or (ii) bona fide audits by Seller of any Lessee(s) commencing at any time during the period six (6) years after the date of the last invoice to which such adjustment relates, or any resolution of disputes arising out of those audits. Adjustments due to audits or regulatory proceedings or court proceedings may be made at any time. The provisions of this Article 5.5 will survive any termination of this Agreement.

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5.6 Interest. Except for adjustments made upon resolution of Amerada Hess under Article 2.3, the amount of all sums which are not paid when due under this Agreement or which are subsequently determined to be due under an adjustment under Article 5.5, or refunds, shall bear interest from the date accrued until paid in full at a variable rate per annum equal to the prime rate as announced from time to time by the Bank of America, San Francisco, California, plus one and one-quarter percent (1.25%) per annum.

5.7 Late Payment Penalty. Except for unintentional failures to pay, including clerical mistakes or occurrences not within the reasonable control of Purchaser, or insignificant underpayments, if Purchaser fails to make payment within one day of the date that payment is due, then in addition to the amount due plus interest from the date that payment was due until the date of payment, Purchaser will pay an amount equal to one percent (1%) of the amount owed.

5.8 Payment to Third Parties. Seller may direct that Purchaser pay any amount due or which may become due directly to a third party in the manner and time as may be directed by Seller in written notice to the Purchaser if, in the Seller's sole discretion, the payment to the third party will assist Seller in monitoring or enforcing this Agreement.

ARTICLE VI

TERM

6.1 Term. This Agreement shall become effective upon execution by the parties and after enactment of legislation by the State of Alaska (including approval by the Governor) approving this Agreement, or on May 30, 1983, whichever is later. This Agreement shall be null and void if it is not so approved by September 1, 1983. Subject to the other provisions contained in this Agreement, Seller's obligation to sell and Purchaser's obligation to buy Royalty Oil shall begin as provided above, and shall end January 1, 1995.

6.2 Termination of Existing Agreement. This Agreement as of the date it becomes effective as above provided shall terminate and supersede that certain "Agreement for the Sale and Purchase of Royalty

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Oil" dated November 30, 1982, now effective between the parties; provided, however, (a) that no financial obligation of Purchaser to Seller arising out of such certain Agreement shall be affected by said termination, and (b) that the Letter of Credit furnished to Seller pursuant to Article XV of said Agreement shall to the extent of its principal amount apply to the Letter of Credit required by Article XV of this Agreement.

ARTICLE VII
DEFAULT OR TERMINATION

7.1 Default. If any one or more of the following events ("Events of Default") occur, then at Seller's option, Seller may terminate or suspend its obligation to tender and sell Royalty Oil and proceed to exercise any one or more of the rights and remedies provided in this Agreement:

(i) Except for obvious clerical errors, Purchaser does not pay in full any sum owed under this Agreement at the time when payment is due; or

(ii) Purchaser fails to observe or perform any of its other covenants and obligations under Article II; or

(iii) Purchaser does not perform any act required or contemplated under this Agreement and either: (a) the nonperformance continues for more than 30 days after Seller has notified the Purchaser of Purchaser's nonperformance; or (b) Purchaser had failed to perform the same or any other act required or contemplated under this Agreement during the immediately preceding 12 month period; or

(iv) There is a material adverse change in Purchaser's condition, business or property which appreciably affects the ability of the Purchaser to perform any of its obligations under this Agreement, and Purchaser is unable to give Seller adequate assurance of continued performance either within fourteen (14) days of a request for such an assurance or within such other shorter time period as Seller may reasonably request under the circumstances; or

(v) Any representation or warranty made by Purchaser in this Agreement proves to have been false or incorrect in any material respect at the time that the representation or warranty was made.

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7.2 Failure to Pay Debts. If at any time Purchaser becomes unable to pay any of its debts when those debts are due, or should otherwise become insolvent (without regard to how that insolvency may be evidenced), Purchaser will immediately give notice of that fact to Seller. Whether or not that notice is given, if Purchaser becomes unable to pay any of its debts when those debts are due or should otherwise become insolvent, Seller's obligation to tender and sell Royalty Oil under this Agreement will automatically and immediately terminate without any requirement of notice of other action by Seller; however, Purchaser will nevertheless be and remain liable for payment and performance of all of its obligations and covenants under this Agreement with respect to Royalty Oil actually tendered by Seller to and after any such termination. Within thirty (30) days after receipt of Purchaser's notice or, if no notice is given, after Seller otherwise becomes aware (as determined in Seller's sole discretion) of Purchaser's insolvency, Seller will have the right, upon written notice to Purchaser, to reinstate all of Seller's and Buyer's obligations under this Agreement retroactively to the date of termination.

7.3 Seller's Remedies. Upon the occurrence of any Event of Default or if Seller's obligation to tender and sell Royalty Oil under this Agreement is terminated or suspended under Article 7.1 and 7.2, all obligations of Purchaser accrued but not otherwise due and payable under this Agreement will immediately be due and payable in full. In addition, Purchaser will indemnify and hold Seller harmless from and against all other liability, damages (including reasonably foreseeable consequential damages), costs, losses and expenses (including reasonable attorneys' fees and disbursements) incurred by Seller and arising out of the Event of Default, termination, or suspension. Seller shall have the right cumulatively to exercise any and all other rights and remedies and to obtain all other relief available under applicable law or at equity, including mandatory injunction and specific performance. The Seller, upon occurrence of any Event of Default, in its sole discretion, may arrange for any disposition to third parties of Royalty Oil to be tendered and sold under this Agreement. Upon the occurrence of any Event of Default, the Purchaser is released from the obligations set forth in Articles 2.11 (In-State

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Processing) and 2.12 (Best Efforts) until the Event of Default no longer exists or the obligation of the Purchaser to take Royalty Oil under this Agreement expires. If upon occurrence of any Event of Default the Seller makes arrangement for disposition to third parties of Royalty Oil or if the Purchaser is released from Articles 2.11 and 2.12 whether or not this Agreement is terminated, Purchaser will nevertheless be and remain liable to Seller for the full amount of the Purchase Price for that Royalty Oil in excess of the Purchase Price over any amount or amounts received by Seller on account of that disposition, net of the expenses of that disposition and for all other costs, expenses (including reasonable attorneys' fees and disbursements), damages (including reasonably foreseeable consequential damages) and losses incurred by Seller and arising out of the Event of Default or disposition.

7.4 Purchaser's Exclusive Remedies. Upon any breach of, or default in, the due and timely observance or performance of any of Seller's covenants or obligations under this Agreement, Purchaser acknowledges and agrees that Purchaser's remedies will not include a temporary restraining order or preliminary injunction preventing Seller from taking any action with regard to the Royalty Oil sold under the Agreement.

ARTICLE VIII
DISPOSITION OF OIL

8.1 Disposition of Oil Upon Default or Termination. Purchaser acknowledges and agrees that under the Unit Agreement and Leases Seller's election to take Royalty Oil in-kind can be revoked or reversed only upon the satisfaction of various conditions, including the giving of six (6) months notice to return all or more than ten percent (10%) of Seller's then current nominations. Purchaser acknowledges and agrees that Seller's election to invoke its rights to return to taking its Royalty Oil in-value on less than six months notice, or to attempt to secure a waiver of any condition or requirements, is at Seller's sole and complete discretion. Notwithstanding termination of this Agreement for default or for any other reason, including expiration or termination under any provision contained in this Agreement, Purchaser shall continue to take and purchase Seller's Royalty Oil in the amount and for the price set

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forth in this Agreement for up to seven (7) months following termination of this Agreement if Seller, in its discretion, so requires.

8.2 Inability to Receive Oil. If for any reason Purchaser is unable or refuses to accept or receive any Royalty Oil tendered under this Agreement, Purchaser shall nevertheless be and remain responsible for the disposal of that Royalty Oil and for paying the Seller for the oil as though it had been received and accepted by Purchaser unless Seller, in its sole discretion, elects to waive this requirement.

8.3 No Right to Storage or Underlift. Purchaser waives and disclaims any interest or right that it may assert to storage of Royalty Oil, including by underlift or other means, to which Seller is or may come to be entitled under the Leases or any other agreement.

ARTICLE IX
WAIVER

9.1 Waiver. The failure of either party to insist upon strict performance of any provision of this Agreement shall not constitute a waiver of, or estoppel against, asserting the right to require that performance in the future. A waiver or estoppel in any one instance shall not constitute a waiver or estoppel with respect to a later breach of a similar nature or otherwise. A course of performance established by a party shall also not estop the other party from complaining of a later breach similar in nature.

ARTICLE X
VALIDITY

10.1 Validity. If any provision or clause of this Agreement or application of this Agreement to any person or circumstance is held invalid, that invalidity shall not affect other provisions or applications of this Agreement which can be given effect without the invalid provision or application. If, however, an invalidity should operate to impair any material right or remedy of a party to this Agreement, that party may terminate this Agreement by notice to the other.

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ARTICLE XI

FORCE MAJEURE AND CHANGE IN CONDITION

11.1 Effect of Force Majeure. Except for Purchaser's obligations to make payment of money for Royalty Oil tendered under this Agreement and except for Purchaser's obligations to accept and dispose of Royalty Oil, neither party shall be liable for any failure to perform the terms of this Agreement when the failure is due in whole or in substantial part to force majeure. The term "force majeure" as applied to this Agreement shall mean acts of God, strikes, lockouts and industrial disputes or disturbances, civil disturbances, arrests and restraints from rulers or people, interruptions by government or court orders or by present or future orders of any regulatory body having or asserting jurisdiction, acts of the public enemy, wars, riots, blockades, insurrections, inability to secure materials by reasons of allocations promulgated by authorized governmental agencies, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, explosions, breakage or accident to machinery or lines of pipe, freezing of wells or pipelines, or any other event or condition, whether of the kind herein enumerated or otherwise, not within the reasonable control of the party claiming the benefit of this excuse. If, however, any material obligation of Purchaser is excused or suspended because of a claim of force majeure for a period of 365 successive days or more, Seller will have the right to terminate this Agreement. Prior to the Seller exercising its right to terminate this Agreement the Seller and Purchaser shall enter into good faith negotiations to restore, to the fullest extent possible, the Seller and Purchaser to the benefits and obligations that existed under this Agreement before the occurrence of the force majeure condition.

11.2 Responsibility. Upon the occurrence and discovery of an event providing the basis for a claim of force majeure, the party making a claim shall notify the other party to this Agreement of its claim of force majeure. Upon the occurrence of an event constituting force majeure that event shall, so far as possible, be remedied with all reasonable diligence and dispatch. Except for Purchaser's obligations to make payment of money for Royalty Oil tendered under this Agreement and except for Purchaser's obligation to dispose of

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Royalty Oil, the obligations of the disabled party to perform under this Agreement, insofar as they are affected by that force majeure, shall be suspended from the time that force majeure occurs and for so long as the disability caused should have continued had the party claiming the existence of the force majeure remedied the event providing the basis of the claim of force majeure with reasonable diligence and dispatch, and for no longer. The settlement of strikes or lockouts or industrial disputes or disturbances will be entirely within the discretion of the party having the difficulty, and the above requirement that any force majeure shall be remedied with diligence and dispatch shall not require the settlement of strikes, lockouts, or industrial disturbances by acceding to the demands of any opposing party therein when such course is inadvisable in the sole discretion of the disabled party.

ARTICLE XII
NOTICES

12.1 Method. All notices, requests, demands or statements shall be in writing, and may be delivered personally to the party to be notified or may be sent by registered or certified United States mail, postage prepaid, with a return receipt requested to such party. Notice deposited in the mail in this manner shall be effective upon the expiration of seven (7) days after it is so deposited. Notice given in any other manner shall be effective only if and when received by the addressee. For the purposes of notice the addresses of the parties to this Agreement shall be as follows:

If to Seller:

State of Alaska
Commissioner of Natural Resources
Pouch "M"
Juneau, Alaska 99811

and

Commissioner of Revenue
Pouch "S"
Juneau, Alaska 99811

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and

Director, Division of Minerals and Energy Management
555 Cordova Street
Anchorage, Alaska 99501

If to Purchaser:

NOTICES AND CORRESPONDENCE:	INVOICES AND REFUNDS ONLY:
CHEVRON U.S.A. INC. P. O. Box 9000 Concord, CA 94524	CHEVRON U.S.A. INC. P. O. Box W, Section 424 Concord, CA 94524

12.2 Change of Address. Each party may change its address for notice by giving notice of the change.

ARTICLE XIII
RULES AND REGULATIONS

13.1 Rules and Regulations. This Agreement is subject to all present and future valid laws, orders, rules and regulations of the United States, the State of Alaska, and any duly constituted agency thereof.

ARTICLE XIV
SOVEREIGN POWER OF THE STATE

14.1 Sovereign Power of the State. This Agreement and its covenants shall not be interpreted as a limit on the exercise by the State of Alaska of any of its sovereign or regulatory powers, whether conferred on the State by constitution, statute or regulation, including but not limited to, its regulatory power over the Leases. The exercise by the State of Alaska of any sovereign or regulatory power will not operate or be deemed to enlarge any rights of Purchaser or to limit or impair any obligations or liability of Purchaser under this Agreement except for state statutes enacted after the effective date of this Agreement which have a direct and significant adverse effect on the ability of Purchaser to perform an obligation under this Agreement other than the obligations to accept, dispose, and pay for Royalty Oil tendered under this Agreement.

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ARTICLE XV

SECURITY

15. Letter of Credit. At least ninety (90) days before the date of First Delivery, unless waived by Seller, Purchaser shall cause to be furnished to Seller an irrevocable stand-by letter of credit for the benefit of Seller, issued by a state or national banking institution of the United States which is a member of the Federal Deposit Insurance Corporation and has an aggregate capital and surplus of not less than $100,000,000, or other banking institution acceptable to Seller in its sole discretion. The principal face amount of the letter of credit shall initially be $23,000,000.00. The letter of credit shall be substantially in a form satisfactory to the Commissioner, but in any event shall not require any documents to be submitted in support of drafts drawn against this letter of credit other than the certified statement of the Commissioner or his designee and the Attorney General of the State of Alaska or his designee that Purchaser is liable to Seller for a sum equal to the amount of such draft, and that that sum is due and payable in full and has not been timely paid. In the event that Seller should have reasonable grounds for asserting any claims against Purchaser under this Agreement and does assert those claims in an aggregate amount in excess of the aggregate principal face amount of the letter of credit then in effect, Purchaser shall upon Seller's request (whether or not Purchaser may deny, reject or otherwise resist such claims) cause the principal face amount of the letter of credit to be increased by an amount equal to the excess. The principal face amount of the letter of credit shall also be automatically increased by Purchaser without request from Seller whenever the face amount is less than the expected Purchase Price of sixty (60) days of Royalty Oil tenders under this Agreement, to an amount equal to the expected Purchase Price of sixty (60) days of Royalty Oil tenders. The principal face amount of the letter of credit may be decreased by Purchaser upon approval of Seller if the face amount is less than the expected Purchase Price of sixty (60) days of Royalty Oil tenders under this Agreement, to an amount equal to the expected Purchase Price of sixty (60) days of Royalty Oil tenders. The Commissioner may accept such other or additional security as he, in his sole discretion, considers adequate to protect seller.

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ARTICLE XVI

PREFERENTIAL HIRING AND NON-DISCRIMINATION

16.1 Compliance with Alaska Law. Purchaser will comply with all applicable Alaska statutes and regulations in effect at the time this Agreement becomes effective, as well as all amendments to them and subsequent enactments, providing for preferential hiring of Alaska residents and non-discrimination against them.

16.2 Preference to Qualified Alaska Residents. To the extent not superseded by or inconsistent with subsequently enacted legislation or regulations, Purchaser will use its best efforts to assure that work done by or for it within the State of Alaska in connection with this Agreement shall, to the extent they are available, willing and qualified, be performed by Alaska residents who, at the time of their initial employment by Purchaser, its contractors or subcontractors, fall within one or more of the following employment target groups, as determined by the State or an agency or agencies designated by the State:

(1) "chronically unemployed resident," defined as either:

(A) a resident who has been unemployed for a minimum of eight (8) months, cumulatively, of the twelve (12) months immediately preceding the time of application for determination of status, so long as the individual's income for the 12-month period does not exceed $25,000; or

(B) a resident who has exhausted benefits available under the Alaska Employment Security Act, AS 23.20, within the twelve months immediately preceding the time at which he makes application for certification and is currently not eligible for unemployment benefits;

(2) "economically disadvantaged resident," defined as a resident whose total household income for the twelve months immediately preceding the time of application for determination of status falls below seventy percent (70%) of the minimums set by the U.S. Bureau of Labor Statistics "lower living standard income level" as adjusted for Alaska; and

(3) "training-qualified resident," defined as a resident who, within the 12 months immediately preceding the time of

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application for determination of status, has successfully completed a program of job training designed to qualify the resident for employment on projects carried out in connection with this Agreement.

16.3 Assurance of Compliance. Purchaser shall use its best efforts to assure that neither it, nor its contractors and subcontractors, hire nonresidents when residents falling within one or more of the employment target groups set out in Article 16.2 are known to be available, willing and qualified for employment for work performed in connection with this Agreement within the State of Alaska.

16.4 Exceptions. The requirements of this Article do not apply to bona fide administrative, executive or professional employees of the Purchaser or its contractors or subcontractors, as those terms are defined in 8 AAC 15.190.

16.5 Collective Bargaining Agreements. In implementing the requirements of this Article, Purchaser shall assure that it and its contractors and subcontractors use their best efforts to include in all collective bargaining agreements with labor unions covering work to be performed in connection with this Agreement provisions that will assure employment preference to Alaska residents falling within the target groups set out in Article 16.2 in accordance with the requirements of this Article.

16.6 Non-discrimination. Purchaser shall assure that neither it nor its contractors or subcontractors engage in discriminatory practices against Alaska residents falling within the employment target groups set out in Article 16.2 who are employed or seeking employment by Purchaser or its contractors or subcontractors. Prohibited discriminatory practices include, but are not necessarily limited to:

(1) rejection of a resident referred to an employer by a collective bargaining agent in favor of a nonresident of similar qualifications in employment covered by a collective bargaining agreement;

(2) rejection of a resident in favor of a nonresident of similar qualifications in employment not covered by a collective bargaining agreement;

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(3) termination of a resident in favor of a nonresident of similar qualifications; and

(4) differentiation in payment of wages, salaries, fringe benefits, and working conditions between a resident and nonresident.

16.7 Definitions. In this Article,

(1) "qualified" means able, by education, training and experience or combinations of them, to perform the duties and satisfy the terms and conditions which are usual in the offered employment, provided that the duties, terms and conditions meet the reasonable standards of the industry as required of other employees performing the same type of work in the industry; and

(2) "resident" means a person who:

(A) except for brief intervals, military service, attendance at an educational or training institution, or for absences for good cause, is physically present in the state for a period of at least 30 days immediately before the time that person's status is determined;

(B) maintains a place of residence in the state;

(C) has not established residency for voting purposes in the state;

(D) has not, within the period of required residency, claimed residency in another state; and

(E) shows by all attending circumstances that that person's intent is to make Alaska his or her permanent residence.

ARTICLE XVII
APPLICABLE LAW

17.1 Alaska Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Alaska, excluding any conflict-of-law rule or principle which might refer such construction of the laws of another state or country.

17.2 Submission to Jurisdiction. Any legal action or proceeding arising out of or relating to this Agreement or for the enforcement of the covenants or obligation of either party must be

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instituted in a State court of general jurisdiction sitting in the State of Alaska, and Purchaser hereby irrevocably submits to the jurisdiction of that court in any such action or proceeding.

ARTICLE XVIII
WARRANTIES

18.1 No Warranties. The purchase and sale of Royalty Oil under this Agreement is subject only to the warranties of Seller expressly set forth in this Agreement and Seller disclaims and Purchaser waives all other warranties, express or implied in law, whatsoever.

ARTICLE XIX
AMENDMENT

19.1 Amendment. This Agreement may be supplemented, amended or modified at any time, but only by written instrument duly executed by the parties to this Agreement. In addition, material amendments to this Agreement which appreciably reduce the consideration to Seller must be approved by the Legislature of the State of Alaska.

ARTICLE XX
SUCCESSORS AND ASSIGNS

20.1 General Prohibition. No assignment, pledge or encumbrance of this Agreement shall be made by either party without first obtaining the written consent of the other party. The Commissioner may grant such consent on behalf of the Seller. The Commissioner shall have sole and complete discretion in granting or denying a proposed assignment, pledge or encumbrance. Subject to the above requirements in this Article, this Agreement will be binding upon and inure to the benefit of each of the parties and its successors and permitted assigns. In addition, if Purchaser gains or acquires a controlling interest in an entity which has an agreement with Seller for the sale of Royalty Oil ("Other Agreement"), then Seller, at its option and on one year's notice, may require Purchaser to terminate either this Agreement or the Other Agreement. The choice of which Agreement to terminate will be Purchaser's. Purchaser may request that Seller waive this option in advance of Purchaser gaining a controlling interest in an entity which has an agreement with Seller

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for the sale of Royalty Oil. The Commissioner has sole and complete discretion in granting or denying the requested waiver.

ARTICLE XXI
HEADINGS

21.1 Headings. Headings used in this Agreement are for convenience only and shall not affect the construction of this Agreement.

ARTICLE XXII
RECORDS

22.1 Preservation of Records. Purchaser will preserve and maintain all books, accounts, and records, relating to or arising out of the performance of this Agreement, including but not limited to the purchase or sale of Royalty Oil and its refined products, for a period of six (6) years. Purchaser will also maintain and preserve all similar books, accounts, and records of which it has possession belonging to those third parties with whom it contracts for the performance of various parts of this Agreement. Neither Purchaser nor Seller shall be required to retain any records for more than six (6) years unless retention of such records is specifically required by applicable law or regulation. Purchaser shall either maintain its records within the State of Alaska or make such records available to Seller at Purchaser's principal office in

the State of Alaska within thirty (30) days after written request by Seller.

22.2 Inspection of Records of Parties. Purchaser and Seller will accord to each other and to their authorized agents, attorneys, and auditors during reasonable business hours access to any and all property, records, books, documents, and indexes directly relating to the Purchaser's or Seller's performance of this Agreement and which are under the control of the party from which access is desired so that the other party may inspect, photograph and make copies of that property, records, books, documents and indexes. In no event, however, shall Seller be required to disclose any information, data,

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or records which are required to be held confidential by state law or regulation. If the information obtained by Seller may be held confidential under state or federal law or regulation, Purchaser may request that that information be held confidential by Seller.

ARTICLE XXIII

INTERPRETATION OF TERMS AND CONDITIONS

23.1 Commissioner finding and review. In the event that there is a disagreement about the meaning or application of a word, term, or condition in this Agreement, Purchaser will present the arguments supporting its view in writing to the Commissioner for his consideration. The Commissioner will subsequently, within a reasonable time, issue a finding on the meaning or application of the disputed word, term, or condition, and setting forth the basis for his conclusions. Purchaser agrees to accept findings by the Commissioner under this Article unless there is clear and convincing evidence for a finding contrary to the Commissioner's findings.

DATED this 16 day of March, 1983.

SELLER:

THE STATE OF ALASKA

Esther C. Wunnicke

Commissioner, Department of Natural Resources

PURCHASER:

CHEVRON U.S.A. INC.

By: R. F. Walsh

R. F. Walsh, Vice President

AGO 786641

ALASKA ROYALTY OIL AND GAS DEVELOPMENT ADVISORY BOARD

Resolution 83-1

WHEREAS, the State of Alaska, through the Commissioner of the Alaska Department of Natural Resources, and the Tesoro Alaska Petroleum Company have entered into an "Agreement for the State and Purchase of Royalty Oil from the Cook Inlet Basin" dated the 22nd day of February 1983; and

WHEREAS, in accordance with AS 38.06.055(a) "... the Commissioner of Natural Resources may not enter into a sale, exchange, or other disposition of oil or gas or of the rights or waiver of the rights to receive future production of royalty oil or gas under AS 38.05.183 without the prior approval of the Legislature ..."; and

WHEREAS, according to AS 38.06.055(a), "... a sale, exchange, encumbrance, or other disposition of oil or gas or of the rights or waiver of the rights to receive future production of royalty oil or gas may not be made by the Commissioner of Natural Resources under AS 38.05.183 without prior review of the proposed sale, exchange, encumbrance or other disposition by the Board. A written recommendation of the Board on the proposed sale, exchange, encumbrance or other disposition of oil or gas or of the rights or waiver of the rights to receive future production of royalty oil or gas shall be submitted to the Legislature at the time a resolution approving the proposed sale, exchange, encumbrance, or other disposition is introduced in the Legislature"; and

WHEREAS, in accordance with AS 38.06.040(a), the Board shall

"(2) hold public hearings on proposed sales, exchanges, or other disposals of royalty oil or gas to determine whether the proposals comply with AS 38.06.070;

(3) examine proposed sales, exchanges or other disposal of, and recommend to the Legislature that it approve or disapprove a proposed sale, exchange or other disposal of

(A) the oil or gas that is obtained by the State as royalty under AS 38.05.132; or

AGO 786642

(B) the rights to receive future oil or gas production under State leases"; and

WHEREAS, the Board did, on February 23, 1983 receive from the Commissioner of Natural Resources the above-mentioned agreement with Tesoro as well as a document entitled "Proposed Disposition of Royalty Oil, Tesoro Alaska Petroleum Company, Findings and Determinations Required for Disposals of Royalty Oil" dated February 22, 1983 and the Board did act and call public hearings, in accordance with the regulations outlined in 3 AAC 56, in Anchorage on March 22, 1983 and received public comment pertinent to this agreement; and

WHEREAS, in accordance with AS 38.06 and AS 38.05, the Commissioner of Natural Resources is required to submit to the Board, in writing, certain Findings or Determinations relating to the disposal of oil and gas royalty interests and the Board has received the required Findings and Determinations; and

WHEREAS, the board members had the opportunity to review the agreement, related Findings and Determinations and Public Testimony during the period February 28, 1983 until April 5, 1983; and

WHEREAS, the Board did, on April 5, 1983, meet to discuss the agreement, related Findings and Determinations, and Public Testimony to insure that this disposal is in accordance with the statutory purpose and criteria set forth in AS 38.06 as well as the Board's "Basic Principles and Policies" as outlined in the Board's development plan.

THEREFORE, the Board finds as follows:

1. that the Commissioner of Natural Resources has followed the board policies and applicable statutes and regulations relating to the disposal of oil and gas royalty interests.
2. that the sale of the royalty oil interests to Tesoro-Alaska Petroleum Company as per the agreement is in the best interest of the State because

(a) the oil is to be refined or processed in the existing Tesoro refinery near Kenai, Alaska.

(b) Tesoro-Alaska is an in-state refinery which supplies products to the Alaska market with supply benefits to state citizens.

(c) the Commissioner of National Resources did issue a competitive solicitation for the disposition of Cook Inlet royalty oil. The Commissioner determined that other proposals received in response to this solicitation were not in the State's best interest.

(d) the price the State will receive for this royalty interest appears to be substantially equivalent to or greater than the price the State would receive by taking this royalty in-value. However, the Board does not believe that the 10¢ per barrel cumulative capital investment for each barrel purchased is a significant factor.

(e) Tesoro has received 100% of the Cook Inlet royalty oil since 1969 and the existing Nikiski refinery is only equipped to process crudes of similar quality. Therefore, if Tesoro does not have access to this royalty oil, they would need to acquire this or similar quality crude by exchange or direct purchase. Further, if Tesoro does not receive this royalty oil they would have the ability to increase purchases of Prudhoe Bay royalty crude by a like amount in accordance with the agreement entered into in 1981 with Tesoro for Prudhoe Bay royalty crude.

(f) that Tesoro-Alaska is a highly qualified company which has been operating its refinery to produce products for the Alaska market for over 13 years.

(g) that this agreement is consistent with the criteria outlined in AS 38.06.070.

AND THEREFORE BE IT RESOLVED THAT the Alaska Royalty Oil and Gas Development Advisory Board recommends to the Thirteenth Alaska Legislature that the "Agreement for the Sale and Purchase of Royalty Oil from the Cook Inlet Basin" between the State of Alaska and Tesoro-Alaska Petroleum Company, dated February 22, 1983 be APPROVED.

Board Member Richard Lyon moved the adoption of the Resolution. Board Member Fred Boehler seconded. The vote was as follows:

APPROVE	DISAPPROVE
[illegible]	
John R. Rodewich	
[illegible]	
Fred Boehler	

AGO 786645

STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

DEPARTMENT OF NATURAL RESOURCES

OFFICE OF THE COMMISSIONER

POUCH M
JUNEAU, ALASKA 99811
PHONE: (907) 465-2400

February 23, 1983

RECEIVED
FEB 28 1983
ALASKA ROYALTY
OIL & GAS BOARD

Mr. Don Wold
Executive Director
Alaska Royalty Oil and Gas
Development Advisory Board
620 E. 10th Avenue
Anchorage, AK 99501

COOK INLET ROYALTY CRUDE

Dear Mr. Wold:

I have enclosed, for the consideration of the Board, findings and a signed contract for the long-term disposition of Cook Inlet royalty oil to Tesoro Alaska Petroleum Company. The contract has been reviewed by the Attorney General's Office. Our intention is to submit a bill approving the contract to the Legislature 30 days after you have received these documents.

I have previously transmitted to you the enclosed findings in draft form, including my rejection of the offers of Union Oil and Chevron USA for the Cook Inlet royalty oil, and my intention to waive competitive bid under AS 38.05.183(c).

Thank you for your cooperation. I look forward to the Board's review of the enclosed materials, which are the result of the solicitation issued by the Department in 1982 as a result of discussions with the Board.

Please let me know if I may be of assistance in any way.

Sincerely,

Alfred D Smith, Deputy

for Esther C. Wunnicke
Commissioner

cc: Lennie Boston
Robert Maynard
Kay Brown

RECEIVED
FEB 28 1983
ALASKA ... OIL & GAS BOARD

PROPOSED DISPOSITION OF ROYALTY OIL
TESORO ALASKA PETROLEUM COMPANY

FINDINGS AND DETERMINATIONS REQUIRED FOR DISPOSALS OF ROYALTY OIL

Under AS 38.05, AS 38.06, and 11 AAC 03, I must make various determinations and findings before I may dispose of royalty oil. This document constitutes those determinations and findings regarding the proposed disposal of Cook Inlet royalty oil to Tesoro Alaska Petroleum Company (TAPC).

Under the relevant statutes and regulations I must make the following findings and determinations prior to the execution of an agreement for the disposal of royalty oil:

(1) That the disposal is in the best interest of the State. 11 AAC 03.010(d); AS 38.05.020(2).

(2) If the disposal necessitates a taking in-value (such as return of the oil to the producers) that that taking in-value is in the best interest of the State. 11 AAC 03.010(c); AS 38.05.182.

(3) If the disposal would allow for the export of royalty oil from the State, that that royalty oil is surplus to present and projected intrastate domestic and industrial needs. 11 AAC 03.010(e); AS 38.05.183(d).

(4) If the royalty oil is disposed of to relieve storage or market conditions, that the agreement will relieve the storage or market condition. 11 AAC 03.010(f).

(5) If the disposal is other than by competitive bid, either that no competition exists, or the best interest of the State requires noncompetitive disposals. 11 AAC 03.030(a); AS 38.05.183(c).

(6) That a proposal or proposed disposition offers the maximum benefits to the State. 11 AAC 03.060(a); AS 38.05.183(e).

The determination that a proposal reasonably offers the maximum benefits to the citizens of Alaska is the best interest determination described in 11 AAC 03.010(d). 11 AAC 03.060(b). In making that determination I must consider the criteria described in AS 38.05.183(e), state which of those criteria apply to the proposed disposition, and discuss the weight given to the applicable criteria in determining the maximum benefit to the State. The criteria described in AS 38.05.183(e) are:

1. the cash value offered;

2. the projected effects of the sale, exchange, or other disposal on the economy of the State;

3. the projected benefits of refining or processing the oil and gas in the State;

4. the ability of the prospective buyer to provide refined products or by-products for distribution and sale in the State with price or supply benefits to the citizens of the State;

5. the criteria described in AS 38.06.070(a).

The criteria described in AS 38.06.070(a) are:

1. the revenue needs and projected fiscal condition of the State;

2. the existence and extent of present and projected local and regional needs for oil and gas projects and by-products, the effect of state or federal commodity allocation requirements which might be applicable to those products and by-products, and the priorities among competing needs;

3. the desirability of localized capital investment, increased payroll, secondary development, and other possible effects on the sale, exchange, or other disposition of oil and gas or both;

4. the projected social impacts of the transaction;

5. the projected additional costs and responsibilities which could be imposed upon the State and affected political subdivisions by development related to the transaction;

6. the existence of specific local or regional labor or consumption markets which should be met by the transaction;

7. the projected positive and negative environmental effects related to the transaction;

8. the projected effects of the proposed transaction upon existing private commercial enterprise and patterns of investments.

In addition, AS 38.06 and 3 AAC 56 govern the actions of the Alaska Royalty Oil and Gas Development Advisory Board and require, among other things, that they hold public hearings

on proposed disposals of royalty oil to determine compliance with AS 38.

Background and Chronology

The State currently receives royalty oil from four oil fields in the Cook Inlet basin. These fields have been in decline since the early 1970's; royalty production currently totals approximately 8,200 barrels per day (b/d), and is anticipated to decline to approximately 6,900 b/d/ in 1984 and 2,700 b/d by 1990. In February 1969, Commissioner of Natural Resources Thomas E. Kelley signed an eight-year contract with the Alaska Oil and Refining Company. The contract required the in-state processing of up to 15,000 b/d or royalty oil. Alaska Oil and Refining Company merged into the Tesoro Petroleum Company in July of that year, and constructed a refinery in Nikiski for the manufacture of gasoline, kerosene, and diesel from Cook Inlet crude.

In 1977, Tesoro requested a one-year contract extension, which was granted in March, 1978. In 1978, Tesoro requested a five-year extension, which was approved by the commissioner and legislature. The current termination date for the Tesoro contract is December, 1983.

In November, 1982, the Royalty Board recommended that the commissioner issue a competitive solicitation for the disposition of Cook Inlet royalty oil. Pursuant to that recommendation, a general notice of the prospective availability of Cook Inlet royalty oil was issued and published during that month. Union Oil, Chevron U.S.A. and Tesoro Alaska Petroleum Company (TAPC) each expressed an interest in obtaining the oil. For the reasons explained below, TAPC has been selected as the successful applicant for Cook Inlet royalty oil.

Union Oil Company of California

Union submitted a proposal for the purchase of the full volume of the State's Cook Inlet area royalty oil commencing January 1, 1984. The contract term which was proposed was for the period of five years and the price offered to be paid by Union for the royalty oil would have been Union's posted price. This proposal was nonresponsive to the State's needs since it did not offer (1) a price equal to an in-value price; (2) in-state refining or processing; or (3) a term of significant duration.

Chevron U.S.A.

Chevron U.S.A. also submitted a proposal for the entire volume of Cook Inlet royalty oil commencing January, 1984.

The term offered was six years but they were open for consideration to other periods. The price term was that which the State would have received if the State has taken the oil in-value and the additional consideration offered was to make available for sale in Alaska Chevron's historic level of aviation gasoline during the term of the Cook Inlet royalty oil contract. Chevron's promise of aviation gasoline is significantly less than the amount of products which would be produced from the amount of Cook Inlet oil products taken. Further, they made no promises regarding grades (e.g., guaranteed 80/87) nor would they agree to provide it if they do not make it in California. While the proposal represented an adequate term and the in-value price, the overriding consideration and benefits offered by Tesoro of in-state refining made it the overwhelming preference.

Tesoro Alaska Petroleum Company

Tesoro Alaska Petroleum Company (TAPC) submitted a proposal for the entire volume of Cook Inlet royalty oil commencing January, 1984. The term offered was eleven years and the price term was the weighted average price which the State would have received had it taken the oil in-value.

In addition, TAPC was willing to commit to manufacturing the Cook Inlet crude oil in their Nikiski refinery. The commissioner's expressed intention was to sell the Cook Inlet royalty oil to someone capable of processing the crude within the State. Tesoro met that goal as well as having the most realistic term, meeting the in-value price requirement, and offering an investment premium. TAPC agreed, in addition to the in-value price to be paid, to make cumulative capital investments in Alaska relative to their refining, marketing, transportation, or terminalling activities during the term of the contract equal to ten cents per barrel for each barrel of crude oil purchased under this contract. The expected contribution to employment, ancillary industries, and local tax bases (or, alternatively, to the State treasury) was a significant factor.

In addition, the sale of Cook Inlet oil to TAPC will not be a "net" sale of oil. In 1981, the state sold ANS oil to TAPC. The amount sold was 46,000 b/d minus the amount of Cook Inlet oil sold to TAPC. At present, the State sells about 37,000 b/d of ANS and 9,000 b/d of Cook Inlet oil to Tesoro. Therefore, if the State does not sell this oil to TAPC, it will have to increase its ANS delivery to TAPC By selling Cook Inlet oil to TAPC, however, the State frees up an equal number of barrels of its ANS crude for other sales. In contrast, a sale to anyone besides TAPC will decrease available royalty oil to be sold.

Findings and Determinations

(1) I find and determine that the taking of royalty oil in-kind and the disposal of that royalty oil to TAPC for processing in-state is in furtherance of the intent of AS 38.05.1982-183 and AS 38.06, and is in the best interest of the State for the reasons stated above and for the following reasons:

a. The volume is the state's royalty share of Cook Inlet crude oil production to be run entirely at Nikiski. Therefore, the entirety of the sale is for in-state processing, which is entitled to a high preference under the governing statutes.

b. The price term is that which the state would have received if the state had taken the oil in-value plus premium. Therefore the requirements of AS 38.05.182 and 11 AAC 03.010(c) relating to taking in-value are met.

(2) AS 38.05.183(c) requires that I make public the findings and conclusions for sales not made by competitive bid. Generally, the purpose of seeking competitive bids is to obtain the highest possible price on a standard form contract. The purpose of this disposal is to maximize the variety of benefits to the state cited in AS 38.05.183 and 38.06, including in-state processing and investment. Obtaining and balancing those benefits requires a negotiation process, as opposed to a one-factor bid process. For that reason, I waive the competitive bid requirement of AS 38.05.183(c) in favor of direct negotiation.

(3) I find and determine that the findings required by AS 38.05.183(d) and 11 AAC 03.010(e) relating to the export of royalty oil from the State are not applicable to this proposed disposal.

(4) With respect to the criteria set forth in AS 38.05.183(e). I make the following findings and determinations with respect to the proposed disposal to TAPC:

The cash value is the Producers' weighted average field price, plus a ten cent (10c) per barrel premium for capital investments. Therefore, as discussed above the cash value is equivalent to, and above, that what the State would have received if it did not enter into this agreement.

A disposal to TAPC will have a favorable effect on the economy of the State because it will ensure the continued operation of the refinery with attendant employment and tax base benefits for the term of the contract. Crude oil products would be processed

in-state, insuring that industries dependent on those products would likely have adequate supplies.

The benefits of the continued operation of the Nikiski refinery include the aforementioned employment, tax base, and security of supply benefits, and there would therefore be direct favorable results of processing the Cook Inlet royalty crude in-state. Secondary industries partially or wholly connected with TAPC's refining operation would also continue to benefit from that relationship.

With respect to the criteria set forth in AS 38.06.070(a), I make the following findings and determinations with respect to the proposed disposal to TAPC:

Regarding the effect of the disposal on the revenue needs and projected fiscal conditions of the State, the matter is covered above.

The supply needs of crude oil products in various localities and regions are generally met by TAPC. The continued operation and expansion of the Nikiski refinery with attendant payroll and secondary benefits would have a positive and desirable effect on the citizens of the State.

The potential adverse social impacts, adverse governmental costs and responsibilities, adverse private impacts, and adverse environmental effects from consummating the proposal are negligible, if any, since the facility is already in existence. In fact, the effects of the proposed disposal upon existing commercial private enterprise and patterns of investments could only be beneficial because of the continued operation and expansion of Nikiski refinery and the continued supply of TAPC products to the State.

For the foregoing reason, I find and determine that the Tesoro Alaska Petroleum Company disposal is in the best interest of the State and maximizes benefits to the State.

Esther C. Wunnicke — February 22, 1983

Esther C. Wunnicke, Commissioner
Department of Natural Resources

Date

STATE OF ALASKA
FISCAL NOTE

Revision Date , 1983

I. REQUEST

Bill/Resolution No.: HB 320
Title: Approving Cook Inlet royalty oil agreement
Sponsor: Governor
Requestor: Governor

II. FISCAL DETAIL

Agency Affected: Natural Resources
Program Category Affected: Mgmt. of Energy
BRU, Program of Subprogram(s) Affected: Oil & Gas Mgmt.

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL OPERATING	0	0	0			
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Source)						
	0	0	0			

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						
	0	0	0			

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: Mark Wittow Mark Wittow Phone: 465-2400
Division: Commissioner's Office, DNR Date: 3/30/83

Approved ~~by~~ for Commissioner: Maurice Collins Date: 3/30/83
Department: Natural Resources

Distribution:
Original to Legislative Finance
Copy to Office of Management and Budget (for Legislature introduced bills)
Copy to Department (for Governor introduced bills)
Copy to Sponsor

AGO 786653

HB 319

limit would allow the authority to operate for at least another year without the necessity for an additional adjustment to the statutory limit.

Sincerely,

/s/ Bill Sheffield

Bill Sheffield
Governor

HB 320

HOUSE BILL NO. 320 by the Rules Committee by request of the Governor, entitled:

> "An Act relating to the sale of royalty oil by the State of Alaska to the Tesoro Alaska Petroleum Company; and providing for an effective date."

was read the first time and referred to the Joint Committee on Oil and Gas for review and comment, and the Resources Committee.

A zero fiscal note accompanied HB 320.

The Governor's transmittal letter dated March 31, 1983, follows:

Dear Mr. Speaker:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill which provides for legislative approval of a royalty oil contract between the state and Tesoro Alaska Petroleum Company for the sale of Cook Inlet royalty oil.

This contract is described in the findings entitled "Proposed Disposition of Royalty Oil, Tesoro Alaska Petroleum Company" issued by the Department of Natural Resources on February 22, 1983. Copies of these findings have been made available to the legislature and the public for review.

AGO 786655

HB 320

This contract is being submitted for legislative approval for two reasons. First, although this and the previous administration have consistently taken the position that the statutory requirement of legislative approval of royalty oil contracts is unconstitutional (AS 38.06.055), as a matter of comity I respect the legislature's desire to have a direct voice in major disposals of royalty oil. Therefore, this contract contains provisions requiring approval by the legislature before it becomes effective. Second, this bill would ratify the agreement for the sale of oil. This ratification would cure any procedural defect that may have occurred in the process of entering into this contract.

Although we believe that all necessary steps have been taken, the statutes and regulations governing the disposal of royalty oil represent often conflicting desires and goals, both procedural and substantive. For example, even if statutorily requiring legislative approval were constitutional, the present statutes provide, on the one hand, that the legislature is to approve the contract by enacting legislation (AS 38.06.055[illegible]), but, on the other hand, they also provide that a report of the Royalty Board "shall be submitted for legislative review at the time of [sic] resolution for legislative approval of a proposed disposition of royalty oil and gas is introduced in the legislature" (AS 38.06.070(c)). Since legislative approval is required anyway as a matter of contract, I believe it only prudent to present this contract for legislative approval and ratification at this time.

Sincerely,

/s/ Bill Sheffield

Bill Sheffield
Governor

HB 321

HOUSE BILL NO. 321 by the Rules Committee by request of the Governor, entitled:

RECEIVED
FEB 28 1983
ALASKA ROYALTY
OIL & GAS BOARD

AGREEMENT FOR THE SALE AND PURCHASE OF ROYALTY OIL FROM THE COOK INLET BASIN

THIS AGREEMENT, entered into as of the 22nd day of February, 1983, by and between THE STATE OF ALASKA ("Seller") and TESORO ALASKA PETROLEUM COMPANY ("Buyer").

ARTICLE I

DEFINITIONS

As used in this Agreement, the following terms shall have the following meanings:

1.1 "Commissioner" means the Commissioner of Alaska Department of Natural Resources.

1.2 "Day" means a period of twenty-four (24) consecutive hours, beginning at 12:01 a.m., Alaska Standard Time.

1.3 "Leases" means the below-listed oil and gas leases located within the State of Alaska:

ADL-17579, ADL-17586, ADL-17587, ADL-17594, ADL-17595, ADL-17597, ADL-17602, ADL-18716, ADL-18729, ADL-18730, ADL-18731, ADL-18742, ADL-18744, ADL-18746, ADL-18754, ADL-18756, ADL-18758, ADL-18761, ADL-18772, ADL-18776, ADL-18777, ADL-21068, and ADL-35431.

AGO 786656

1.4 "Lessee" means any person owning a working interest in any of the Leases.

1.5 "Month" means the period beginning at 12:01 a.m., Alaska Standard Time, on the first day of the calendar month and ending at the same time on the first day of the next succeeding calendar month.

1.6 "Oil" or "crude oil" shall mean crude petroleum oil and other hydrocarbons, regardless of gravity which are produced and saved in liquid form at the well or its separator by ordinary production methods and this agreement does not cover natural gas or any liquified products separated from natural gas by other than conventional lease oil and gas separators.

1.7 "Point of Delivery" shall have the meaning set out in Article 2.4.

1.8 "Royalty Oil" means the oil which the Seller may take in kind (amount) as its royalty under the Leases whether or not Seller has elected to take or is taking that royalty in kind.

1.9 "Daily Royalty Oil" means the quantity of Royalty Oil produced by the Lessees each day.

1.10 "Capital Investment" means the expenditure of funds for an asset which benefits future periods or which would extend the useful life of an asset beyond the asset's original life. Capital Investment does not include normal maintenance or operating expenses.

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ARTICLE II

SALE OF ROYALTY OIL

2.1 Quantity. Seller agrees to sell to Purchaser and Purchaser agrees to buy from Seller 100.00% of the Daily Royalty Oil from the "Leases" ("Quantity"). It is understood and agreed that the volume of Daily Royalty Oil available to Seller will vary and may be interrupted from time-to-time, and depends upon a variety of factors, including the rate of production from the Leases. Seller disclaims and Purchaser waives any representation, covenant or warranty, express or implied, as to the specific quantity or the total or daily, monthly, average, or aggregate volume of Royalty Oil to be sold or tendered under this Agreement. Seller warrants that it has good title to the oil tendered under this Agreement. Seller shall hold the Purchaser harmless from all liens, encumbrances and valid adverse claims that may affect the Royalty Oil at the time the Royalty Oil is tendered to the Purchaser.

2.2 Quality. The Royalty Oil sold shall be the same quality as the oil delivered by the Lessees to the Seller at the Point of Delivery. It is understood and agreed that the quality of the Royalty Oil sold may vary from time to time. Seller disclaims, and Purchaser waives, any guarantee, representation, or warranty, either expressed or implied, of the merchantability, fitness for use, or suitablility for any particular use or purpose, or otherwise, of any of the oil delivered under this Agreement or as

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to any specific, average or overall quality or characteristic of Royalty Oil to be sold or tendered under this Agreement.

2.3 Price of the Royalty Oil. The price for the oil tendered under this Agreement shall be equal to the amount that Seller would have received from its Lessees for the Royalty Oil tendered if that royalty had been payable in money (taken in-value) rather than taken in kind. That Purchase Price shall be determined by Seller based upon the reports submitted by the Lessees for production, severance, or other tax purposes, as may be adjusted from time to time as provided in this Agreement. Buyer will only be entitled to review or request material or information which is not confidential under state law or regulation. The Purchase Price will be the calculation of an amount per barrel equal to the per barrel volume weighted average of the in-value prices as reflected by information submitted by the Lessees for production, severance, or other tax purposes.

In the event that the tax reports no longer adequately reflect the amount that the State would have received from its lessees for the crude oil sold to purchaser hereunder, then at the request of either party, the parties shall meet to negotiate the revisal of the price term of this Agreement.

Any such request shall be made in writing and sent by registered mail, telegram, or telex, pursuant to Section 12 hereof.

The first meeting shall take place within fifteen (15) days from the receipt of said notice.

AGO 786659

The parties shall have thirty (30) days from the receipt of said notice to reach an agreement over the alteration(s) to be made to the Agreement.

If the parties reach an accord within the time period of thirty (30) days, the alteration(s) which have been decided shall become effective on the first day of the month following the month during which the agreement has been reached.

If on expiration of the thirty (30) day period no agreement between the parties has been reached, then in such event either party shall have the option to terminate this Agreement, subject to the provisions of Article VIII.

Pending, or in the absence of, any agreement between the parties, the price to be in effect shall be the arithmetic average of the following postings for Cook Inlet Crude Oil: (1) Arco, (2) Union of California, (3) Chevron and (4) Mobil.

In settlement of litigation over various claims between and among the State, Purchaser and the eleven (11) companies holding lessee interests in twenty-three (23) specific oil and gas leases (listed below) issued by the State in the Cook Inlet Basin, the State, Purchaser and each of those Lessees agreed to various cash payments between and among themselves and to the establishment of certain "Platform-to-Shore Charges" and "C & D Allowances" under the terms of the settlement agreements, which were approved by the Court and made final in the Court's orders

AGO 786660

dismissing the litigation. These "Platform-to-Shore Charges" and "C & D Allowances" arose solely under the explicit terms of the settlement agreements; and the full consideration for them was the settlement and compromise of the various claims being then litigated, upon the terms set forth in the settlement agreements. The State and Purchaser reaffirm the separate nature of these costs from this Agreement and from any other lease, contract or agreement of any kind (other than the settlement agreements); and the "Platform-to-Shore Charges" and "C & D Allowances" established by those settlement agreements shall, if applicable, be paid, without regard to any provision hereof and without effect on any price to be paid hereunder to the State by Purchaser. The leases to which the settlement agreements apply are:

ADL-17579, ADL-17586, ADL-17587, ADL-17594, ADL-17595, ADL-17597, ADL-17602, ADL-18716, ADL-18729, ADL-18730, ADL-18731, ADL-18742, ADL-18744, ADL-18746, ADL-18754, ADL-18756, ADL-18758, ADL-18761, ADL-18772, ADL-18776, ADL-18777, ADL-21068, and ADL-35431.

If any applicable law of the United States of America or any rule or regulation promulgated by a federal agency will, in the judgment of Seller, operate to prohibit or prevent Seller from receiving the full amount due under the above provisions, Buyer's obligation to pay the amount of the Purchase Price in excess of the amount permitted will be suspended or adjusted to

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the minimum extent required for Seller to comply with that law, rule or regulation.

2.4 Capital Investment Premium. Purchaser agrees, in addition to any other consideration paid to Seller, to make cummulative capital investments in Alaska relative to Purchaser's refining, marketing, transportation or terminalling activities during the term of this Agreement equal to ten cents ($.10) per barrel for each barrel of crude oil purchased under this Agreement. The Capital Investment Premium may be accumulated by Purchaser and expended either in parcels or in total at any time during the term of this Agreement. If at the expiration or termination of this Agreement the Purchaser has not made cummulative Capital Investments greater than, or equal to, the accrued Capital Investment Premiums to the date of expiration or termination, the amount of under investment will be paid directly to the Seller within one hundred twenty (120) days of such expiration or termination.

2.5 Points of Delivery. Delivery and receipt of all Royalty Oil purchased hereunder shall be at the point or points where such oil is delivered to the Seller by its Lessees, subject to all rights and obligations the State may have under any oil and gas lease subject hereto or other agreements hereafter made between the State and the Lessees; provided, however, nothing in this Section shall authorize any reduction in the price to be paid by Purchaser pursuant to Section 2.3 hereof, and no such other agreement hereafter made by the State and its Lessees shall diminish Purchaser's rights hereunder.

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2.6 Passage of Title and Risk of Loss. Title and risk of loss to the Royalty Oil sold under this Agreement shall pass from Seller to Purchaser for all purposes when Seller tenders the oil at the Point of Delivery.

2.7 Purchaser's Responsibility. Purchaser shall be responsible for the oil after passage of title. Purchaser will indemnify and hold Seller harmless from and against any and all claims, costs, damages (including reasonably foreseeable consequential damages), expenses or causes of action as a result of any loss, injury, or damage incurred by any party as a result of any transaction or event which relates to the crude oil after title has passed to Purchaser.

2.8 Transportation Arrangements. Purchaser shall make all necessary arrangements for transporting the oil sold under this Agreement from the Point of Delivery. If and as requested by the Seller, and at the time or times requested by Seller, Purchaser shall submit specific information concerning the arrangement it has made for transportation of the Royalty Oil sold under this Agreement.

2.9 Absolute Obligations. The obligations of Purchaser to accept, pay for, and arrange for the transportation of the Royalty Oil tendered or sold under this Agreement are absolute and will not be excused or discharged by the operation of any disability of Purchaser, event of force majeure, impracticability

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of performance, change in conditions, or any other reason or cause.

2.10 Date of First Delivery. On January 1, 1984, or seven months after statutory approval as set forth in Article VI, whichever is later, Seller will tender to Purchaser at the Point of Delivery the Quantity.

2.11 In-State Processing. Purchaser agrees that any and all of the Royalty Oil tendered under this Agreement shall be processed through Purchaser's refinery near Kenai, Alaska, or shall be exchanged for other crude oil which shall be processed at that refinery. "Process" means producing oil products in significant quantities, but which quantities may not be less than 40% of the volume of Royalty Oil tendered under this Agreement. "Exchange" means: (1) direct trades of equal volumes of crude oil; (2) trades of crude oil involving either cash or volume adjustments, or both, provided that those adjustments relate solely to quality or location differences; (3) sequential transactions in which Purchaser receives back crude oil from a party other than the party which receives the Royalty Oil in a trade from Purchaser; or (4) matching purchases and sales of crude oil. The terms under which Purchaser receives crude oil in any exchange shall not differ in any significant term from the terms under which Purchaser delivered Royalty Oil except for terms under which adjust for differences in quality and location. Purchaser agrees that any trade or exchange shall not reduce the

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price to be paid to Seller and that trades or exchanges shall be at no cost or expense to Seller.

Purchaser's obligation to process Royalty Oil or exchanged oil in-state may only be suspended or excused under the provisions of Articles VIII and XI.

Seller may, at its option, waive the in-state processing requirement in whole or in part, if Seller is satisfied that Purchaser is using its best efforts to process the Royalty Oil tendered or the oil exchanged for Royalty Oil tendered under this Agreement at Purchaser's refinery, and that the waiver would not be contrary to the underlying intent of the other provisions of this Agreement.

2.12 Best Efforts. Purchaser agrees to use its best efforts to produce and market in Alaska an amount of crude oil products not less in volume that 40% of the Royalty Oil tendered under this Agreement. "Crude oil products" does not include residual fuel oil exported from Alaska unless the Commissioner, in his sole discretion, otherwise agrees, but does include bunker fuel loaded in Alaska. [~~[illegible]~~ On or before the 20th (twentieth) day after the end of each month of the term of this Agreement, the Purchaser shall provide to the Seller an affidavit certified by the Purchaser

Rev. wkw

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stating the quantity of crude oil products produced and marketed in the State of Alaska from in-state processing of the Daily Royalty Oil tendered under this Agreement.

A determination of "best efforts" under this Article shall include consideration of Purchaser's capabilities and the surrounding business circumstances. Purchaser's obligation to use its best efforts include reasonable, diligent, and good faith efforts, but shall not require Purchaser to produce and market crude oil products in Alaska at a loss. "Best efforts" would, however, require Purchaser to produce and market products in Alaska even though Purchaser could make a greater profit by another disposition of the Royalty Oil or the products refined from that oil.

2.13 Future Dispositions of Royalty Oil. Seller recognizes that AS.38.05.183, which governs disposition of Royalty Oil by the State of Alaska, establishes a statutory preference for dispositions proposing: (1) in-state processing of Royalty Oil, and (2) in-state supply of products generated from processing of Royalty Oil, in that order. Seller represents that, in conjunction with future dispositions of Royalty Oil, Purchaser will be afforded the consideration contemplated by AS.38.05.183.

2.14 Refinery Modification. In the event that the Purchaser modifies the Purchaser's refinery near Kenai, Alaska, to process one hundred percent (100%) Alaskan North Slope crude oil, the Purchaser will notify the Seller nine (9) months in advance of

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the date when one hundred percent (100%) Alaskan North Slope crude oil could be processed in the refinery. Upon such notification, the Seller will have a one-time option to terminate the Agreement at the end of the nine (9) months notification period or continue the Agreement relieving the Purchaser, however, from the obligations imposed by Sections 2.11 and 2.12.

ARTICLE III

REPRESENTATION AND OBLIGATIONS OF PURCHASER

Purchaser warrants, represents, and agrees:

3.1 Good Standing and Due Authorization. Purchaser is, and at all times during the operation of this Agreement, shall remain, a corporation qualified to do business in, and in good standing with, the State of Alaska. Purchaser has all necessary corporate power to enter into this Agreement and to perform its covenants and obligations under this Agreement. All necessary corporate action has been taken to authorize Purchaser's entering into this Agreement and performing its covenants and obligations under this Agreement.

3.2 Financial Condition. The financial information submitted to Seller is complete and correct and fairly presents Purchaser's financial condition at the time the information was submitted to Seller. The financial information was prepared in accordance with generally accepted accounting principles consistently applied. Since the date the information was submitted, the condition,

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business and properties of Purchaser have not been materially adversely affected in any way. Purchaser agrees to inform Seller immediately if during the term of this Agreement there is any material adverse change in the condition, business, or properties of Purchaser which would have an appreciable adverse effect on Purchaser's performance under this Agreement. Purchaser, in addition, will immediately inform Seller of any significant change in ownership of either the Purchaser or any of its affiliates or parent company, and of any change in Purchaser's operations or agreements, which would appreciably affect Purchaser's performance under this Agreement.

3.3 Financial Statements. As soon as possible after the end of each fiscal year of Purchaser, and in any event within one hundred twenty (120) days thereafter, Purchaser will furnish to Seller, at Purchaser's sole cost and expense, complete financial statements, reflective of Purchaser's financial condition, in the form filed with the Securities and Exchange Commission.

3.4 Expansion/Modification. Purchaser agrees, for so long as Purchaser, in its sole judgment, determines that an expansion or modification of its in-state refining capacity is potentially viable for Purchaser, to conduct feasibility studies concerning the expansion or modification of its in-state refining capacity, including analysis of the various options for producing refined products and by-products, including petroleum coke. Purchaser shall report to Seller annually on the status of such studies.

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3.5 Option to Purchase Resid. Subject to Purchaser's existing contracts, Purchaser grants to Seller an option to purchase all, or any quantity, of the residual oil ("resid") produced or refined from the Royalty Oil sold hereunder or the oil exchanged for the Royalty Oil. Seller shall exercise this option by giving Purchaser written notice nine (9) months in advance of purchase by Seller. The notice shall specify the quantity Seller will purchase. Thereafter Seller may increase, decrease, or terminate the quantity of resid by giving written notice nine (9) months in advance, and Seller may again, subject to Purchaser's existing contracts, commence purchases after having terminated such purchase by giving written notice nine (9) months in advance of Seller's purchase. Seller shall take the resid for a period of at least nine (9) months unless the Royalty Oil is run in Purchaser's refinery for a period of less than nine (9) months. In that case, Seller shall be obligated to purchase resid only for that shorter period of time.

This option shall remain in effect for the term of this Agreement. Failure to exercise this option for any period of time shall not affect Seller's right to exercise the option at a later time. This option, in whole or in part and for any term,

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shall be freely assignable by Seller and such assignment shall release Seller from all obligations to receive or pay for the resid sold under this option; provided, however, that Purchaser shall have the right to demand of an assignee of Seller reasonable security for the resid sold to that assignee. If authorized in an assignment by Seller, an assignee shall have the further right freely to assign that option, however, that assignment shall not release that assignee (or any subsequent assignee) of any responsibilities or liabilities to Purchaser unless agreed to by Purchaser in writing.

Seller shall pay the same price for resid as the highest price the Purchaser is offered for the same product from any other bona fide buyer of the resid.

In the event Purchaser has no similar offer to buy from a bona fide buyer, the price shall be Purchaser's posted price for a like grade of resid in effect on date of loading at its Kenai, Alaska, refinery, provided, however, that at no time shall that price be more than the cost of the Royalty Oil purchased hereunder plus actual transportation cost to Kenai, Alaska. Purchaser shall have the right to supply a comparable or better quality of resid from any source, domestic or foreign, so long as

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the laid-in cost of the resid at Seller's intended destination does not exceed the laid-in cost based upon Seller purchasing the resid at Kenai, Alaska.

3.6 Petroleum Coke. Purchaser agrees that if it modifies or expands its refinery at Kenai, Alaska, so that the refinery is able to produce and handle petroleum coke, Purchaser will at that time enter into good faith negotiations with Seller for an option to purchase that petroleum coke.

ARTICLE IV

MEASUREMENTS AND TESTS

4.1 Measurement Standards and Procedures. The quantity and quality of the crude oil sold under this Agreement shall be determined at the Point of Delivery. Procedures and methods for measuring and metering the oil sold under this Agreement shall be in accordance with the practices then in effect in the Cook Inlet Basin area of Alaska.

ARTICLE V

PAYMENTS AND ACCOUNTING

5.1 Billing. Seller will send to Purchaser, on or before the 10th (tenth) business day of each month after delivery of Royalty Oil, an invoice statement of account of all Royalty Oil estimated to have been measured at the point of delivery and tendered to Purchaser under this Agreement during the immediately preceding month according to the best information available to Seller, the

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estimated price or prices applicable to those deliveries, and the total amount due ("initial billing"). The estimates will be made by Seller according to the best information reasonably available to Seller. Seller may render its initial billing to Purchaser based in part upon information reported by the Lessees to Seller and information published by the U.S. Government. Seller shall thereafter adjust its initial billing under this Article as soon as more accurate information concerning the quantity and price or prices of Royalty Oil delivered each month is available. Seller, however, shall not be required to adjust the initial billing prior to the sending of the next month's invoice statement of account.

5.2 Initial Adjustment. After the monthly invoice under Article 5.1, the subsequent monthly invoice will also state Seller's initial adjustments to be made, if any, to the invoice rendered in the immediately preceding calendar month, in accordance with any additional or more accurate information which may have become available to Seller. Whether or not initial adjustments are made, however, subsequent adjustments may be made under Article 5.5.

5.3 Payment. Purchaser will make payment of that amount billed under this Article within ten (10) days after receipt of the invoice statement of account. Payment shall be made without any deduction, set off, or withholding in immediately available funds to Seller at the following address:

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Bank of America, NT & SA
San Francisco, California
Securities Department 3255

Credit to: State of Alaska Investment Account

Payment may be made in such other manner or to such other address as Seller may specify in the invoice statement of account or by other written notice. All other payments to be made under this Agreement shall be paid in the same manner. If payment is due on a Saturday, Sunday, or legal holiday of the place where payment is to be received, payment shall be made on the next following business day. It is recognized that Seller may bill, and that Purchaser will pay, amounts that are based upon confidential information held or received by Seller. If confidential information is used as the basis for a billing, then upon request Seller will furnish Purchaser with the certified statement of the Commissioner that the amounts billed are correct based upon the best information available to Seller. Except for obvious clerical mistakes, if a dispute concerning a bill arises, it is agreed that Purchaser will pay the full amount billed by Seller pending final resolution of the dispute. Upon final resolution, the amount paid will be refunded to the Purchaser with interest, if such a refund is appropriate.

5.4 Payment to Lessee. Purchaser, at the request of Seller in the invoice statement of account or otherwise in writing, shall pay all or any portion designated by Seller of that payment required to be made to one or more of the Lessees at an address or addresses and in the manner designated by Seller. The payment

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will be made within the time limit specified in Article 5.3. Seller may authorize and designate a third party to make the request and designate the amount, manner and place of payment under this provision. Unless otherwise specified, the balance of the payment due, if any, and payment for subsequent months, shall be made in accordance with Article 5.3.

5.5 Subsequent Adjustments. Purchaser acknowledges that more accurate information concerning the quantity of or Purchase Price for Royalty Oil tendered may subsequently become available to Seller. In the event that any such information should subsequently become available to Seller, Seller shall promptly furnish a corrected invoice statement of account to Purchaser and the parties will adjust the amount billed and pay or refund the amount of those adjustments.

In the event that Seller should render a corrected invoice to Purchaser, the parties will adjust the amount previously billed accordingly. Any amount to be refunded from Seller to Purchaser or paid from Purchaser to Seller will be paid within fifteen (15) days after the date of the corrected invoice. The time for paying an adjustment will be different, however, when the adjustment concerns an amount last invoiced more than sixty (60) days before the corrected invoice, in which case the amount will be paid by Purchaser or refunded by Seller, as the case may be, in equal monthly installments over the same period of time as that over which the adjustment accrued or six (6) months, whichever

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is the shorter period. No adjustment will be made more than twelve (12) months after the date of the last original invoice to which the adjustment relates, except for adjustments resulting from: (i) regulatory or court proceedings (including appeals) commenced or pending during that twelve (12) month period, whether or not Seller or Purchaser is a party to the proceeding, or (ii) bona fide audits by Seller of any Lessee(s) commencing at any time during the period six (6) years after the date of the last invoice to which such adjustment relates, or any resolution of disputes arising out of those audits. Adjustments due to audits or regulatory proceedings or court proceedings may be made at any time. The provisions of this Article 5.5 will survive any termination of this Agreement.

5.6 Interest. The amount of all sums which are not paid when due under this Agreement or which are subsequently determined to be due under an adjustment under Article 5.5, or refunds, shall bear interest from the date accrued until paid in full at a variable rate per annum equal to the prime rate as announced from time to time by the Bank of America, San Francisco, California, plus one and one-quarter percent (1.25%) per annum.

5.7 Late Payment Penalty. Except for unintentional failures to pay, including clerical mistakes or occurrences not within the reasonable control of Purchaser, or insignificant underpayments, if Purchaser fails to make payment within one (1) day of the date that payment is due, then in addition to the amount due plus

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interest from the date that payment was due until the date of payment, Purchaser will pay an amount equal to one percent (1%) of the amount owed.

5.8 Payment to Third Parties. Seller may direct that Purchaser pay any amount due or which may become due directly to a third party in the manner and time as may be directed by Seller in written notice to the Purchaser if, in the Seller's sole discretion, the payment to the third party will assist Seller in monitoring or enforcing this Agreement.

ARTICLE VI

TERM

6.1 Term. This Agreement shall become effective upon execution by the parties and after enactment of legislation by the State of Alaska (including approval by the Governor) approving this Agreement. This Agreement shall be null and void if it is not so approved by September 1, 1983. Subject to the other provisions contained in this Agreement, Seller's obligation to sell and Purchaser's obligation to buy Royalty Oil shall begin seven (7) months after the above approval or January 1, 1984, whichever is later, and end January 1, 1995.

ARTICLE VII

DEFAULT OR TERMINATION

7.1 Default. If any one or more of the following events ("Events of Default") occur, then at Seller's option, Seller may

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terminate or suspend its obligation to tender and sell Royalty Oil and proceed to exercise any one or more of the rights and remedies provided in this Agreement:

(i) Except for obvious clerical errors, Purchaser does not pay in full any sum owed under this Agreement at the time when payment is due; or

(ii) Purchaser fails to observe or perform any of its other covenants and obligations under Article II; or

(iii) Purchaser does not perform any act required or contemplated under this Agreement and either: (a) the nonperformance continues for more than thirty (30) days after Seller has notified the Purchaser of Purchaser's non-performance; or (b) Purchaser had failed to perform the same or any other act required or contemplated under this Agreement during the immediately preceding twelve (12) month period; or

(iv) There is a material adverse change in Purchaser's condition, business or property which appreciably affects the ability of the Purchaser to perform any of its obligations under this Agreement, and Purchaser is unable to give Seller adequate assurance of continued performance either within fourteen (14) days of a request for such an assurance or within such other shorter time period as Seller may reasonably request under the circumstances; or

(v) Any representation or warranty made by Purchaser in this Agreement proves to have been false or incorrect in any material respect at the time that the representation or warranty was made.

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7.2 Failure to Pay Debts. If at any time Purchaser becomes unable to pay any of its debts when those debts are due, or should otherwise become insolvent (without regard to how that insolvency may be evidenced), Purchaser will immediately give notice of that fact to Seller. Whether or not that notice is given, if Purchaser becomes unable to pay any of its debts when those debts are due or should otherwise become insolvent, Seller's obligation to tender and sell Royalty Oil under this Agreement will automatically and immediately terminate without any requirement of notice or other action by Seller; however, Purchaser will nevertheless be and remain liable for payment and performance of all of its obligations and covenants under this Agreement with respect to Royalty Oil actually tendered by Seller to and after any such termination. Within thirty (30) days after receipt of Purchaser's notice or, if no notice is given, after Seller otherwise becomes aware (as determined in Seller's sole discretion) of Purchaser's insolvency, Seller will have the right, upon written notice to Purchaser, to reinstate all of Seller's and Buyer's obligations under this Agreement retroactively to the date of termination.

7.3 Seller's Remedies. Upon the occurrence of any Event of Default or if Seller's obligation to tender and sell Royalty Oil under this Agreement is terminated or suspended under Article 7.1 and 7.2, all obligations of Purchaser accrued but not otherwise due and payable under this Agreement will immediately be due and payable in full. In addition, Purchaser will indemnify

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and hold Seller harmless from and against all other liability, damages (including reasonably foreseeable consequential damages), costs, losses and expenses (including reasonable attorneys' fees and disbursements) incurred by Seller and arising out of the Event of Default, termination, or suspension. Seller shall have the right cumulatively to exercise any and all other rights and remedies and to obtain all other relief available under applicable law or at equity, including mandatory injunction and specific performance. The Seller, upon occurrence of any Event of Default, in its sole discretion, may arrange for any disposition to third parties of Royalty Oil to be tendered and sold under this Agreement. Upon the occurrence of any Event of Default, the Purchaser is released from the obligations set forth in Articles 2.11 (In-State Processing) and 2.12 (Best Efforts) until the Event of Default no longer exists or the obligation of the Purchaser to take Royalty Oil under this Agreement expires. If upon occurrence of any Event of Default the Seller makes arrangement for disposition to third parties of Royalty Oil or if the Purchaser is released from Articles 2.11 and 2.12, whether or not this Agreement is terminated, Purchaser will nevertheless be and remain liable to Seller for the full amount of the Purchase Price for that Royalty Oil in excess of the Purchase Price over any amount or amounts received by Seller on account of that disposition, net of the expenses of that disposition and for all other costs, expenses (including reasonable attorneys' fees and disbursements), damages (including reasonably foreseeable consequential damages) and losses incurred by Seller and arising out of the Event of Default or disposition.

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7.4 Purchaser's Exclusive Remedies. Upon any breach of, or default in, the due and timely observance or performance of any of Seller's covenants or obligations under this Agreement, Purchaser acknowledges and agrees that Purchaser's remedies will not include a temporary restraining order or preliminary injunction preventing Seller from taking any action with regard to the Royalty Oil sold under the Agreement.

ARTICLE VIII

DISPOSITION OF OIL

8.1 Disposition of Oil Upon Default or Termination.

Purchaser acknowledges and agrees that under the Leases Seller's election to take Royalty Oil in kind may be revoked or reversed; and in certain instances, only upon the satisfaction of various conditions, including the giving of notice to return all or part of Seller's then current nominations. Notwithstanding termination of this Agreement for default or for any other reason, including expiration or termination under any provision contained in this Agreement, Purchaser shall continue to take and purchase Seller's Royalty Oil in the amount and for the price set forth in this Agreement for up to seven (7) months following termination of this Agreement if Seller, in its discretion, so requires.

8.2 Inability to Receive Oil. If for any reason Purchaser is unable or refuses to accept or receive any Royalty Oil tendered under this Agreement, Purchaser shall nevertheless be and remain responsible for the disposal of that Royalty Oil and for paying

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the Seller for the oil as though it had been received and accepted by Purchaser unless Seller, in its sole discretion, elects to waive this requirement.

8.3 No Right to Storage or Underlift. Purchaser waives and disclaims any interest or right that it may assert to storage of Royalty Oil, including by underlift or other means, to which Seller is or may come to be entitled under the Leases or any other agreement.

ARTICLE IX

WAIVER

9.1 Waiver. The failure of either party to insist upon strict performance of any provision of this Agreement shall not constitute a waiver of, or estoppel against, asserting the right to require that performance in the future. A waiver or estoppel in any one instance shall not constitute a waiver or estoppel with respect to a later breach of similar nature or otherwise. A course of performance established by a party shall also not estop the other party from complaining of a later breach similar in nature.

ARTICLE X

VALIDITY

10.1 Validity. If any provision or clause of this Agreement or application of this Agreement to any person or circumstance is held invalid, that invalidity shall not affect other provisions

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or applications of this Agreement which can be given effect without the invalid provision or application. If, however, an invalidity should operate to impair any material right or remedy of a party to this Agreement, that party may terminate this Agreement by notice to the other.

ARTICLE XI

FORCE MAJEURE AND CHANGE IN CONDITION

11.1 Effect of Force Majeure. Except for Purchaser's obligations to make payment of money for Royalty Oil tendered under this Agreement and except for Purchaser's obligations to accept and dispose of Royalty Oil, neither party shall be liable for any failure to perform the terms of this Agreement when the failure is due in whole or in substantial part to force majeure. The term "force majeure" as applied to this Agreement shall mean acts of God, strikes, lockouts and industrial disputes or disturbances, civil disturbances, arrests and restraints from rulers or people, interruptions by government or court orders or by present or future orders of any regulatory body having or asserting jurisdiction, acts of the public enemy, wars, riots, blockades, insurrections, inability to secure materials by reasons of allocations promulgated by authorized governmental agencies, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, explosions, breakage or accident to machinery or lines of pipe, freezing of wells or pipelines, or any other event or condition, whether of the kind herein enumerated or otherwise, not within

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the reasonable control of the party claiming the benefit of this excuse. If, however, any material obligation of Purchaser is excused or suspended because of a claim of force majeure for a period of three hundred sixty-five (365) successive days or more, Seller will have the right to terminate this Agreement. Prior to the Seller exercising its right to terminate this Agreement the Seller and Purchaser shall enter into good faith negotiations to restore, to the fullest extent possible, the Seller and Purchaser to the benefits and obligations that existed under this Agreement before the occurrence of the force majeure condition.

11.2 Responsibility. Upon the occurrence and discovery of an event providing the basis for a claim of force majeure, the party making a claim shall notify the other party to this Agreement of its claim of force majeure. Upon the occurrence of an event constituting force majeure that event shall, so far as possible, be remedied with all reasonable diligence and dispatch. Except for Purchaser's obligations to make payment of money for Royalty Oil tendered under this Agreement and except for Purchaser's obligation to dispose of Royalty Oil, the obligations of the disabled party to perform under this Agreement, insofar as they are affected by that force majeure, shall be suspended from the time that force majeure occurs and for so long as the disability caused should have continued had the party claiming the existence of the force majeure had remedied the event providing the basis of the claim of force majeure with reasonable diligence and dispatch, and for no longer. The settlement of strikes or lockouts or industrial

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disputes or disturbances will be entirely within the discretion of the party having the difficulty, and the above requirement that any force majeure shall be remedied with diligence and dispatch shall not require the settlement of strikes, lockouts, or industrial disturbances by acceding to the demands of any opposing party therein when such course is inadvisable in the sole discretion of the disabled party.

ARTICLE XII

NOTICES

12.1 Method. All notices, requests, demands or statements shall be in writing, and may be delivered personally to the party to be notified or may be sent by registered or certified United States mail, postage prepaid, with a return receipt requested to such party. Notice deposited in the mail in this manner shall be effective upon the expiration of seven (7) days after it is so deposited. Notice given in any other manner shall be effective only if and when received by the addressee. For the purposes of notice, the addresses of the parties to this Agreement shall be as follows:

If to Seller: State of Alaska
Commissioner of Natural Resources
Pouch "M"
Juneau, Alaska 99811

and

Commissioner of Revenue
Pouch "S"
Juneau, Alaska 99811

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and

Director, Division of Minerals
and Energy Management
555 Cordova Street
Anchorage, Alaska 99501

If to Purchaser: Tesoro Alaska Petroleum Company
8700 Tesoro Drive
P. O. Box 17536
San Antonio, Texas 78286

12.2 Change of Address. Each party may change its address for notice by giving notice of the change.

ARTICLE XIII

RULES AND REGULATIONS

13.1 Rules and Regulations. This Agreement is subject to all present and future valid laws, orders, rules and regulations of the United States, the State of Alaska, and any duly constituted agency thereof.

ARTICLE XIV

SOVEREIGN POWER OF THE STATE

14.1 Sovereign Power of the State. This Agreement and its covenants shall not be interpreted as a limit on the exercise by the State of Alaska of any of its sovereign or regulatory powers, whether conferred on the State by constitution, statute or regulation, including, but not limited to, its regulatory power over the Leases. The exercise by the State of Alaska of any sovereign or regulatory power will not operate or be deemed to enlarge any

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rights of Purchaser or to limit or impair any obligations or liability of Purchaser under this Agreement, except for state statutes enacted after the effective date of this Agreement which have a direct and significant adverse affect on the ability of Purchaser to perform an obligation under this Agreement other than the obligations to accept, dispose, and pay for Royalty Oil tendered under this Agreement.

ARTICLE XV

SECURITY

15.1 Letter of Credit. At least ninety (90) days before the Date of First Delivery, unless waived by Seller, Purchaser shall cause to be furnished to Seller an irrevocable stand-by letter of credit for the benefit of Seller, issued by a state or national banking institution of the United States which is a member of the Federal Deposit Insurance Corporation and has an aggregate capital and surplus of not less than One Hundred Million Dollars ($100,000,000), or other banking institution acceptable to Seller in its sole discretion. The principle fee amount of the letter of credit shall initially be Fourteen Million Dollars ($14,000,000). The letter of credit shall be substantially in a form satisfactory to the Commissioner, but in any event shall not require any documents to be submitted in support of drafts drawn against this letter of credit other than the certified statement of the Commissioner or his designee and the Attorney General of the State of Alaska or his designee that Purchaser is liable to Seller for a sum equal to the amount of such draft, and that that sum is due and payable

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in full and has not been timely paid. In the event that Seller should have reasonable grounds for asserting any claims against Purchaser under this Agreement and does assert those claims in an aggregate amount in excess of the aggregate principal face amount of the letter of credit then in effect, Purchaser shall, upon Seller's request (whether or not Purchaser may deny, reject or otherwise resist such claims) cause the principal face amount of the letter of credit to be increased by an amount of the letter of credit to be increased by an amount equal to the excess. The principal face amount of the letter of credit shall also be automatically increased by Purchaser without request from Seller whenever the face amount is less than the expected Purchase Price of sixty (60) days of Royalty Oil tenders under this Agreement, to an amount equal to the expected Purchase Price of sixty (60) days of Royalty Oil tenders. The principal face amount of the letter of credit may be decreased by Purchaser upon approval of Seller if the face amount is more than the expected Purchase Price of sixty (60) days of Royalty Oil tenders under this Agreement, to an amount equal to the expected Purchase Price of sixty (60) days of Royalty Oil tenders. The Commissioner may accept such other or additional security as he, in his sole discretion, considers adequate to protect Seller.

ARTICLE XVI

PREFERENTIAL HIRING AND NON-DISCRIMINATION

16.1 Compliance with Alaska Law. Purchaser will comply with all applicable Alaska statutes and regulations in effect at the

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time this Agreement becomes effective, as well as all amendments to them and subsequent enactments, providing for preferential hiring of Alaska residents and non-discrimination against them.

16.2 Preference to Qualified Alaska Residents. To the extent not superceded by or inconsistent with present or subsequently enacted federal or state legislation or regulations, Purchaser will use its best efforts to assure that work done by or for it within the State of Alaska in connection with this Agreement shall, to the extent they are available, willing and qualified, be performed by Alaska residents who, at the time of their initial employment by Purchaser, its contractors or subcontractors, fall within one (1) or more of the following employment target groups, as determined by the State or an agency or agencies designated by the State:

(1) "chronically unemployed resident," defined as either:

(a) a resident who has been unemployed for a minimum of eight (8) months, cumulatively, of the twelve (12) months immediately preceding the time of application for determination of status, so long as the individual's income for the twelve (12) month period does not exceed $25,000; or

(b) a resident who has exhausted benefits available under the Alaska Employment Security Act,

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AS.23.20, within the twelve (12) months immediately preceding the time at which he makes the application for certification and is currently not eligible for unemployment benefits;

(2) "economically disadvantaged resident," defined as a resident whose total household income for the twelve (12) months immediately preceding the time of application for determination of status falls below seventy percent (70%) of the minimums set by the U.S. Bureau of Labor Statistics, "lower living standard income level" as adjusted for Alaska; and

(3) "training-qualified resident," defined as a resident who, within the twelve (12) months immediately preceding the time of application for determination of status, has successfully completed a program of job training designed to qualify the resident for employment on projects carried out in connection with this Agreement.

16.3 Assurance of Compliance. Purchaser shall use its best efforts to assure that neither it, nor its contractors and subcontractors, hire non-residents when residents falling within one (1) or more of the employment target groups set out in Article 16.2 are known to be available, willing, and qualified for employment for work performed in connection with this Agreement within the State of Alaska.

16.4 Exceptions. The requirements of this Article do not apply to bona fide administrative, executive or professional

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employees of the Purchaser or its contractors or subcontractors, as those terms are defined in 8.AAC.15.910.

16.5 Collective Bargaining Agreements. In implementing the requirements of this Article, Purchaser shall assure that it and its contractors and subcontractors use their best efforts to include in all collective bargaining agreements with labor unions covering work to be performed in connection with this Agreement provisions that will assure employment preference to Alaska residents falling within the target groups set out in Article 16.2 in accordance with the requirements of this Article.

16.6 Non-Discrimination. Purchaser shall assure that neither it nor its contractors or subcontractors engage in discriminatory practices against Alaska residents falling within the employment target groups set out in Article 16.2 who are employed or seeking employment by Purchaser or its contractors or subcontractors. Prohibited discriminatory practices include, but are not necessarily limited to:

(1) rejection of a resident referred to an employer by a collective bargaining agent in favor of a non-resident of similar qualifications in employment covered by a collective bargaining agreement;

(2) rejection of a resident in favor of a non-resident of similar qualifications in employment not covered by a collective bargaining agreement;

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(3) termination of a resident in favor of a non-resident of similar qualifications; and

(4) differentiation in payment of wages, salaries, fringe benefits, and working conditions between a resident and non-resident.

16.7 Definitions. In this Article:

(1) "qualified" means able, by education, training and experience or combinations of them, to perform the duties and satisfy the terms and conditions which are usual in the offered employment, provided that the duties, terms and conditions meet the reasonable standards of the industry as required of other employees performing the same type of work in the industry; and

(2) "resident" means a person who:

(a) except for brief intervals, military service, attendance at an educational or training institution, or for absences for good cause, is physically present in the State for a period of at least thirty (30) days immediately before the time that person's status is determined;

(b) maintains a place of residence in the State.

(c) has established residency for voting purposes in the State;

(d) has not, within the period of required residency, claimed residency in another State; and

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(e) shows by all attending circumstances that that person's intent is to make Alaska his or her permanent residence.

ARTICLE XVII

APPLICABLE LAW

17.1 Alaska Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Alaska, excluding any conflict-of-law rule or principle which might refer such construction to the laws of another state or country.

17.2 Submission to Jurisdiction. Any legal action or proceeding arising out of or relating to this Agreement or for the enforcement of the covenants or obligation of either party must be instituted in a State court of general jurisdiction sitting in the State of Alaska, and Purchaser hereby irrevocably submits to the jurisdiction of that court in any such action or proceeding.

ARTICLE XVIII

WARRANTIES

18.1 No Warranties. The purchase and sale of Royalty Oil under this Agreement is subject only to the warranties of Seller expressly set forth in this Agreement and Seller disclaims and Purchaser waives all other warranties, express or implied in law, whatsoever.

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ARTICLE XIX

AMENDMENT

19.1 Amendment. This Agreement may be supplemented, amended or modified at any time, but only by written instrument duly executed by the parties to this Agreement. In addition, material amendments to this Agreement which appreciably reduce the consideration to Seller must be approved by the Legislature of the State of Alaska.

ARTICLE XX

SUCCESSORS AND ASSIGNS

20.1 General Prohibition. No assignment, pledge or encumbrance of this Agreement shall be made by either party without first obtaining the written consent of the other party. The Commissioner may grant such consent on behalf of the Seller. The Commissioner shall have sole and complete discretion in granting or denying a proposed assignment, pledge or encumbrance. Subject to the above requirements in this Article, this Agreement will be binding upon and inure to the benefit of each of the parties and its successors and permitted assigns. In addition, if Purchaser gains or acquires a controlling interest in an entity which has an agreement with Seller for the sale of Royalty Oil ("Other Agreement"), then upon at least one year's notice Seller, at its option may require Purchaser to terminate either this Agreement or the Other Agreement. The choice of which Agreement to terminate will be Purchaser's. Purchaser may

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request that Seller waive this option in advance of Purchaser gaining a controlling interest in an entity which has an agreement with Seller for the sale of Royalty Oil. The Commissioner has sole and complete discretion in granting or denying the requested waiver.

ARTICLE XXI

HEADINGS

21.1 Headings. Headings used in this Agreement are for convenience only and shall not affect the construction of this Agreement.

ARTICLE XXII

RECORDS

22.1 Preservation of Records. Purchaser will preserve and maintain all books, accounts, and records relating to or arising out of the performance of this Agreement, including but not limited to the purchase or sale of Royalty Oil and its refined products, for a period of six (6) years. Purchaser will also maintain and preserve all similar books, accounts, and records of which it has possession belonging to those third parties with whom it contracts for the performance of various parts of this Agreement. Neither Purchaser nor Seller shall be required to retain any records for more than six (6) years unless retention of such records is specifically required by applicable law or regulation. Purchaser shall either maintain its records within

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the State of Alaska or make such records available to Seller at Purchaser's principal office in the State of Alaska within thirty (30) days after written request by Seller.

22.2 Inspection of Records of Parties. Purchaser and Seller will accord to each other and to their authorized agents, attorneys, and auditors during reasonable business hours access to any and all property, records, books, documents, and indexes directly relating to the Purchaser's or Seller's performance of this Agreement and which are under the control of the party from which access is desired so that the other party may inspect, photograph and make copies of that property, records, books, documents and indexes. In no event, however, shall Seller be required to disclose any information, data, or records which are required to be held confidential by state law or regulation. If the information obtained by Seller may be held confidential under state or federal law or regulation, Purchaser may request that that information be held confidential by Seller.

ARTICLE XXIII

INTERPRETATION OF TERMS AND CONDITIONS

23.1 Commissioner Finding and Review. In the event that there is a disagreement about the meaning or application of a word, term, or condition in this Agreement, Purchaser will present the arguments supporting its view in writing to the Commissioner for his consideration. The Commissioner will subsequently, within a reasonable time, issue a finding on the meaning or application

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of such disputed word, term, or condition, and setting forth the basis for his conclusions. Purchaser agrees to accept findings by the Commissioner under this Article as long as there is substantial evidence supporting the Commissioner's findings. None of the above shall empower the Commissioner to determine the price of the crude oil, should such price become subject to renegotiation pursuant to Section 2.3.

DATED this 22 day of February, 1983.

SELLER: THE STATE OF ALASKA

Esther C. Wunnicke
Commissioner,
Department of Natural Resources

PURCHASER: TESORO ALASKA PETROLEUM COMPANY

By James F. Smith
James F. Smith,
President

Wkw
LAW

AGO 786696

TESORO

Tesoro Alaska Petroleum Company

March 15, 1983

Ms. Esther C. Wunnicke,
Commissioner
State of Alaska
Department of Natural Resources
Pouch M
Juneau, Alaska 99811

Dear Commissioner Wunnicke:

Please find enclosed a fully executed original of the Letter Agreement between the State of Alaska and Tesoro Alaska Petroleum Company concerning third party control of Tesoro.

A copy of this letter has been retained for our records.

Yours very truly,

James F. Smith
President

JFS:pw

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STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

DEPARTMENT OF NATURAL RESOURCES

OFFICE OF THE COMMISSIONER

POUCH M
JUNEAU, ALASKA 99811
PHONE: (907) 465-2400

March 12, 1983

Mr. James F. Smith
President
Tesoro Alaska Petroleum
Company
8700 Tesoro Drive
San Antonio, Texas 78286

Dear Mr. Smith:

On March 12, 1983, the State of Alaska and Tesoro Alaska Petroleum Company ("Tesoro Alaska") entered into an Agreement for the Sale and Purchase of Royalty Oil (the "Agreement"). Article 7.5 of the Agreement provides that the State may elect to terminate the Agreement in the event that a "third party" obtains "control" (as such terms are defined therein) of Tesoro Alaska or its parent, Tesoro Petroleum Corporation ("Tesoro").

During the negotiations which led to the execution of the Agreement, you informed the State that, on January 26, 1983, two Charter Security Life Insurance Companies, subsidiaries of The Charter Company ("Charter"), had entered into a Purchase Agreement, a Stockholders Agreement, a Registration Rights Agreement and a Certificate of Designation Establishing A Series of $2.20 Cumulative Covertible Preferred Stock (the "agreements") with Tesoro to purchase 2,875,000 shares of a new series of Cumulative Convertible Preferred Stock of Tesoro. Furthermore, those agreements contemplate that the Charter Security Life Insurance Companies or other companies affiliated with The Charter Company may purchase additional shares of Tesoro so that The Charter Company and companies affiliated with The Charter Company may own up to 30 percent of the voting interest in Tesoro. You also informed us that the Charter Security Life Insurance Companies will be entitled to up to three seats on Tesoro's Board of Directors, depending upon the size of Tesoro's Board.

The purpose of this letter is to set forth the understanding and intent of the State and Tesoro Alaska with respect to the application of Article 7.5 of the Agreement to the contemplated relationship between Charter and Tesoro. If the arrangements described in the preceding paragraph are effected, it is the understanding and intent of the parties that Charter and/or its affiliates will not control Tesoro or Tesoro Alaska within the meaning of Article 7.5 of the Agreement. If, however, Charter and/or its affiliates materially increases its or their ability to direct or cause direction of the management and policies of Tesoro or Tesoro Alaska over that contemplated in the agreements, Article 7.5 will be applicable.

Sincerely,

Esther C. Wunnicke

Esther C. Wunnicke
Commissioner

ACCEPTED AND AGREED TO:

James F. Smith

James F. Smith, President
Tesoro Alaska Petroleum Company

cc Rs
LAW

CONTENTS OF FILE
ON
ROYALTY OIL CONTRACTS

A) COPY OF REMARKS BY TESORO REPRESENTATIVE

B) COPY OF REMARKS BY CHEVRON REPRESENTATIVE

C) MEMO OF EXPLANATION ON CONTRACTS

D) COPY OF LETTER OF AGREEMENT FROM TESORO

E) COPY OF HB 320 WITH FISCAL NOTE AND GOVERNOR'S TRANSMITTAL LETTER

F) COPY OF HB 370 WITH FISCAL NOTE AND GOVERNOR'S TRANSMITTAL LETTER

G) COPY OF HB 371 WITH FISCAL NOTE AND GOVERNOR'S TRANSMITTAL LETTER

H) COPY OF STOCKHOLDERS AGREEMENT BETWEEN CHARTER AND TESORO

I) COPY OF CONTRACTS, WITH COMMISSIONER WUNNICKE'S COVER LETTER

J) RESOLUTIONS FROM ROYALTY OIL BOARD

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MEMORANDUM State of Alaska

TO: Esther Wunnicke
Commissioner
Department of Natural Resources

DATE: May 5, 1983

FILE NO:

TELEPHONE NO: 465-3600

FROM: Norman C. Gorsuch
Attorney General

SUBJECT: Overview of royalty oil contract terms

By: Robert M. Maynard RMM
Assistant Attorney General
Oil and Gas-Juneau

The state's royalty oil contracts are unique. Normally, oil sales contracts are for cash or equal amounts of oil, are for a relatively short term (three months to one year), and are very short documents (usually no more than three or four pages). In fact, large sales of oil are often accomplished merely by exchanging telex's, with industry custom filling in all non-expressed terms of the agreement. The flexibility of each company to respond to changes and conditions and the concern solely with price and quality of the oil sold allows these contracts to be generally sufficient. In addition, even the longer term contracts (up to five years) have clauses that allow either party to get out the contract, usually after each quarter, if they cannot continue to agree on the price of the oil sold.

The state's contracts, on the other hand, are unique in that not only are they long term (11 to 25 years), but also they have extensive and detailed provisions. The reason for the general difference is that the state is not in the oil market with the same goals as private companies. Nor does the state have a private company's flexibility.

Also, the state is much more risk adverse than the normal oil company. About 40 percent of total state revenues derive from the money the state gets for its royalty oil. Whereas a private company is often willing to "gamble" on making greater profit, the state interest is often more conservative.

Without taking "in-kind", the state would receive what the producers receive when they market their own oil. These companies, primarily Exxon, Sohio, and Arco, have large and expert marketing staffs and are generally able to approach or exceed the values the state could receive over the long term by a

similar marketing effort. Therefore, if the state decides to take its oil in kind it is making a decision that it can get greater consideration for its oil when it sells than the companies as a whole receive when they market their oil. Under certain circumstances this can occur, but it must occur either through unusual circumstances or through the offering of a benefit for the sale of royalty oil that the companies do not offer when they sell their oil in the normal commercial transaction.

In any event, the state is otherwise guaranteed a certain level of revenues from royalty oil when it leaves it with the producers. Taking the oil in kind not only puts an element of risk upon the state that the state should try to minimize, but also entails other problems that make the sale of the royalty oil a more complicated transaction. One of these considerations is that the state as a government has procedures for the sale of oil that bind its flexibility much more than that of a private oil company. For example, the constitution gives the legislature the power to set the terms and conditions of royalty oil sales. The legislature in the past has not given (and there are strong arguments why it should not give) complete discretion and flexibility to one state official in daily transactions for the sale of 40 percent of the state treasury. The delegation of that much control and authority in such a high risk area has been viewed by the legislature as too much of a gamble. Consequently, the statutes set forth a very detailed and, to a private company, cumbersome procedure before the state can commit any significant quantities of royalty oil.

Another practical problem is that it would be extremely difficult for the state to duplicate the marketing expertise of the individual oil companies. First, large staffs would have to be manned with experts in the area. It is doubtful that the state could be able to hire those expert traders on a state salary system. The only alternative would be to hire those experts by contract or to give them a percentage of the transaction.

Even so, the state also doesn't have the backup facilities or expertise in the other aspects of oil transportation and sale that the majors have acquired. The state does not have the ability to instantaneously take oil from or give oil back to the producers -- instead, the state must give six months notice before it can force the producers to either give the state oil or take oil back in case of a problem. Consequently, the state must be prepared to arrange for or invest

in tankers, storage facilities, or other backup systems that would be necessary to handle oil on any emergency basis.

Because of these and other considerations, the state has not attempted to enter the day to day oil marketing business in the same manner as the rest of the industry. Not only would it be difficult to consistently outperform the majors in that type of business transaction, but also there are practical and political barriers to the state attempting to run its royalty oil business in that manner.

Instead, the state has attempted to take advantage of unique conditions for the sale of oil or has attempted to offer a unique advantage to the purchaser of royalty oil that that purchaser could not receive in a normal commercial oil transaction. The occurance of conditions for the short term sale of royalty oil for greater cash consideration are few and far between -- they usually depend upon holes in the market created by government regulation (e.g., government price controls and entitlements). And, those short term sales are only available for relatively small volumes (20 to 50 thousand barrels a day) of oil. Examples of the state taking advantage of unique conditions for a sale are the 1979 sale back to the producers of royalty oil for the ceiling price (which netted the state approximately three to four hundred million dollars) or the auction of state royalty oil in 1980, which ultimately netted the state approximately 60 to 70 million dollars (even with the various bankruptcies and some companies walking on the state contracts).

Otherwise, there is only one unique advantage the state can offer in the world oil market -- a long-term royalty oil contract. The state is the only place in the world where a purchaser can receive a long-term guaranteed supply of oil from a secure source of supply. That guarantee of a long-term supply has some, often unquantifiable, worth which the state can lever into additional consideration above the market value of the oil itself (since market value is determined by the relatively short-term sales of Prudhoe Bay oil).

In offering long-term contracts, however, the state entered into an area for which there was no real precedent. There were no form contracts or proven provisions for long-term oil contracts. As has been seen in the last decade in the oil markets, there are many unknown changes in world circumstances which will occur over the term of the contract. Thus the contract would have to anticipate possible problems and protect the state in the event that an unknown danger arose. Not knowing the exact nature of that unknown condition made the task much

more difficult. In addition, because of the relatively cumbersome procedures for disposing of royalty oil, the state has much less flexibility in amending a contract when problems arise in the future.

One example of this problem is the determination of a price for the oil over the long-term. The price of world oil has gyrated wildly just in the past six years. Negotiating a price term without the benefit of price reopeners over the long-term is a difficult task -- no outside referent (such as OPEC postings, product worth, etc.) has proved to be a reliable guide for the value of Prudhoe Bay oil from year to year. Thus in negotiating for the additional consideration for the long-term nature of the contract, the state must first identify the base consideration that it would otherwise have received for those years. In other words, whether or not the state wishes that additional consideration be in cash or in non-monetary benefits (e.g., in-state processing or in-state supply), a key term is the underlying base consideration representing the short-term value of royalty oil for any particular year. An additional, and extremely important consideration here is that the monetary income for the base price of the royalty oil is a large component of total state revenues. Thus the price term that must be picked should not carry with it the risk of the state receiving less for its oil than it would have if it never entered into a royalty contract at all.

The <u>only</u> price term which accomplishes these purposes is tying the base of the royalty oil to that which the state would have received from the producers if it had continued to take the oil in value rather than in kind. This term would rise and fall over time in proportion to the other sales of North Slope crude oil, and thus be in line with the short-term value of that royalty oil. At the same time it would leave the state in the exact same position as if it had never taken the oil in kind at all.

Therefore the base price for the royalty oil contracts is the "in-value" price term. If the state wishes to take the additional consideration for the long-term nature of the contract in cash, the state would ask for a premium above the in-value price (for example, the in-value price plus thirty cents). If the state wanted non-monetary consideration, it would simply ask for the in-value price and then provide for that non-monetary consideration in other parts of the contract (for example, requiring that the oil be processed in state).

As a general matter, the bulk of the royalty oil contract, and all of the terms of the contract which are unique to the state's sale of oil, revolve around the long-term nature of that contract. On the one hand are those terms which deal with the additional consideration be given to the state because of the long term nature of the contract.

On the other hand are those terms which protect the state from potential adverse consequences of entering into a long-term royalty oil contract. These derive not only from the unknowns which would arise from entering into a contact over a number of years, but also the problems that the state faces from its lack of flexibility if an emergency should arise.

These terms in effect shift the risk of unknown conditions or adverse consequences from the state to the purchaser. It must be emphasized that these terms also represent "consideration" to the state for entering into a long-term contract. As an example, if the benefit of a long term contract to purchaser is equal to one dollar, terms protecting the state from adverse consequences over the long-term might be worth 40 cents of that dollar (like paying for insurance), leaving the additional consideration available for the cash portion of the price term to be only 60 cents. In other words, every time the state insists on being protected from adverse consequences, it reduces the state's ability to demand greater benefits for in-state benefits or cash from the purchaser.

And, as a matter of policy, the state has decided that if it is to make concessions in the negotiation process, it would make no concessions on those provisions which protect the state from adverse consequences. Consequently, the state, if necessary, would make some concessions in the area of guaranteeing the additional benefits, and make many more concessions on those relatively minor benefits that might be added to the contract. For example, the state would not budge from the strigent guarantees that would require the purchaser to pay the in-value price or guarantee its payment (e.g., a letter of credit for 60 days worth of oil which would require no documentation whatsoever to be submitted for instant payment except for the signature of the Attorney General and the Commissioner of Natural Resources). On the other hand, for in-state processing requirements the state was willing to give a little bit and make those provisions protections against abuse by the purchaser rather than absolute guarantees that certain goals would always be reached. In other words, the in-state processing and in-state supply provisions provide for minimum benchmarks that must be met, and rely upon market conditions in Alaska to

extract the greater benefits that may be realized. In the Tesoro ANS contract, for instance, the contract provides that all oil sold must be run through the plant, and at least 32% of that oil be converted to products marketed in Alaska. The proposed Tesoro plant, however, could produce a much higher percentage of product if Alaska demand required. The contract does not demand that higher percentage; rather, it relies on the market to realize that additional in-state use. It should be emphasized that these concessions were made in exchange for concessions by the purchaser to give the state protection against adverse consequences.

Specifically, there are four general types of provisions that the state has considered essential to protect its long-term interest. First, there are terms that insure that the state will be paid the amount that it would have received from the producers if it had not taken the royalty oil in kind, but instead had left the oil in value (the "in-value price). These include provisions that insure that in-value is the price paid, and assure the payment of that amount in case adverse circumstances arise. Provisions of the standard contract which implement these principles include Article 2.3 (price of royalty oil); Article 2.8 (absolute obligations); Article 5 (payments and accounting); Article 8.2 (inability to receive oil); Article 14 (sovereign power of the state); Article 12 (disposal of oil upon default or termination); Article 15 (security); Article 19 (amendment); and Article 23 (interpretations of terms and conditions).

Second, there are a group of terms which are designed to assure that the state is never in physical custody of the oil, or is otherwise left without someone to pick up the oil at Pump Station Number 1. First, such a situation might result in the state having to sell the oil at distressed prices without the hopes of ultimate recovery from a credit worthy party. Second, the state is simply not equipped, both legally and practically, to make instaneous dispositions of oil on the spot market. Third, because of the limited storage capacity for oil at Valdez, it would not take very long for unlifted oil to back up at Valdez and potentially shut down the pipeline. Such an event would have disastrous consequences on all state revenues. In addition, this catagory of terms also provides that the state is never in physical custody of the oil: that the transfer of oil from the producers to the state and the state to its purchaser is an instanteous transaction and that all risk passes to the purchaser at the time and point the state receives delivery of the oil. Thus these provisions provide that the purchaser must instaneously accept delivery, that the state can force the

purchaser to take delivery under all imaginable circumstances, or that in an emergency the state can take the oil from a purchaser and sell to a third party without interference from the original purchaser (this is to prevent the purchaser from tying the disposition of oil during a disagreement). Examples of these provisions are Article 7 (default), Article 8 (disposition of oil upon default or termination), and Article 11 (force majeure).

A third category of provisions are those provisions that protect the state from the purchaser using an excuse or other legal argument to attempt to get out of their obligation to pick up the royalty oil and pay for it. Thus the state insisted on strigent conditions concerning default, force majeure, and provisions which would provide that the state would not warrant anything except that it had title to the oil. Examples of these provisions are Article 2.1 (quantity); Article 2.2 (quality); Article 2.4 through 2.6 (point and time of deliverly, risk,); Article 4.1 (measurement); Article 18 (disclaimer of warranties); Article 7 (default or termination); Article 8 (disposition of oil); Article 2.8 (absolute obligation); Article 5.7 (late payment); and Article 5.3 (payment).

These provisions provide as close to complete protection as the state could reasonably devise by a contract. In addition, to cover the situation where the purchaser may argue that the contract might be ambiguous or vague when it attempted to be applied to some presently unforeseen event, the state insisted in Article 23 that such disagreements would first be resolved by the commissioner, and that the commissioner would make the initial determination of what the word, term, or application of that word, term or condition would be. In addition, the purchaser contracts to agree to accept that interpretation along as there is substantial evidence supporting the commissioner's findings, which is a standard of review similar to the limited review a court gives a finding of fact by a state agency when it is in its regulatory capacity. In addition, the state inserted some terms and conditions which would allow the state to monitor the purchaser's actions to see if there is any indication that the purchaser might be considering abandoning its obligations under the contract. Such provisions include Article 2.7 (transportation arrangements); Article 3.2 -- 3.3 (financial condition); and Article 22 (records).

In these areas the state insisted on extremely stringent conditions, and for the most part refused to consider any alteration even though it was recognized that these conditions would put burdens on the purchaser not matched any

where in the world under other oil contracts. These provisions were born from the experiences the state has undergone over the past seven years, including the present price dispute with the Alaska Oil Company, a previous bankruptcy of one of the state's purchasers (Energy Cooperative, Inc.), and the abandonment of the royalty oil contract by Alaska Petroleum Company. These terms were reviewed by outside counsel, who also suggested a number of the terms inserted in these contracts.

Although it is impossible to totally protect the state under all conceivable circumstances simply by a contract, there is little question that overall the state has the tightest oil contract in the world. Although this is a little like saying a person has the best sight in a room full of blind people (given the loose and flexible nature of almost all other oil contracts), it does provide a quantum level of increased protection for the state over any other oil contract known.

Like money spent for insurance, however, some premium must be paid by the insistence of the state upon such stringent conditions. Again, since the state was not willing to grant any concessions on terms it considered vital to protect it against risk, the state was not in a position to require as stringent provisions in the other terms of the contract dealing with the additional consideration. Thus in the in-state processing and in-state supply portions of the contract (the non-monetary consideration) the state was not able to insist upon stringent performance guarantees or other provisions which would require the purchaser to produce products in Alaska at a loss or break even point. Nor was the state in a position to insist upon levels of production or in-state processing which were above those reasonably required by Alaska market demand.

Instead, the in-state processing and supply provisions provided "sideboards" or minimum provisions that would protect the state against abuses by the purchaser from the intent of the contract. In other words, the state insisted that the oil be processed in an in-state refinery, that that refinery actually produce significant amounts of products, and that the purchaser otherwise exercise its best efforts to produce and market in Alaska some minimum quantity of oil products. The state left to the local demand the other economic decisions of the local refiner to increase production above that minimum quantity to either meet demand or increase market share.

Therefore, there are provisions in the contract which are designed to assure that to the extent the market in Alaska would support the economic processing and marketing of oil

products within the state, the oil sold to the purchaser would be processed and marketed in the state. Examples of these articles are Articles 2.9 (date of first delivery -- in the Tesoro ANS contract); Article 2.10 (performance guarantee and reservation fee); Article 2.11 (in-state processing); Article 2.12 (best efforts); Article 3.5 (option to purchase resid). As a subsidiary matter, there are also provisions which are designed to assure that the purchaser is not asking or taking more oil than their in-state needs would require (and thus be actually used for some out o state benefit). Article 2.1 (quantity) and Article 2.10 (performance guarantee) are examples of those types of articles which are designed to assist in that goal.

Finally, the state negotiated for some additional benefits, but did not insist upon many guarantees of those benefits. These additional minor benefits could someday be very valuable, but were not considered the primary consideration for the long-term contract. Examples of these provisions are Article 3.4 (expansion); Article 3.6 (petroleum coke); and Article 16 (local hire).

RMM:jf

AGO 786709

Cost of Oil to Western Alaska
similar costs of gasoline

AGO 786710

Alaska State Legislature

COMMITTEES
OIL & GAS—(CO-CHAIR)
STATE OF AFFAIRS—(VICE-CHAIR)
LABOR & COMMERCE
RESOURCES

House of Representatives

REPRESENTATIVE
JOHN J. COWDERY
DISTRICT EIGHT

ANCHORAGE
P.O. BOX 10-1623
ANCHORAGE, AK 99511
(907) 344-0950

JUNEAU
POUCH V
JUNEAU, AK 99811
(907) 465-4905
465-4906

June 15, 1983

The Honorable Bill Sheffield
Governor
State of Alaska
Juneau, Alaska 99811

Dear Governor Sheffield:

I am seriously concerned by your recent statements regarding the proposed royalty oil contracts for Tesoro and Chevron. I note that, at your cabinet meeting this week, you accused several "large oil companies" of interfering with your attempts to seek legislative approval of the royalty oil contract legislation. Yet you declined to mention any of these "interferers" by name.

In a free enterprise system it seems quite appropriate to me that competition be allowed to flourish. You evidently disagree as evidenced by your statements. Further, if you intend to make such accusations, I would think you would have the courtesy to specifically name your detractors rather than brand the oil industry wholesale for what you perceive to be improper actions. I would request that you name the "large oil companies" which you are accusing so that the public will not be led to believe that the State's Chief Executive is dealing in rumor spreading or plain gossip.

I also am concerned that you are urging legislative ratification of these contracts and that you feel they deserve to be voted on. Yet, much of the information requested of Tesoro and Chevron by the House and Senate committees has not been forthcoming. Am I to assume by your statements that you wish the Legislature to vote on these contracts while many important questions about the financial feasibility of these long term contracts remain unanswered? I certainly hope not. You recently forced some legislators to vote on another matter without allowing questions to be answered via the committee process, and we have seen the less than ideal results of that debacle.

AGO 786711

The committee process is in place to ask the questions that, perhaps, your Administration would rather not ask. We owe that obligation to Alaskans. The people of Alaska trust that their representatives will vote only after they are properly informed on the issues. Some of us respect the Constitutional duties we have been elected to uphold.

The contracts before us deserve critical and prolonged examination. I, personally, do not believe, at this time, they should be entered into. If the questions I have asked of the oil companies are satisfactorily answered, I might change that opinion.

Finally, I would note that House and Senate priorities were agreed upon during the time you were out of state attending a zoo opening in Oregon. If these contracts were so vital to you, it seems to me you would have been present in Juneau during the critical negotiations between the House and Senate to bring this session to a close.

I urge that you give greater consideration to these contracts and the unanswered questions. I further urge that you refrain from negatively branding the oil industry on which this state depends so greatly without adequate justification.

Sincerely,

John J Cowdery

Representative John Cowdery
Chairman
Joint Legislative Committee on Oil and Gas

AGO 786712

THE ALLIANCE
P.O. Box 100100 / Anchorage, Alaska 99510 / (907) 562-0100

RESOLUTION IN SUPPORT OF
ENACTMENT OF MEASURES
WHICH ALLOW THE STATE TO
PROCEED WITH THE SALE OF
ROYALTY OIL TO BOTH TESORO
ALASKA PETROLEUM CO. AND
CHEVRON U.S.A.

Whereas, the Alaska Support Industry Alliance has reviewed the complicated issues attendant to the contracts between the State of Alaska and the Tesoro Alaska Petroleum Co. and Chevron U.S.A. and,

Whereas, after such review, it appears to be in the best interest of the State to proceed to enter into these agreements.

Now Therefore Be It Resolved that the Alaska Support Industry Aliance hereby does call upon the Legislature of the State of Alaska to expeditiously proceed with passage of those bills which are required to ratify both of the agreements executed by the Commissioner of Natural Resources and the in-state refiners.

Dated this 2nd day of June, 1983

Milton Byrd

Milton Byrd, President

Alaska Support Industry Alliance...for responsible economic development

Milton Byrd — President
Frontier Companies of Alaska
Ann Curtis — Vice President
Crowley Maritime
Paul Harding — Secretary
Universal Services, Inc., Int'l

Lee Mathis — Treasurer
Universal Services, Inc., Int'l
Virgil Gillespie
Alaska International Construction, Inc
Len Kelley
Greyhound Support Services, Inc

John Martin
Dresser Atlas
Val Molyneux
VECO
Roger Spencer
Alaska Bussell Electric, Inc

Bill Webb
Arctic Hosts, Inc
Chuck Becker
Executive Director

AGO 786713

HB

320

#

2

COMMITTEE REPORT

HOUSE

Rule

(9) FURTHER:

4/4/83 Date: 1-19-1984

Mr. Speaker:

The Committee on RESOURCES has had HB 320

An Act relating to the sale of royalty oil by the State of Alaska to the Tesoro Alaska Petroleum Company; and providing for an effective date.

under consideration and reports it back as follows:

[ ] do pass [ ] do not pass

[ ] do pass with attached amendments(s)

[X] replace with CS for HB 320 [X] same title [ ] new title

and recommends DO PASS

[X] AND attaches a "Letter of Intent" [ ] New Fiscal Note

[X] Zero Fiscal Note Attached

[ ] reports it back without recommendation

[ ] referred to the _____ Committee

MEMBERS SIGNING DO PASS		MEMBERS HAVING OTHER RECOMMENDATIONS:	
[signature]	SHUITZ	[signature]	GOLL
[signature]	LINDSOU		
[signature]	RUSSELL		
[signature]	LISKA		
[signature]	VEHLING		
[signature]	RINGSTAD		

[signature]
CHAIRMAN

H 50

AGO 786332

STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

DEPARTMENT OF NATURAL RESOURCES

OFFICE OF THE COMMISSIONER

POUCH M
JUNEAU, ALASKA 99811
PHONE: 465-2400

May 13, 1983

The Honorable Al Adams
Representative
Alaska State Legislature
Pouch V
Juneau, AK 99811

Dear Representative Adams:

Several questions concerning our proposed royalty oil contracts were recently raised in a letter from Bob Breeze, an Anchorage attorney. We appreciate the opportunity you have provided us to respond to those points.

I. The Correct Price of North Slope Oil

First, the letter claims that the State should not sell its oil at the "in-value" price, and that the value of Prudhoe Bay oil at Valdez should be approximately $30, as opposed to the $24 value there currently reported by the North Slope producers. An analysis of current oil markets will clearly show that the State's oil sells at prices comparable to other crudes produced in the U.S. or foreign countries. To assume that Alaska North Slope (ANS) oil should be worth $30 a barrel at Valdez is in error. Because of federal restrictions on foreign exports, all 1,600,000 barrels a day of ANS crude oil must be sold in the U.S., which means that the 800,000 b/d which is surplus to West Coast needs must move to the Gulf Coast. Refiners in the Gulf Coast can get all the foreign and domestic crude oil they want for $29 a barrel at the Gulf Coast. If we attempted to sell oil at $29 a barrel at Valdez and were successful, then our purchaser would have to incur the $5 a barrel it costs to move the oil from Valdez to the Gulf Coast. When he got there, he would have to sell the ANS oil for $34 just to break even. But at $34, no one would buy. In fact, no one would buy oil from that purchaser for anything over $29--the cost of the next available crude oil. Thus the most that a purchaser can pay for oil at Valdez is $24

AGO 786358

A similar calculation must be done for West Coast sales--the sales price on the West Coast is the starting point, not an assumed sales price at Valdez. Mr. Breeze seriously over-simplifies the method of valuing ANS oil and, as a result, is incorrect in his attack on the the "in-value" price. We urge you to discuss this with other knowledgeable observers of oil markets if you wish to verify our information.

The proposed contracts do not offer royalty oil for sale at a price below the world price. They do offer it for sale at a premium of $.30 per barrel over the price the State would have received if it did not pursue the contracts, a total of over $25 million in additional revenues over the life of the agreements. It has not been the policy of the State to seek a profit on sales for in-state processing. The $25 million instead is protection that the State is not receiving less than it would have if it had made no sale and left the oil in-value.

As a general rule, the in-value price should maximize the return the State will receive for its oil. The State does believe that the in-value price should be calculated in a different manner than a simple weighted average sales price of the North Slope producers, and has so asserted in court (State v. Amerada Hess et al). The price to royalty purchasers in all of the State's existing and proposed royalty agreements will be adjusted both retroactively and prospectively for the outcome of that litigation.

Although opportunities may arise for out-of-state royalty sales for higher prices, those must be reviewed carefully because of the effect that State royalty oil sales have on other North Slope oil prices. If State sales result in a lower West Coast sales price, a loss of tens of millions of dollars in all royalty and severance tax receipts would occur. Consequently, we do not recommend selling on the West Coast at this time, until in-state needs have been met, and the West Coast market has been reviewed more carefully. (An attached staff paper discusses this subject in greater detail.)

The State can, at times, earn a greater return by actively marketing its oil that is surplus to in-state needs. The average premium over the in-value price of almost $3 per barrel earned at the December 1980 crude oil auction is such an example. However, to accomplish a consistently successful marketing effort, capable of competing with existing sellers, would require granting a degree of autonomy to management of a significant portion of State revenues that we do not feel is sound public policy. The only royalty owners that actively

market their crude do so through independent corporations. Any such effort by Alaska would require bypassing important public notice and public review provisions of State law. Additionally, an effort to obtain maximum returns should occur during a strong seller's market, and encourage the participation of the widest possible number of possible buyers.

II. Contract Term

Second, the duration (eleven years) of the Chevron and Tesoro contracts was questioned. The reasons for this concern include a desire to leave royalty oil uncommitted so that it can later be offered as an incentive for other economic development projects, or so that it can be sold in Japan or elsewhere at a higher price, and a general desire to retain flexibility in the face of ever-changing oil markets and the future decline in Prudhoe Bay production. We agree that these are valid points, but feel that they have been addressed in the following ways:

1. About 75,000 - 125,000 b/d of royalty oil will still be uncommitted until the end of these contracts. That amount should be more than sufficient to take advantage of opportunities that may arise.

2. The contract's price term is tied to the in-value price, based on producer sales. If Japanese exports become a reality, the price to all existing royalty purchasers will increase if sales to Japan result in higher average prices for North Slope oil.

3. The contracts provide for a certain percentage of Prudhoe production, not a certain volume. As Prudhoe production declines, so will the contract volumes. At current levels, the contracts leave available 62,500 b/d of Prudhoe royalty production, as well as all Kuparuk royalty oil (currently 12,000 b/d). We expect additional production from Kuparuk and new production from North Slope fields now under development to add somewhere between 30,000 to 80,000 b/d to total of available royalty oil. If the pending contracts are approved, approximately 50,000 b/d of residual oil would be available for sale by the State as a result of the option that the State retains for that oil in most of its royalty oil agreements.

As stated previously, until 1995, the State will have sufficient royalty volumes (75,000 to 125,000 b/d) available to take advantage of other opportunities that may arise.

4. We have reviewed the previous Administration's determination that the highest and best use for royalty oil is for in-state processing (see AS 78.05.183 and 38.06), all other things being equal, and concur with it, in light of the existing royalty oil statutes. These contracts are for that use. Since in-state refiners have sought long-term commitments to make in-state processing economic, we believe that we must seriously consider their requests, given current law.

5. The term was a negotiated item; although the State originally sought a shorter term from Tesoro (seven to nine years), the additional premium over the in-value price of $.30 was agreeable because the State was willing to offer the eleven-year term. Tesoro stated that the premium affected the amortization schedule of the expansion, and necessitated at least an additional two to three years. Tesoro has offered letters from their bankers stating that a ten- to twelve-year crude commitment is necessary to cover the period needed to amortize the refinery.

6. Mapco and Tesoro already have royalty contracts until 2005 and 1995, respectively, for their base volumes. Although those contracts were consummated by the previous Administration, we felt that Chevron's request for a contract at least as long deserved some consideration in the interest of preserving equity among competing refineries. As a general principle, to preserve fair competition among in-state refiners, we believe that the same term should be offered to all in-state refiners.

III. The Need To Approve The Contracts This Year

We believe that it is in the best interest of the State to consummate these agreements this year. The contract with Tesoro offers one of the only real hopes for reducing fuel prices in Railbelt and Western Alaska--increased competition. We feel that the Tesoro contract, by enabling the firm to make a substantial ($80 to $90 million) new in-State investment, provides significant employment and tax base benefits to Alaska. It will enhance the security of supply of petroleum products to Alaskans. The Chevron agreement will enable that company to continue to operate their Kenai refinery. The continued supply of asphalt and other products from the refinery is of benefit to Alaskans. Chevron is the only in-state supplier of asphalt.

Tesoro has stated that the economics of their refinery expansion depend on their ability to purchase the needed services and equipment at the discounts available now, during the economic downturn. Chevron would like a supply as secure as that of its competition, and not have to depend on producer sales or the yearly approval of the Legislature to meet their refinery's needs. Although we are sympathetic to the Legislature's desire to have more time to review the proposed agreements, we are recommending approval now because the chance for significant benefits may be lost if they are not. We see no risks or loss in proceeding this year, as explained above. Other opportunities can still be pursued with the remaining 75,000 - 125,000 b/d of royalty oil.

The proposed Tesoro agreement, in our view, meets both the letter and spirit of the goals expressed in Speaker Hayes' HCR 37, relating to an economic development policy. Specifically, the Tesoro expansion:

(1) offers increased employment and long-term benefits to Alaskans by strengthening and diversifying the State's economic base and by encouraging a new activity that is economically feasible;

(2) provides opportunities for increased personal income and reduced living costs by creating activity in economic sectors not presently in existence or fully developed;

(3) has a positive effect on the revenue needs and fiscal conditions of the State and local communities and is cost effective; and

(4) is undertaken with the full support of the citizens most impacted by the development.

The Chevron agreement is also consistent with these goals.

These contracts are the end result of a wide-ranging solicitation issued in 1981 by Commissioner Katz. As you know, two contracts (Tesoro and Doyon) were approved last year by the Legislature as a result of that solicitation; the negotiations on the two pending agreements were not completed during the past Administration, largely because Tesoro could not then assure completion of its refinery expansion. They are therefore before you now. Under the present statutes, they are superior to all other proposals received by the State under that solicitation. I believe that the Royalty Board's unanimous approval of these agreements reflects other knowledgeable participants' view of the agreements. The public hearings conducted by the Board also reflected widespread public support for the contracts.

Other Offers

There are a variety of other proposals before the State at this time, including an offer from a West Coast refiner (Shell) to purchase 20,000 b/d at a $1 premium over the in-value price and to make a variety of products available at market prices in Seattle or San Francisco. Although we think that this offer is worth pursuing, we have told the prospective purchaser, as well as other interested buyers, that we intend to fulfill in-state processing needs with these contracts, and then pursue discussions with them. We believe that this is the soundest strategy for the State, and we have concluded that the statutes require us to do so.

The extension of Tesoro's existing Cook Inlet royalty oil contract (HB 320 and SB 285) should not be overlooked. If Tesoro does not receive the extension, it is entitled to additional Prudhoe Bay royalty oil under its 1982 contract. Since Tesoro will pay the maximum price, plus field costs, for Cook Inlet royalty oil, the State would lose revenues if this royalty oil were taken in-value instead.

V. Conclusion

Finally, none of the arguments against the contracts presented either in public or private dispute that these agreements meet the existing statutory preference for in-state processing. Arguments against the eleven-year term, for example, assume that "something better" such as oil exports or higher premiums will arise during that time. We are precluded by AS 38.05.183(d) from selling that oil out-of-state unless existing in-state industrial needs, such as those for the Tesoro and Chevron refiners, can be met.

If the royalty agreements are not approved, we would be faced with a dilemma by having existing statutory criteria rejected with no new criteria put in place. If the Legislature chooses to not act on the present agreements, it would be necessary to review and analyze a new royalty oil statutory policy. If these contracts for in-state processing are approved by the Legislature, such analysis and review would still be appropriate for the purpose of handling the remaining royalty oil. We would be pleased to work with you on such a policy review.

Please let me know if you have any questions. I would be happy to provide further information.

Sincerely,

Esther C. Wunnicke

Esther C. Wunnicke
Commissioner

Attachment

cc: The Honorable Joe Hayes
The Honorable Bob Bettisworth
The Honorable John Cowdery
The Honorable John Ringstad
The Honorable Richard Schultz
The Honorable Jalmar Kerttula
The Honorable Bettye Fahrenkamp
The Honorable Don Bennett
The Honorable John Sackett

AGO 786364

Alaska Department of Natural Resources
May 12, 1983

EFFECT OF WEST COAST ROYALTY OIL SALES ON STATE REVENUES

The price term for sales of royalty oil is founded on the average destination sales price (or internal transfer price) received by the Producers for all sales of Alaska North Slope (ANS) crude oil, netted back (i.e., with transportation and pipeline tariff charges subtracted) to Pump Station No. 1, the point of sale; this is referred to as the Producers' Weighted Average Field Price. Because ANS crude oil is marketed both on the West Coast and the Gulf Coast of the United States, the Weighted Average Field Price is necessarily a mixture of sales prices for both markets. Traditionally, the average netback price for West Coast sales has been higher than for Gulf Coast sales. Since Prudhoe Bay began production, this differential has ranged from one to three dollars per barrel. The differential netback is often called the two-tier price structure; the State believes this structure is a valid indication of the value of ANS in the respective markets and will persist in the future.

The two-tier price structure creates two potential adverse financial consequences to the State for a royalty oil sale to a West Coast destination. These effects occur as a

result of the use of the Producers' Weighted Average Field Price to calculate all severance tax and royalty payments due the State.

First, if the mixed-market Producers' Weighted Average Field Price were substantially below West Coast commercial prices for ANS crude oil, sales by the State on the West Coast could create a downward trend on the price of ANS generally, resulting in major adverse effects on royalty and severance tax payments to the State. This apparently happened in 1981 when approximately 159,000 b/d of the State's royalty oil was marketed short-term by several purchasers of the State's royalty oil. It occurred as a result of the needs of the purchasers to dispose of the oil in a weak seller's market. They had previously committed to buy the oil during a much stronger seller's market. This additional competition to sell North Slope oil apparently resulted in a general lowering of the West Coast sales price for producer oil, and, consequently, reduced State royalty and severance tax revenues.

The potential losses to the State from creating a downtrend in the market can be in the tens of millions of dollars annually. Because the West Coast market has a relatively small number of crude sellers and incremental sources of

supply, actions by the State which effect the availability and price of crude oil will tend to have a greater effect than would otherwise occur in a more diversified market situation.

Second, State royalty sales to a West Coast destination may replace a higher netback West Coast producer sale. The effect of this displacement in the proposed sales to Chevron and Tesoro would be in the neighborhood of two to five cents per barrel.

The State can, at times, earn a greater return by actively marketing its oil. The average premium over the in-value price of almost $3 earned at the December 1980 royalty oil auction is such an example. If the State is to offer its oil for the highest possible premium, it should do so in a strong seller's market, when buyers will be most likely to pay a substantial premium to the State, and when detrimental displacement and price effects are likely to be least. Obtaining the interest of the maximum number of prospective purchasers would also be a prerequisite to receiving the highest possible price for royalty oil.

To accomplish a consistently successful and ongoing marketing effort, capable of competing with existing sellers, would

require granting a degree of autonomy to management of a significant portion of State revenues that we do not feel is sound public policy. The only royalty owners that actively market their crude do so through independent corporations. Any such effort by Alaska would require bypassing important public notice and review provisions of State law.

AGO 786368

STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

DEPARTMENT OF NATURAL RESOURCES

OFFICE OF THE COMMISSIONER

POUCH M
JUNEAU, ALASKA 99811
PHONE: (907) 465-2400

May 26, 1983

The Honorable John Cowdery
Representative
Alaska State Legislature
Pouch V
Juneau, AK 99811

Dear Representative Cowdery:

You have asked us to provide you with the information on which we based our decision to negotiate three royalty oil agreements with Chevron and Tesoro. That decision was based on our review of the applicable statutes (AS 38.05.182, AS 38.05.183 and 38.06), on our discussions on royalty oil and general oil marketing issues with individuals from several oil companies, including Texaco, Sohio, ARCO, Exxon, Shell, Tesoro, Chevron; and on discussions with several individuals including State staff, with knowledge of royalty oil and general oil and gas issues.

In general, we sought to inform ourselves about general crude oil marketing practices and pricing policies, the near and long-term outlook for oil markets, the oil export issue, and the important lessons of the State's previous experiences with royalty oil transactions.

Our decision to pursue the contracts with Tesoro and Chevron was based initially on recommendations from Commissioner Katz and Deputy Commissioner Haynes, and on a desire to finish the process begun with the general 1981 royalty oil solicitation issued by Commissioner LeResche and amended by Commissioner Katz.

A solicitation for Cook Inlet royalty oil was issued in November 1982, and the decision to amend a contract to Tesoro was made based on our own analysis of the relevant

considerations and discussions with the companies. That information is presented in the written findings for the proposed Tesoro contract, which we have presented to the Royalty Board and the Legislature.

The decision to pursue contracts with Tesoro and Chevron was also made with several of the Governor's primary objectives in mind -- to encourage needed, beneficial in-state investment resulting in jobs and an improved economy, to show our support for recognized, valued, long-standing Alaska corporate citizens, and to provide a stable and coherent climate by government for private investment in Alaska.

The key staff reports that were considered in our decision are:

1. February 26, 1982 Findings Regarding the Disposition of Alaska Royalty Oil by Commissioner Katz (238 pp);

2. January 1, 1983 Review of Alaska Royalty Oil, by Deputy Commissioner Geoffrey Haynes (274 pp);

3. January 25, 1983 memorandum, "Royalty Oil - Key Points," by Geoffrey Haynes and Special Assistant Mark Wittow (4 pp);

4. May 5, 1983 Memorandum from Assistant Attorney General, "Overview of Royalty Oil Contracts," originally received as oral briefings in February 1982.

If any of these have not already been provided to you, we would be happy to do so at this time. In addition, the written findings for each of the proposed contracts, which we have also provided to the Legislature, contain an analysis of the contracts' compliance with existing royalty statutes, including a determination that the contracts are in the best interest of the State.

To ensure that we have covered each of the areas of concern to you, we will also re-state each of the sixteen questions presented in your letter of May 23, along with our response.

First, you requested:

"1. All their Security Exchange Commission filings and registrations from 1979 to present.

2. Copies of all financial statements and all reports, letters and communications to stockholders from 1979 to present.

3. Copies of all tax returns and filings from 1979 to present."

Although they did not play a significant role in our decision, we have already provided you with the current financial statements of Chevron and Tesoro. Any earlier reports, as well as SEC filings, should be obtained from the companies. In our judgment, the information contained in those reports would be of extremely limited value to the State in evaluating the pros and cons of the proposed contracts. The tax returns you requested are confidential under federal and state statutes. We do not have, nor did we consult, those returns.

"4. What have been the monthly volumes of royalty crude and other crude purchased by Tesoro and Chevron from 1979 to present and what are the amounts of their own oil, if any, which they have additionally received from the North Slope."

Our royalty accounting staff in Anchorage is currently preparing the information on monthly royalty oil taken by Tesoro and Chevron since 1979 that you requested. Tesoro has no production of its own from the North Slope; Chevron owns a .789568 share of Prudhoe Bay production, amounting to approximately 11,843 b/d, and approximately a .1% share of Kuparuk production, or about 108 b/d. The Department does not have the authority to require the submission of data concerning purchase of North Slope oil other than royalty oil.

"5. Since January how much of the current 46,000 Tesoro and Chevron barrels per day royalty crude has been physically refined in Alaska as opposed to being shipped outside for refining elsewhere."

Oil totalling approximately 46,000 b/d was processed during this period. Of this amount, approximately 8,000 b/d consisted of Cook Inlet royalty oil and 2,000 b/d consisted of Prudhoe Bay royalty oil. The remainder of the Prudhoe Bay royalty oil received was used to obtain additional Cook Inlet supplies. Under the 1982 contract, Tesoro must refine the volume equivalent to their PB in-kind purchasers, which were approximately 38,000 b/d during this period. The 1982 Tesoro contract, unlike the agreement presently before you, allows the firm to exchange royalty oil for other oil. The firm currently uses its Prudhoe Bay royalty oil supply to obtain additional Cook Inlet oil to satisfy its current refinery configuration. The quantity of petroleum products produced and marketed in Alaska under the 1982 agreement is as follows:

January	-	858,775 barrels
February	-	739,890 barrels
March	-	846,947 barrels

Under the November 1982 one-year agreement, Chevron will not receive any royalty oil until May 31, 1983.

"6. What percentages, if any, of the royalty crude actually processed or refined in Alaska since January 1983 has been shipped to another refinery for additional refining."

Questions concerning the disposition of refined products or residual oil must be addressed to the particular company, since the Department does not maintain this information. All of the oil returned to TAPS by Mapco is processed elsewhere.

"7. We would like to request copies of all staff reports received by the DNR prior to recommending approval of the contracts."

This information is provided above, on page two of this letter.

"8. What amount of the total royalty crude sold under the proposed contracts will be actually refined into products in Alaska? We request copies of the data estimating such production on a monthly basis."

The contracts require that best efforts be made to process and market products in Alaska, and define "process" to mean at least 32% of the oil provided must be converted into product. However, the contracts require the entire quantity of the oil received under them to be processed in Alaska refineries. We expect approximately 50% of the oil provided under the agreements to be refined into products. The determination of a specific product slate is a marketing decision that must be made by the companies, and will change over time. You should consult with the companies and determine their specific plans in this area.

Your next several questions pose a series of "what if" queries. For the reasons stated below, all of these questions contain a common flaw - the assumption that one contract item can be changed without affecting other contract terms. This problem is explained in more detail in the attached memorandum on royalty contract terms prepared by the Department of Law.

"9. What would happen if we provide for an automatic contract termination if Charter ever acquires ownership, conversion rights or contract rights to Tesoro's common stock?"

An "automatic" termination clause as opposed to the present discretionary termination clause, could result in termination at a time not in the best interests of the State.

"10. What would happen if we put a $4.00 per barrel surcharge on every barrel that's remitted at the end of each quarter for each barrel refined in the State and not subsequently sent elsewhere for additional refining?"

If by this question you mean a $4.00 surcharge for each barrel sent elsewhere for refining, we have provided for a $2.00 per barrel penalty for Tesoro for oil taken and not run through the expansion, and have given the Commissioner's authority to cancel the contract if the expansion is not operational by 1986.

"11. What would happen if we require Tesoro and Chevron to pay the same "premium" as Shell's offer or meet sealed bid prices from all comers?"

These contracts provide a number of benefits to the State, and are not comparable to the Shell offer, which does not provide for any in-state processing or employment. Neither Chevron nor Tesoro was willing to agree to a premium in the range of the Shell offer and, at the same time, operate or expand facilities in Alaska.

"12. What would happen if we would establish a shorter term?"

The term of the Tesoro agreement is consistent with the commitment that firm needed to finance the refinery expansion. The Chevron term was offered to enable them to fairly compete with the other two in-state refiners, Tesoro and Mapco, which have contracts through 1994 and 2004, respectively.

"13. What would happen if we add a clause that gives the state the right to terminate the contracts whenever the state is offered a $1.00 or more per barrel over the present premium?"

If these contracts are consummated, the State will have enough uncommitted royalty oil available (70,000 - 125,000 b/d) to realize other available opportunities. An in-state processing contract is not comparable to a contract whose objectives is to receive the highest monetary return to the State.

"14. What would happen if we were to offer the crude to Shell on the condition that they build or acquire a major in-state refining or coking facility?"

We believe that Shell would decline, since they have consistently told us that they do not intend to construct any in-state facilities of the nature you describe. We understand that representatives of Shell also intended to convey this information directly to you.

"15. What would happen if we set a major penalty, such as $500 million or 50% owners' p of the local refinery, if they are not expanded within 3 years?"

s stated above, the contract contains several provisions to protect the State from a failure by Tesoro to complete their expansion, including a per barrel penalty and the right to unilaterally terminate the contract. The penalties you propose bear no relation to the respective obligations of the parties to the agreement.

In general, the "what if" queries you posed all presuppose additional burdens on the prospective purchasers, which would require a complete reexamination by the State and the companies of the benefits that would occur to each party as a result of the agreements. The questions speculate as to a change of one factor in a negotiated contract. It is reasonable to assume that changing that factor would result in change of other factors. We do not feel that any of the possibilities presented would be in the State's interest, since they would result in no agreements, with the oil taken in-value instead of used to enhance Alaska's economy.

16. It is my understanding that the Royalty Board did not know nor was presented the Shell offer. Is this true?"

he Royalty Board was briefed on the Shell offer by Commissioner atz at their November 15, 1982 meeting. Since that time, e have also provided the Board with copies of the Shell orrespondence, and have informed the Board at February and pril meetings of our intention to work with Shell and other rospective purchasers following legislative consideration f the pending agreements. For a clarification of the tate's discussions with Shell, I enclose a complete set of he correspondence between Shell and the State, which began n March 1981. Shell withdrew their offer under the 1981 olicitation in March 1982. Shell first talked to this dministration in March 1983, and we promptly responded to heir offer in writing by stating that we would be pleased o work with them following legislative consideration of the n-state processing agreements.

f the Legislature wishes to direct the department to achieve oals other than in-state processing and development, the oyalty oil statutes need to be revised to so direct us. We ould be pleased to work with the Legislature on such a evision. If the desired goal is revenue maximization to he general fund, the statutes can be changed to provide us ith that direction. The State would have a difficult time ut-marketing the North Slope producers in order to achieve higher price, for reasons that are explained in the staff

papers cited above prepared by Messrs. Haynes and Maynard. If we are to do so, budget and staff concerns should be discussed along with possible statutory revisions.

I hope what I have furnished you is responsive to your concerns. I have also attached information on the proposed contracts that has previously been provided to members of the Legislature, in case it may prove of use to you.

Please let me know if you have further questions. We would be pleased to assist your deliberations.

Sincerely,

Esther C. Wunnicke

Esther C. Wunnicke
Commissioner

Attachment

cc: The Honorable John Ringstad
The Honorable Richard Shultz
The Honorable Bettye Fahrenkamp

STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

DEPARTMENT OF NATURAL RESOURCES

POUCH M
JUNEAU, ALASKA 99811
PHONE: 907-465-2400

OFFICE OF THE COMMISSIONER

April 26, 1983

The Honorable John Ringstad
Co-Chairman, House Resources Committee
Pouch V
Juneau, Alaska 99811

Dear Representative Ringstad:

I very much appreciate the opportunity to present the House Resources Committee with some additional comments on our proposed royalty oil agreements with Tesoro and Chevron. During previous discussions, several questions were raised on specific aspects of the agreements. I thought it might be useful to you and the committee if I provided our response in writing, as well as in oral testimony before the committee.

The contract with Tesoro would commit the State to providing 13.867% of Prudhoe Bay Unit production, or approximately 26,000 barrels a day (b/d) at current production levels, if Tesoro expands the capacity of their refinery to process the oil by 1986. The agreement expires on January 1, 1995; at the same time Tesoro's existing royalty oil contract for 46,000 b/d terminates. The basic rationale for this contract is fairly straightforward - providing a long-term guaranteed crude supply enables Tesoro to make a significant, new in-state investment, with attendant employment, supply, and tax base benefits.

The Chevron contract would furnish their Kenai refinery with 9.6% of Prudhoe Bay production, currently 18,000 b/d, until 1995. The Kenai refinery is not an economic component of Chevron's West Coast refining system, and the company has threatened to close it without a long-term supply of oil from the State. Chevron has consistently requested a 38,000 b/d contract, and will continue to seek an additional 20,000 b/d for processing on the West Coast and return to Alaska in the form of products. The 18,000 b/d agreement will enable the company to operate the Kenai refinery for as long as possible; that volume of oil must be processed at the Kenai plant to maintain the effectiveness of the contract.

Several legislators have questioned the duration (eleven years) of the Chevron and Tesoro contracts. The reasons for the concern, to our knowledge, include a desire to leave royalty oil uncommitted so that it can later be offered as an incentive for economic development projects, or so that it can be sold in Japan or elsewhere at a higher price, or a general desire to retain flexibility in the face of ever-changing oil markets and the future decline in Prudhoe Bay production. We agree that these are valid points, but feel that they have been addressed in the following ways:

1. The contracts provide for a certain percentage of Prudhoe production, not a certain volume. As Prudhoe production declines, so will the contract volumes. At current levels, the contracts leave available 62,500 b/d of Prudhoe royalty production, as well as all Kuparuk royalty oil (currently 12,000 b/d). We expect additional production from Kuparuk and new production from North Slope fields now under development to add somewhere between 30,000 to 80,000 b/d to total of available royalty oil. Approximately 50,000 b/d of residual oil may also be available for sale by the State as a result of the option that the State retains for that oil in most of its royalty oil agreements.

Until 1995, the State will have sufficient royalty volumes (75,000 to 125,000 b/d) available to take advantage of other opportunities that may arise.

2. Mapco and Tesoro already have royalty contracts until 2005 and 1995, respectively, for their base volumes. Although those contracts were consummated by the previous Administration, we felt that Chevron's request for a contract at least as long deserved some consideration in the interest of preserving equity among competing refineries. As a general principle, to preserve fair competition among in-state refiners, we believe that the same term should be offered to all in-state refiners.

3. The term was a negotiated item; although the State originally sought a shorter term from Tesoro (nine years), the additional premium over the in-value price of $.30 was agreeable because the State was willing to offer the eleven-year term. Tesoro stated that the premium affected the amortization schedule of the expansion, and necessitated at least an additional two to three years.

4. The contract's price term is tied to the in-value price, based on producer sales. If Japanese exports become a reality, the price to royalty purchasers will

increase if sales to Japan result in higher average prices for North Slope oil.

5. We have reviewed the previous Administration's determination that the highest and best use for royalty oil is for in-state processing, all other things being equal, and concur with it, in light of the existing royalty oil statutes. These contracts are for that use. Since in-state refiners have sought long-term commitments to make in-state processing economic, we believe that we must seriously consider their requests, given current law.

Legislators have also understandably questioned the recent acquisition by two Charter Co. life insurance subsidiaries of 20% of Tesoro's stock, and the placing of Charter directors Raymond Mason and Gerald Ford on the Tesoro board. The involvement of a corporation with which the State has significant litigation was a cause of serious concern to us at the time of contract negotiations. In response to that concern, we took the following measures to protect the State from possible harm because of the involvement of Charter:

1. A "third-party control" provision in the royalty agreement allows the Commissioner to unilaterally terminate the contract if Charter gains a greater degree of influence over the management of Tesoro.

2. An agreement between Tesoro and Charter requires that Charter vote its shares in the same proportion as the shares held by all other Tesoro stockholders, and prevents Charter from seeking proxy votes.

3. Tesoro may not take the oil unless the Commissioner determines that the refinery will be capable of processing the additional crude; the contract terminates if the refinery expansion has not been completed by July 1986; and all oil taken under the contract must be run at the Tesoro Kenai refinery, and may not be traded, exchanged or otherwise disposed of.

4. The State retains the option to purchase and resell the substantial volumes of residual oil produced by the refinery.

5. Tesoro owns facilities worth over a hundred million dollars in Alaska.

We would hope that the concerns expressed do not stem from a desire to "punish" Charter by rejecting this agreement. We do not believe that Charter would be much affected by rejection of this contract. A vigorous legal effort to

collect the money owed the State by Alaska Oil Co. seems to us to be the proper course at this point. Tesoro is a long-standing Alaska business, and deserves to have its contract treated on the merits.

The effect of in-kind royalty oil sales on the State's production tax and royalty income is also a matter of concern. I have attached a short paper which discusses this issue for your consideration.

The provisions of the contract which specify in-state processing and supply are "sideboard" or minimum provisions which protect the State from abuses against the intent of the contract by the purchaser. The State insisted that the oil taken under the contracts be processed in an in-state refinery, that the refinery actually produce significant amounts of products, and that the purchaser otherwise excercise its best efforts to produce and market in Alaska some minimum quantity of oil products. The State left economic decisions on how best to meet the local demand for products to the individual refiner. We do not feel that anything other than these requirements are appropriate. Any further specificity would likely act against the interests of Alaskans in the long run, by reducing the flexibility to meet changing market conditions.

Thank you for your consideration of these important agreements. Please let me know if you have any comments or questions, or if we can provide additional information to the committee.

Sincerely,

Esther C. Wunnicke

Esther C. Wunnicke
Commissioner

Attachment

4/26/83
ADNR

EFFECT OF IN-KIND ROYALTY OIL TAKING ON STATE FINANCES

The price term for sales of royalty oil is founded on the average destination sales price (or internal transfer price) received by the Producers for all sales of Alaska North Slope (ANS) crude oil, netted back (i.e., with transportation and pipeline tariff charges subtracted) to Pump Station No. 1, the point of sale; this is referred to as the Producers' Weighted Average Field Price. Because ANS crude oil is marketed both on the West Coast and the Gulf Coast of the United States, the Weighted Average Field Price is necessarily a mixture of sales prices for both markets. Traditionally, the average netback price for West Coast sales has been higher than for Gulf Coast sales (as explained in Section IV-F, pp. 175-211, of the Department's January 1, 1983 Review of Alaska Royalty Oil). Since Prudhoe Bay began production, this differential has ranged from one to three dollars per barrel. The differential netback is often called the two-tier price structure; the State believes this structure is a valid indication of the value of ANS in the respective markets and will persist in the future.

The two-tier price structure creates two potential adverse financial consequences to the State for a royalty oil sale to a West Coast destination. First, since the Producers'

Weighted Average Field Price is used to calculate severance tax and royalty payments due the State, a State royalty sale to a West Coast destination may replace a higher netback West Coast producer sale. The State estimated that the effect of displacement in the proposed sales to Tesoro and Chevron would be in the neighborhood of two to five cents per barrel. That analysis partially provided the rationale for the required per barrel premium of $.30 in the 1983 Tesoro and Chevron contracts. (In the 1982 royalty sales to Tesoro and Doyon, as well as in the 1978 sale to North Pole Refining, the State had not asked for any premium, instead relying on the array of benefits provided by in-state processing of the oil.)

Second, if the State's mixed-market Producers' Weighted Average Field Price were substantially below the West Coast Commercial Price for ANS crude oil, large volume sales by the State on the West Coast could create a downward trend on the price of ANS generally with some major adverse effects on royalty and severance tax payments to the State. This apparently happened once previously when approximately 159,000 b/d of the State's royalty oil was on the market short term from several of the State's purchasers. The potential losses to the State from creating a downtrend in the market can be in the tens of millions of dollars annually.

While economic and other benefits can generally be identified as an offset to the potential losses from in-state processing, the same is not necessarily true of royalty oil processed elsewhere. For this reason, the State has recently avoided entering into agreements with West Coast refiners.

The State believes that the $.30 per barrel premium established in the proposed Prudhoe Bay Unit agreements with Tesoro and Chevron more than offsets any proposed financial loss to the State which might occur as a result of the two-tier price structure for ANS crude oil. In addition, the employment, tax base, and general economic benefits also should be included in any judgement of the net cost to the State of in-kind royalty oil sales.

LETTER OF INTENT
FOR CSHB 320
January 19, 1984

The House Resources Committee has considered CSHB 320, providing for approval of the Agreement between the State of Alaska and Tesoro Alaska Petroleum Company for the sale of a portion of Alaska's royalty oil. This Agreement must be approved by the legislature under the provisions of AS 38.06.055(a) which provides that "the commissioner of natural resources may not enter into a sale, exchange, or other disposition of oil or gas or of the rights or waiver of the rights to receive future production of royalty oil or gas under AS 38.05.183 without the prior approval of the legislature."

Section 19.1 of the Agreement provides that the Agreement may be "supplemented, amended or modified at any time, but only by written instrument duly executed by the parties to this Agreement." In making any such changes to the Agreement pursuant to this section, the Commissioner would be acting on behalf of the State of Alaska as one of the parties to the Agreement.

The Committee recognizes that a supplement, amendment, or modification of the Agreement could be a further "sale, exchange, or other disposition" within the meaning of AS 38.06.055(a). The Committee is also cognizant that pursuant to Section 20.1 of the Agreement, the Commissioner has the right to "grant" (consent to) an assignment of the Agreement.

It is the intent of the Committee that it be understood that approval of CSHB 320 does not constitute prior approval of any supplement, amendment or modification or any assignment that would be a further "sale, disposition, exchange, o other disposition" within the meaning of AS 38.06.055(a) and that it is expected that any such action by the Commissioner must first be preceded by compliance with the procedures for obtaining the prior approval of the legislature.

Representative John Ringstad
Co-Chairman, Resource Committee

Representative Dick Shultz
Co-Chairman, Resource Committee

Representative Rick Mehling
Vice-Chairman, Resource Committee

Representative John Cowdery
Member, Resource Committee

Representative Charlie Bussell
Member, Resource Committee

Representative John Liska
Member, Resource Committee

Representative Anthony Vaska
Member, Resource Committee

Representative Peter Goll
Member, Resource Committee

Representative Ronald Larson
Member, Resource Committee

AGO 786331

Official Business

Alaska State Legislature

House Resources Committee

SIGN-IN

Monday, Jan 16, 1984

HB 320
HB 371
SB 269

NAME	ADDRESS	PHONE	REPRESENTING
Jack Leutwyler	c/o Ray Plummer 736 W 12th, Juneau	586-3376	Chevron
ESTHER Wunnicke	Dept. of Natural Resources Pouch — Juneau 99811	465-2400	State of AK
Kay Brown	Division of Minerals & Energy Mgt. Dept. of Natural Resources Pouch 7-034 Anchorage, AK 99510	265-4241	State of AK
Donna Wood Johnson		276-2653	State of AK
D. F. Juren	8700 Tesoro Drive San Antonio, Texas 78286	512 828-8484	Tesoro Petroleum Corp.
R. W. Maynard	Dept of Law	31000	Dept of Law

AGO 786338

Dennis Jaren
Jack Lutewiler

Called to order 3:05
-00 Ring
Oehling
Lawson
Bussell
Liska
Gill
Vaska
=
Davis
Szymanski
Gilman
Mulcahy
Stang
Ziegler
Falk
P. Fischer

070 Comm. Wunnicke
Statement - Contracts drafted serve best interests of people of Alaska

100 Renegotiated contracts before comm.
110 Price reopeners on Prudhoe oil
— Schultz arrives
All three require in-state refining
140 Royalty oil bd Dec mtg - support overwhelming
Still substantial amt. taken in value
160 104,000 b/d royalty oil in value

175 Statutes could be revised
overlap on other resource disposition, complicates
185 Royalty bd overlaps

AGO 786339 +

190 - Kay Brown intro
Donna Wood Johnson

200 Kay B. went over suggested statutory changes - regulations
- Set floor on price in future negotiations
- Royalty gas & Gas liquids -
Propose to extend oil procedures to gas sales for future.

Jan 85 80,000 bbl remaining in-value available after meeting 3 contracts
Majority of oil should be sold short term by competitive bid.
Admin will be making decision on in near future.
Bring same consistency as in 5 yr-leasing program

360 Donna Wood Johnson
Briefly acquainted members with contents of black book -
Differences
Cook Inlet - amendments no longer req. leg. approval
Tesoro - 6 yr price reopener
- Amerada Hess. no longer applies
- 5¢ more = $3.5 million
Chevron - 2 yr. price reopener
- back up provisions
-

380 - Discussed 1-yr emergency contract provisions

400 - Discussed 1 yr Shell contract

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417 Stang - asked about other applications
Wunnicke - yes, none approved because
no in-state refining provided for

436 Faiks - Proposed regulation regarding Field
costs & floor price
Kay B. -
Bob Maynard -

470 Vaska - Legis. approval of amendments &
price reopener
Wunnicke - not consid. amendment

490 Pestinger - How much value on in state refining?
Why such a key factor?
Wunnicke - State cannot act as bus. when dealing
with public resource
Many secondary benefits - jobs, new facilities,
etc

525 Ring - how much should go out on short
term competitive bid
K Brown - 50000 b/d in 25000 b/d increments
every 6 mo in 1yr contracts

550 Vaska - Contract with Golden Valley up this yr -
Wunnicke - yes
Vaska - Tied to Mapco contract
Wunnicke -

560 Dingstad - Will Golden Valley be coming to us
Probably around March

AGO 786341

575 Vehling - asked about amendment
end of tape
Gill - asked about direct savings to consumer -

Hannicke - GVEA passes on savings directly

625 Tesoro - Juren presentation
300 people back on job within weeks

690 Discussed result of ~~price~~ instate refining on prices

730 Remote markets, unsubsidized by govt's
Solution more political than commercial

750 Best for consumer to encourage expansion of in-state refining

778 Ringstad - Construction season lag time between approval of contracts and start-up
Juren - none - immediate, weather permitting
800 Ringstad - Construction completion
Juren - Late fall 1985

815 Szymanski - Charter Oil connection -
Juren - Charter Security Life invested in Tesoro as part of portfolio - ¾ to get equity accounting - at least 20%. Opportunity to express an influence, rather than direct or control
If sold by Charter, must be broad distribution
Has to vote shares in proportion to other shareholders

AGO 786342

985 Ringstad - Voting proportion of Charter stock

Ringstad how does State monitor changes
1005 in Charter/Tesoro relationship
Juren - Filings with SEC

1020 Goll - Many of these prohibitions can take place w/consent of directors

1050 Gilman - Did Tesoro have enough capacity to meet needs of S. Central & Railbelt markets -
Juren - No - unable to keep up in peak summer due to population growth. If an interruption took place, as in 73-74, would not be able to meet demand.

1080 Goll - What statewide distribution plans -
Juren - Some evaluations, prelim. engineering in Western Alaska - Dillingham

1105 Goll - Charter still largest shareholder
- Yes
Juren - answered Shell concerns - Why Tesoro's proposal is so much better than Shell's $1 bbl - Tesoro investment = approximately $1.30 barrel in construction, jobs, commerce and business in-state.

1140 Lutwiler - Chevron
Continued long term operation of Chevron Nikiski refinery requires long-term oil supply

AGO 786343

Lutewiler –
Chevron - 80% of AVGas
12,000 b/d imported to state from Calif. refineries
asphalt producer - only one in-state

1300 Goll - Plans for dealing w/high prices in bush / in-state refiners -
Lute - high because of distrib. & handling but concerned

1330 Bussell - Is your contract viewed as short, 2 yr cont. or long-term
Some of each

1350 Lindauer - Do you practice price discrimination
No
Would you object if a prohibition of such was a condition –
Does Chevron use Calif. + pricing?
Lute - Cheaper to move product from Richmond Calif to Dutch than from Nikiski

1405 Lindauer - Create any additional jobs
No
What % of oil would actually be refined here - 35%

1420 Does Chevron get fair rate of return

1440 Goll - Can prices be balanced by shipping Calif. product to Anch and moving AK refined product to W/AK.

AGO 786344

1505 Liska - Chevron - asphalt do you meet requirements
Lute - requires import of Calif. ingredient

1520 ~~Mr~~ Lindauer - what price competition in W/AK

1570 Lindauer - Suit by Kenai Boro -
Lute - suit ~~a~~ has been withdrawn - piped to Anch, blended & trucked back, small dealers in Kenai.

1600 Gilman - commented on suit

AGO 786345

PRESENTATION BEFORE THE HOUSE RESOURCES COMMITTEE

IN JUNEAU, ALASKA ON JANUARY 16, 1984

I AM JOHN C. LEUTWYLER, MANAGER OF STRATEGIC PLANNING, OPERATIONS AND BUSINESS PLANNING DEPARTMENT OF CHEVRON U.S.A. INC. I AM PLEASED TO HAVE THE OPPORTUNITY TO APPEAR BEFORE YOU TODAY TO DISCUSS THE ROYALTY OIL CONTRACT BETWEEN THE STATE OF ALASKA AND CHEVRON.

AS EVERYONE HERE TODAY KNOWS, CHEVRON NEGOTIATED A LONG-TERM CONTRACT FOR THE PURCHASE OF 18,000 BARRELS PER DAY OF NORTH SLOPE ROYALTY OIL WITH THE ADMINISTRATION IN 1983. THIS CONTRACT WAS APPROVED BY THE SENATE IN THE LAST SESSION, BUT WAS NOT ACTED ON BY THE HOUSE PRIOR TO ADJOURNMENT LAST SUMMER. NATURALLY, WE WERE VERY DISAPPOINTED THAT THE CONTRACT DID NOT RECEIVE ALL NECESSARY APPROVALS. CHEVRON CONTINUES TO BE THE ONLY IN-STATE REFINER WHICH DOES NOT PURCHASE ROYALTY OIL FROM THE STATE UNDER A LONG-TERM CONTRACT. CHEVRON IS OPERATING CURRENTLY UNDER A ONE YEAR CONTRACT FOR ROYALTY OIL RUN AT THE NIKISKI REFINERY, WHICH EXPIRES ON MAY 30 OF THIS YEAR.

THE PRIMARY CONCERN EXPRESSED BY THE HOUSE IN THE LAST SESSION WAS THAT THE CONTRACT HAD A PRICE TIED TO THE IN-VALUE PRICE WITH A FIXED PREMIUM OVER THE TERM OF THE CONTRACT--11 YEARS. THE STATE WOULD NOT HAVE BEEN ABLE TO PURSUE MORE ATTRACTIVE DISPOSITIONS OF THE ROYALTY OIL SHOULD THEY DEVELOP DURING THE TERM OF THE CONTRACT.

AGO 786346

SINCE THE LEGISLATURE ADJOURNED LAST SUMMER, CHEVRON HAS HAD NUMEROUS MEETINGS WITH DEPARTMENT OF NATURAL RESOURCES REPRESENTATIVES AND MEMBERS OF THE LEGISLATURE IN ORDER TO MODIFY THE CONTRACT TO BE ACCEPTABLE TO THE LEGISLATURE. WE BELIEVE THIS HAS NOW BEEN ACHIEVED BY ADDING THE PROVISION THAT EITHER PARTY MAY REOPEN THE CONTRACT TO RENEGOTIATE THE PRICE FOR THE ROYALTY OIL EVERY TWO YEARS. THIS PROVIDES A MECHANISM TO ADJUST THE PRICE IN CASE EITHER PARTY BELIEVES THE THEN CURRENT PRICE IS OUT OF LINE WITH WORLD MARKETS. IF THE PARTIES CANNOT AGREE ON A NEW PRICE, THE CONTRACT CAN BE TERMINATED. CHEVRON IS AGREEABLE WITH THIS CONCEPT AS WE HAVE NEVER ASKED THAT THE STATE LOSE MONEY IN SELLING THEIR ROYALTY OIL TO CHEVRON. WE HOPE THIS PRICE REOPENER PROVISION HAS ELIMINATED THE LEGISLATIVE CONCERNS AND WILL RESULT IN APPROVAL OF CHEVRON'S ROYALTY OIL CONTRACT DURING THE EARLY PART OF THIS SESSION. SUCH APPROVAL IS ESSENTIAL TO AVOID A DISRUPTION IN CRUDE SUPPLY FOR OUR NIKISKI REFINERY AFTER THE PRESENT ONE-YEAR CONTRACT EXPIRES ON MAY 30 OF THIS YEAR. CONTINUED LONG-TERM OPERATION OF THE NIKISKI REFINERY REQUIRES A LONG-TERM CRUDE SUPPLY AT COMPETITIVE PRICES.

LEGISLATIVE APPROVAL OF THIS LONG-TERM CONTRACT WITH CHEVRON WOULD BE CONSISTENT WITH CONTRACTS THE STATE HAS ALREADY MADE WITH ALL OTHER IN-STATE REFINERS, EXCEPT CHEVRON.

I WOULD LIKE TO MENTION BRIEFLY CHEVRON'S LONG HISTORIC POSITION IN THE PETROLEUM INDUSTRY IN ALASKA AND OUR ROLE IN

AGO 786347

SERVING THE REFINED PRODUCT NEEDS FOR THE CITIZENS OF ALASKA IN BOTH THE URBAN AS WELL AS THE BUSH AREAS.

CHEVRON WAS THE FIRST COMPANY TO MARKET PETROLEUM PRODUCTS IN ALASKA STARTING IN 1889 AND HAS SERVED ALASKA CONTINUOUSLY SINCE THAT TIME. WE ARE THE ONLY STATEWIDE MARKETER AND ARE THE SOLE SUPPLIER OF PETROLEUM PRODUCTS IN FOURTEEN COMMUNITIES. CHEVRON SUPPLIES ABOUT 27,000 BPD OR SOME 36 PERCENT OF THE LIGHT PRODUCTS USED IN THE STATE. IN ADDITION, CHEVRON OPERATES THE ONLY FINISHED PRODUCT TANKER BASED IN ALASKA-- THE "ALASKA STANDARD" -- WHICH IS DEDICATED TO SERVING ALASKANS IN REMOTE AREAS. IN ADDITION TO THIS TANKER, WE HAVE EXTENSIVE AND EXPENSIVE BARGING OPERATIONS IN THE BRISTOL BAY, BERING SEA, AND SOUTHEAST ALASKA AREAS.

CHEVRON BUILT THE FIRST MODERN REFINERY IN ALASKA WHICH STARTED OPERATING IN 1963. IN ADDITION TO LIGHT PRODUCTS, WE HAVE HISTORICALLY MADE ABOUT 70 PERCENT OF THE STATE'S REQUIREMENT FOR ASPHALT AT NIKISKI. IN 1983 WE SUPPLIED 100 PERCENT OF THE REQUIREMENT AS THE OTHER SUPPLIER HAS WITHDRAWN FROM SELLING ASPHALT IN ALASKA.

CHEVRON HAS APPROXIMATELY 190 EMPLOYEES IN ALASKA DIRECTLY ASSOCIATED WITH OUR VARIOUS OPERATIONS. IN ADDITION, WE DO BUSINESS WITH ABOUT 190 INDEPENDENT RETAIL DEALERS WHO EMPLOY 800 PEOPLE AND 69 JOBBERS AND AGENTS WHO EMPLOY OVER 300 PEOPLE. IN TOTAL, CHEVRON'S INVOLVEMENT IN THE PETROLEUM INDUSTRY IN ALASKA RESULTS IN THE DIRECT AND INDIRECT EMPLOYMENT OF ALMOST 1300 PEOPLE.

AGO 786348

THE STATE HAS ABOUT 197,000 BPD OF ROYALTY OIL FROM THE NORTH SLOPE, INCLUDING KUPARUK. OF THIS VOLUME, ABOUT 81,000 BPD IS COMMITTED TO IN-STATE REFINERS UNDER LONG-TERM CONTRACTS AND THE BALANCE OF ABOUT 110,000 BPD HAS BEEN LEFT WITH THE PRODUCERS WHO ARE EXPORTING THE OIL TO THE LOWER 48 STATES. THE BULK OF THE VOLUME BEING EXPORTED IS GOING THROUGH THE PANAMA CANAL TO THE GULF COAST AREA FOR SUPPLYING PRODUCTS IN THAT AREA, AND THE STATE IS IN EFFECT PAYING THE TRANSPORTATION COST FROM ALASKA TO THE GULF COAST THROUGH LOWER REALIZATIONS FROM THE PRODUCERS. NONE OF THE THREE LARGEST PRODUCERS EXPORTING ROYALTY OIL RETURN PRODUCTS TO ALASKA FOR USE BY THE RESIDENTS IN ALASKA. IN CONTRAST, CHEVRON BRINGS OVER 12,000 BPD OF PRODUCTS TO ALASKA FROM OUR CALIFORNIA REFINERIES TO SUPPLEMENT THE PRODUCTS MADE AT OUR NIKISKI REFINERY. ONE OF THE PRODUCTS WE BRING TO ALASKA IS AVIATION GASOLINE, OF WHICH CHEVRON SUPPLIES ABOUT 80 PERCENT OF THE STATE'S TOTAL REQUIREMENT.

THE STATE HAS THE ALTERNATIVE OF (1) LEAVING 18,000 BPD OF ROYALTY OIL WITH THE PRODUCERS FOR EXPORTING TO THE LOWER 48 TO MAKE PRODUCTS IN THE GULF COAST AREA, OR (2) SELLING THIS VOLUME OF ROYALTY OIL TO CHEVRON UNDER A LONG-TERM CONTRACT AT A HIGHER PRICE THAN THE STATE WILL RECEIVE FROM THE PRODUCERS. OUR CONTRACT WILL PROVIDE THAT WE REFINE THE OIL IN-STATE AT OUR NIKISKI REFINERY AND CONTINUE TO SUPPLY THE PRODUCT NEEDS OF THE CONSUMERS IN ALASKA INCLUDING DIESEL, HEATING OILS, JET FUELS, AND ASPHALT. I DO NOT BELIEVE ANYONE CAN ARGUE THAT SUCH USE OF THE ROYALTY OIL IS NOT IN THE BEST INTEREST OF THE STATE AND ITS CITIZENS.

AGO 786349

IN CLOSING, WE SINCERELY HOPE THAT THE LEGISLATURE WILL DETERMINE IT IS IN THE BEST INTEREST OF THE STATE AND ITS CITIZENS TO APPROVE A LONG-TERM CONTRACT WITH CHEVRON, A COMPANY THAT HAS HISTORICALLY DONE BUSINESS IN ALASKA AND HAS SIZABLE INVESTMENTS IN THE STATE. WE WOULD LIKE TO CONTINUE OUR MAJOR INVOLVEMENT IN SERVING ALASKA.

I WILL BE HAPPY TO RESPOND TO ANY QUESTIONS THAT YOU MAY HAVE.

THANK YOU.

AGO 786350

HOUSE RESOURCES COMMITTEE OBSERVER/WITNESS SIGN-UP SHEET

HB 320
HB 370
HB 371

DATE: MAY 5, 1983 SPONSOR: RULES/GOVERNOR

SUBJECT(S): ROYALTY OIL CONTRACTS

PLEASE FILL IN A COMPLETE ROW

NAME	REPRESENTING	ADDRESS	PHONE	Observer	Witness	For	Against
Bill Blessington	ARECA	237 E Fireweed ANC	276 3235		✓	✓	
Marilyn Dimmick	KENAI BORO	Box 67 NINILCHIK	567-3927		✓	✓	
Edal L Garnett	Kenai Chamber. STATE Chamber Kenai Peninsula	Box 3331, Kenai Board of Realtors	283-7189		✓	✓	
Betty J. Glick	Kenai	Box 525 Kenai	283-7644		✓	✓	
Dennis F. Juren	Tesoro	San Antonio, Texas					
Reed Williams	"	" "	512-828-8988		✓	✓	
[illegible]	DCED						
Ester Wunnicke	DNR						
Bob Maynard	AG						
Nels Anderson					✓		✓

AGO 786378

Introduced by: Mayor
Date: May 3, 1983
Vote:
Action:

KENAI PENINSULA BOROUGH

RESOLUTION 83-119

SUPPORTING APPROVAL OF STATE ROYALTY OIL CONTRACTS TO CHEVRON USA AND TESORO ALASKA.

WHEREAS, contracts for the supply of the State's royalty oil for Chevron USA and Tesoro Alaska are currently pending the approval of the State Legislature; and

WHEREAS, the supplies of crude oil from Cook Inlet and Peninsula fields have been dwindling annually since 1970 necessitating the companies to look to the State for assured supplies; and

WHEREAS, it has been the expressed interest of the State to pledge its royalty oil for in-State processing and to trigger new industrial investment and employment; and

WHEREAS, the contracts call for an eleven-year supply of 18,000 barrels per day to the Chevron refinery, and 26,000 barrels per day to the Tesoro refinery for in-State processing of products for Alaska markets; and

WHEREAS, the supply of the royalty oil will add measurably to the economic well-being of the State of Alaska and the Kenai Peninsula assuring the continuing operation for the Chevron refinery and the further expansion of the Tesoro refinery; and

WHEREAS, the Chevron and Tesoro refineries are annual contributors to the economy with a combined payroll of $4 million from the 105 year-round jobs, operations impacting another 100 jobs and $2.5 million in wages in the service and supply sector, $1.5 million in local purchases, and sizeable tax contributions from a combined $125 million in assessed valuations; and

WHEREAS, such contributions to the economy would be increased by an $80-$90 million expansion of the Tesoro refinery, a 250-member construction work force, and the addition of 20-30 new year-round jobs for the expanded operations of the plant; and

WHEREAS, it has been determined by the State Commissioner of Natural Resources, and the State's Royalty Oil and Gas Advisory Board that the approval of contracts to provide long-term supplies of the State's North Slope crude to the two companies is in

AGO 786379

the best interest of the State of Alaska, and a wise and expedient use of the State's oil resources;

NOW THEREFORE, BE IT RESOLVED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH:

Section 1. That the Assembly recommends that the State Legislature approve contracts for the supply of the State's royalty oil from the North Slope to the in-State refining facilities of Chevron USA and Tesoro Alaska.

Section 2. That the Kenai Peninsula Borough Assembly supports the concept of approval and ratification of those contracts as provided in HB 320; HB 370; HB 371; SB 268, and SB 269.

Section 3. That the Borough Clerk shall distribute a copy of this resolution to Governor William J. Sheffield; to Senate President Jalmar Kerttula; to House Speaker Joe L. Hayes; to the Chairmen of the Senate and House Resources Committees; to Senators Don Gilman and Paul Fischer; and to Representatives Hugh Malone, Bette Cato, Milo Fritz, and Vern Hurlbert.

Section 4. That this resolution takes effect immediately on the date of its adoption.

ADOPTED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH ON THIS _____ DAY OF _____, 1983.

_____
Donald L. McCloud, Assembly President

ATTEST:

_____
Borough Clerk

AGO 786380

Kenai Chamber of Commerce
Box 497
Kenai, Alaska 99611
(907) 283-7989

KCC

GREATER KENAI CHAMBER OF COMMERCE

RESOLUTION NO. 83-09

A RESOLUTION OF THE GREATER KENAI CHAMBER OF COMMERCE REQUESTING THE THIRTEENTH LEGISLATURE OF THE STATE OF ALASKA TO SUPPORT AND URGE THE PASSING OF HB 320, HB 370 and HB 371 AND SB 268 and SB 269 GRANTING ADDITIONAL STATE ROYALTY OIL TO CHEVRON AND TESORO AND URGING THE GOVERNOR TO SIGN HB 320, HB 370 and HB 371 AND SB 268 and SB 269.

WHEREAS, Chevron and Tesoro are good corporate neighbors to the Greater Kenai Area and have contributed to the community and the area in many positive ways toward the betterment of the community on a totally voluntary basis, and

WHEREAS, Chevron and Tesoro make up a substantial amount of the tax base in the area and provide the majority of the employment of the Central Kenai Peninsula, and

WHEREAS, Chevron and Tesoro have made many many capital investments in the State of Alaska that adds to the overall tax base and has contributed substantially to the availability of jobs for the purpose of processing the State of Alaska's natural resources in state, and

WHEREAS, Chevron and Tesoro need the royalty oil to continue making asphalt and to make a substantial addition to the Tesoro refinery for additional capacities which will provide substantial numbers of construction employees work over the next two years, and

WHEREAS, once that addition is completed, they will add to their permanent work force to man the added facilities at the Tesoro site, and

WHEREAS, to provide that additional royalty oil to any other concern or corporation without the promise or expectation of additional infrastructure for the purpose of in-state processing of the state's natural resources would seem unfair, and

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WHEREAS, the Greater Kenai Chamber of Commerce believes at this time that the best use of Alaska's royalty oil is to give it to a corporation who intends to process it in state as opposed to sending it out of state and providing jobs and infrastructure outside the State of Alaska, and

WHEREAS, there is an immediate need for the State of Alaska to make its decision in order that Chevron can continue to provide asphalt in the State of Alaska and permit Tesoro to immediately start the construction of their addition at the Tesoro refinery, and

WHEREAS, the granting of the proposed contract for additional royalty oil to Chevron and Tesoro will not deplete the State's share of royalty oil since the State will be entitled to in excess of 71,000 barrels a day over and above Chevron and Tesoro's request, and

WHEREAS, providing Chevron and Tesoro the additional royalty oil will continue to provide the citizens of the State of Alaska a continued supply of fuel products.

NOW, THEREFORE, BE IT RESOLVED BY THE GREATER KENAI CHAMBER OF COMMERCE, that said Chamber is on record in support of HB's 320, 370 and 371 and SB's 268 and 269 requesting the granting of additional state royalty oil to Chevron and Tesoro because of the positive economic impact it will have on the entire State of Alaska, and further that immediately after the adoption of this Resolution, the Executive Director of the Greater Kenai Chamber of Commerce be directed to provide copies of this Resolution to Governor William J. Sheffield and each and every member of the State Senate and House of Representatives of the State of Alaska.

ADOPTED BY THE GREATER KENAI CHAMBER OF COMMERCE this 29th day of April, 1983.

Eugene R. Collins

Eugene Collins, President

ATTEST:

Sue Carter

Sue Carter, Executive Director

HOUSE RESOURCES COMMITTEE OBSERVER/WITNESS SIGN-UP SHEET

DATE: _____ SPONSOR: _____

SUBJECT(S): _____

PLEASE FILL IN A COMPLETE ROW

NAME	REPRESENTING	ADDRESS	PHONE	Observer	Witness	For	Against
Reed Williams	Tesoro	8700 Tesoro Dr	(512) 828 8484				
George Day	Chevron USA		279-9666				
Milo Hitz	Rep.	Pauch V	465-4833				
Ray Plummer	Chevron	2916 Pecan	586-2678				

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VITA

Philip E. Sorensen

April 1982

Personal Data:

Address: 2239 Trescott Drive
Tallahassee, Florida 32312
(904) 385-9435

University: Department of Economics
Florida State University
Tallahassee, Florida 32306
(904) 644-5001

Degrees:

B.S. (Government), Utah State University, 1954. Member: Phi Kappa Phi, Honorary Scholastic Fraternity. Received "College Award" as Outstanding Graduating Senior.
M.S. (Economics), Utah State University, 1957.
Ph.D. (Economics), University of California, Berkeley, 1966. Elected to Phi Beta Kappa 1965.

Academic Appointments:

Teaching Assistant and Associate Instructor of Economics, University of California, Berkeley, 1958-1962. Assistant Professor of Economics, University of California, Berkeley, 1967.

Instructor and Assistant Professor of Economics, Claremeont Men's College, Claremont, California, 1962-65.

Assistant Professor of Economics, University of California, Santa Barbara, 1965-1969. Associate Research Professor, University of California, Santa Barbara, 1970-1971. Visiting Professor of Economics, University of California, Santa Barbara, 1979-1980. Currently on Joint Appointment as Research Professor of Economics, University of California, Santa Barbara.

Associate Professor of Economics, Florida State University, Tallahassee, appointed 1971.

Professor of Economics, Florida State University, Tallahassee, since 1978.

Professional Appointments (Partial Listing):

Consultant to the State of California, Department of Public Health (on pollution control system costs and benefits), 1965-66.

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Consultant to the United Nations Committee on Peaceful Uses of the Sea Bed (on the costs of deep ocean mining), 1968-71.

Consultant to the U.S. State Department (on deep ocean mining), 1969.

Consultant and Seminar Leader (on the U[illegible] Oil Industry), National Science Foundation Conference on the S[illegible]al Management of Technology, University of Washington, Seattle, 1972.

Consultant to the Steering Committee (on Energy Research), National Academy of Engineering Study of the NSF-RANN Research Program, 1972-73.

Member: FLorida Gasoline Allocation Committee, 1973-74.

Member: Governor's Advisory Council on Energy Allocation and Conservation, 1973-1976 (appointed by Governor Reubin Askew).

Chief Economist for Study of Economic Costs of the Santa Barbara Oil Spill, State of California, Department of Justice, 1974-75.

Chief Economist for Study of Environmental Danmage Caused by the Bahia Sucia Oil Spill, Commonwealth of Puerto Rico, 1976-79.

Florida Representative on the Marine Resources Advisory Committee of the Coastal Plains Regional Commission (appointed by Governor Reubin Askew and Re-appointed by Governor Robert Graham), 1977-79.

Economic Advisory Committee to the Florida Department of Environmental Regulation, since 1977.

Member of the Steering Committee, The Amoco Cadiz Oil Spill Study, a joint U.S.-French Scientific Research Project, 1978-1981.

Consultant to the State of Washington, Department of Ecology (on the economic and environmental costs of the Northern Tier Pipeline project), 1981.

Member of U.S. Delegation to the OECD Conference on Economic Analysis of Oil Spills, Paris, France, June 1981.

Awards and Fellowships:

University Award, Utah State University, 1954.

Ford Foundation Fellowship, University of California, Berkeley, 1962.

Fellow of King's College, Cambridge, England, Summer 1962.

Danforth Associate, Danforth Foundation, 1967-present.

Relm Foundation Fellowship, London, 1968.

Graduate Research Council Award, Florida State University, 1973.

American Men and Women of Science, 1974-present.

Special Commendation:

Received Official Commendation from the Governor and Cabinet of the State of Florida for "outstanding public service" in developing data and analysis leading to the settlement of claims involving offshore oil and gas resources of the State. Commendation presented at meeting of the Florida Cabinet, January 6, 1976.

Professional Societites:

American Economic Association
International Association of Energy Economists
American Association for the Advancement of Science
Royal Economic Society
History of Economics Society

Publications:

The California Waste Management Study, State of California, Department of Public Health, 1965, 411 pages. (With other authors.)

"Externalities in Ocean Mineral Resource Development," in R.C. Steere (ed.) A Critical Look at Marine Technology, Washington, D.C. 1968, pp. 9-16 (with W.J. Mead).

"A Cost-Benefit of Analysis of Ocean Mineral Resource Development," American Journal of Agricultural Economics, December 1968, pp. 1611-1620 (with W.J. Mead). Reprinted: Hearings of the Committee on Interior and Insular Affairs, U.S. Senate, May 1970, pp. 364-70.

"A New Economic Appraisal of Marine Phosphorite Deposits Off the Coast of California," in The Decade Ahead, Marine Technology Society, Washington, D.C., 1969, pp. 491-500 (with W.J. Mead). Reprinted: Hearings of the Committee on Interior and Insular Affairs, U.S. Senate, May 1970, pp. 370-77.

"The Principal External Costs and Benefits of Marine Mineral Recovery," Proceedings of the 1970 Offshore Technology Conference, Houston, 1970, pp. 307-16 (with W. J. Mead).

"Optimum Population and Economic Externalities," in N. Hinrichs (ed.) Population, Environment, and People, McGraw-Hill Book Company, New York, 1971. This article cited in the New York Times, June 10, 1970, p. C72; also cited in Business Week, October 24, 1970, p. 103.

"Evaluation of Technological Spillovers," in Marine Technology-1970, Marine Technology Society, Washington, D.C., 1970, pp. 779-788 (with W. J. Mead).

"A National Defense Petroleum Reserve Alternative to Oil Import Quotas," Land Economics, Vol. 47, No. 3, August 1971, pp. 211-223 (with W. J. Mead). Article cited in The Washington Post, August 27, 1970, p. A12; and Oil and Gas Journal, June 28, 1971, p. 46.

"Marine Algae as an Economic Resource," in Marine Technology--1971, Marine Technology Society, Washington, D.C. 1971, pp. 523-33 (with W. Silverthorne).

"A Preliminary Estimate of the Economic Potential of Ocean Placer Mining," in Applications of Marine Technology to Human Needs, Marine Technology Society, 1972 (with W. J. Mead and S. Wilcox). Republished in summary form, Ocean Industry, August 1972.

"The Economic Cost of the Santa Barbara Oil Spill," in Santa Barbara Oil Spill: An Environmental Inquiry, Marine Science Institute, University of California, Santa Barbara, 1972, pp. 183-227 (with W. J. Mead).

"An Econometric Model of Florida Tourism," Proceedings of the American Statistical Association, 1974, pp. 373-78 (with J. Gapinski).

Severance Taxes, Royalty Rates, and Leasing Policy Toward Oil and Gas Resources Within State Jurisdiction in the United States, a monograph published by the Department of Administration, State of Florida, September 1974 (53 pp.)

"An Economic Assessment of the Project Independence Goals for OCS Oil and Gas Production," in Project Independence Reports, Vol. 8, November 1974, pp. 284-88. Cited in Oil and Gas Journal, Nov. 11, 1974, p. 241, and Florida Trend, February 1975, p. 94.

Patterns of Energy Consumption in Florida, published by the Florida Energy Committee, State of Florida, June 1975, 461 pp. (with other authors).

"Florida's Economic Impact Disclosure Act," in Revenue Estimating Procedures, published by the Research Section of the National Association of Tax Administrators, Washington, D.C., 1978, pp. 105-111.

A Comparative Analysis of Alternatives for Limiting Access to Ocean Recreational Salmon Fishing, a monograph published by the Pacific Marine Fisheries Commission, Portland, January 1978, 129 pp. (with F. Hester).

"Analytics of Motor Fuel Consumption and Tax Collections," State and Local Government Review, Vol. 10, No. 2 May 1978, pp. 69-78 (with J. Gapinski).

"Economic Issues in Oil Shale Leasing Policy," in Oil Shale Symposium, Colorado School of Mines, Golden, Fall 1978 (with R. Jones and W. Mead).

"Free Entry Into Crude Oil and Gas Production and Competition U.S. Oil Industry," Natural Resources Journal, Vol. 18, No. October 1978, pp. 859-75 (with R. Jones and W. Mead). Repr A Utton (ed.) U.S. Energy Policy--1979. New York: Ballinge 1979.

"The Outer Continental Shelf Lands Act Amendments of 1978--An I Analysis," Natural Resources Journal, October 1979, pp. 885-9 (with W. Mead).

Competition in OCS Oil and Gas Lease Sales and Lease Development 1969, published by U.S. Geological Survey, Washington, D. C. March 1980, 188 pages (with W. Mead).

"Measuring the Economic Impact of Oil Spills on Commercial Fishe in Proceedings of the International Conference on Marine Oil Po Brest, France, March 1979.

"The Economic Cost of the Amoco Cadiz Oil Spill," in Proceedings o the Conference on the Impact of Marine Pollution on Society, University of Rhode Island, Kingston, June 1980.

"The Economic Effects of the Small Business Motor Fuel Marketer Preservation Act--H.R. 6722," Joint Hearings Before the Subcommit Antitrust, Committee on Small Business, Washington, D.C., June 19 471-502.

"Do Bidders in OCS Oil and Gas Lease Sales Behave Rationally?" in J. Dunkerley (ed.), International Energy Strategies, Cambridge, Ma Oelgeschlager, Gunn and Hain, Publishers, 1980, pp. 321-334 (with R Jones and W. Mead).

"Competition in Gasoline Marketing in the U.S.," in Hearings Before t Committee on the Judiciary, United States Senate, on S. 326, Divorce of Motor Fuel Service Stations, October 21, 1981, pp. 490-524.

"Assessing the Economic Damages of Oil Spills: The Amoco Cadiz Case Study, National Oceanic and Atmospheric Administration, U.S. Departme of Commerce, 1982, 466 pp. (with other authors).

"Economic and Legal Issues Associated with Calculation of Damages to Fisheries and the Marine Environment Caused by Oil Spills," in Economi Costs of Marine Oil Pollution, OECD, Paris, France, 1982.

"The Effects of Taxes on the Profitability of U.S. Oil and Gas Productio A Case Study of the OCS Record," The National Tax Journal, March 1982 (with W. Mead and D. Muraoka).

"Toward Efficient National Policies for Leasing Oil and Gas Resources," in Proceedings of the 1982 Annual Meeting of the International Association o Energy Economists, Cambridge, England (with other authors).

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Other Articles and Research Reports (Partial Listing):

"Edgeworth in Retrospect," a paper presented at the Annual Meeting of the Western Economic Association, 1968. Abstracted: Western Economic Journal, September 1968, p. 304.

Possible Impact of Seabed Mineral Production on World Markets, United Nations Committee on the Sea Bed, New York, 1971 (contributor to Chapter III, "Assessment of Economic Implications").

Priorities for Research Applied to National Needs, National Academy of Engineering, Washington, D.C., 1973 (contributor to volume).

"An Energy Profile of Florida," written for the Economic Report of the Governor, State of Florida, 1974.

Economic Evaluation of Environmental Damage Resulting from the Santa Barbara Oil Spill, a report prepared for the Department of Justice, State of California, July 1974.

"The Energy Situation in Florida," a series of reports written for the Florida Energy Committee, 1973-1974, published in the Committee's Report to the Florida Legislature, March 1974.

"Positive Science and Economics," a paper presented at the Annual Meeting of the History of Economics Society, Chapel Hill, N.C. May 1974 (with E. R. Canterbery).

"Competition in OCS Oil and Gas Production," a paper presented at the Annual Meeting of the Western Economic Association, 1975.

"An Economic Analysis of Florida's Environmental Regulations," a report prepared for the Florida Department of Environmental Regulation, March 1976.

A California Solar Energy Pilot Testing Program, a report prepared for the California Energy Resources Conservation and Development Commission, October 1976, 95 pages (with other authors).

"Environmental Damage in Economics and in Law," a paper presented at the Annual Meeting of the Southern Economic Association, 1976.

"Forecasting Gasoline Consumption and Tax Revenue," a paper presented at the Annual Meeting of the Atlantic Economic Association, Washington, D.C., 1976 (with J. Gapinski).

"Competition in the Crude Oil and Natural Gas Lease Market," a paper presented at the Annual Meeting of the American Economic Association, New York, 1977 (with R. Jones and W. Mead).

"The Economic Costs of the Amoco Cadiz Oil Spill," a paper presented at the Conference on Impacts of Marine Pollution on Society, University of Rhode Island, June 1980.

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Additional Studies of Competition and Performance in OCS Oil and Gas Lease Sales, a report prepared for the U.S. Geological Survey, November 30, 1980, 109 pages (with W. J. Mead).

Competitive Bidding Under Asymmetrical Information, Final Report to the U.S. Geological Survey, Reston, Virginia, September 30, 1981 (with W. Mead and A. Moseidjord).

An Economic Analysis of Florida's Saltwater Sport Fisheries, Final Report of a study funded by the NOAA-Sea Grant Program, 1982 (with F. Bell).

Cross Subsidization and Competition: A Case Study of Gas and Electric Utility Involvement in Residential Energy Conservation, Final Report to the U.S. Small Business Administration, 1982 (with W. Mead and S. Parsons).

Research Grants and Contracts (Principal Investigator):

John Randolph Haynes Foundation, 1968-72 (on ocean mineral economics)

NSF-Sea Grant Program, 1968-71 (on various aspects of marine algae production)

NOAA-Sea Grant Program, 1972 (on marine-based tourism)

Florida Department of Administration, 1973-77 (on offshore oil and gas leasing policy)

Florida Energy Committee, 1974 (on patterns of energy consumption).

Florida Department of Transportation, 1975-78 (on forecasting gasoline demand)

Florida Department of Environmental Regulation, 1976 (economic analysis of Florida's environmental regulations)

Florida Department of Administration, 1977 (developed guidelines for all State agencies to assure compliance with Florida's Economic Impact Disclosure Act)

U.S. Geological Survey, 1976-1982 (studies of OCS oil and gas leasing economics and lease policies)

U.S. Department of Commerce (NOAA), 1978-1981 (a study of the market-valued economic costs of the Amoco Cadiz oil spill)

State of Washington, Department of Ecology, 1980-81 (a study of the economic and environmental costs of the proposed Northern Tier Pipeline)

NOAA-Sea Grant Program, 1980-82 (a study of the economic value of Florida's saltwater sport fisheries)

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U.S. Small Business Administration-Federal Trade Commission, 1980-82 (a theoretical and empirical study of cross subsidization and predatory pricing)

Departmental and University Committees (Florida State University):

Director of Graduate Studies in Economics, 1972-73.

Co-director of Ph.D. field in Natural Resource Economics (including Energy Economics) and in History of Economic Thought.

Executive Committee of the Department of Economics, 1972-73, 1975-76, and 1978-79.

Chairman, FSU Energy Action Research Committee, 1973-1975.

University Graduate Policy Council, 1974-76; 1980-82.

University Senate Budget Committee, 1975-76.

Invited Testimony Before Legislative Bodies:

Special Committee on Oil Spill Legislation of the Florida Legislature, 1973 (on the implications of unlimited liability for oil spill damages)

Florida House of Representatives, 1973 (at special meeting of the House considering the implications of gasoline shortages)

Florida House of Representatives, Commerce Committee, 1974 (on the question of competition in gasoline marketing in Florida)

Florida House of Representatives, Rules Committee, 1974 (on the implications of gasoline shortages for the Florida economy))

Florida Senate, 1977 (presenting report on Florida's Economic Impact Disclosure Act)

Florida House of Representatives, Committee on Tourism and Economic Development, 1977 (on the effects of hotel-motel licensing restrictions)

Florida Senate, Committee on Economic and Community Affairs, 1979 (on competition in gasoline marketing in Florida)

Alaska House of Representatives, Interim Committee on Oil and Gas Leasing Policy, 1979 (an economic analysis of leasing policies for the proposed Beaufort Sea lease sale)

Arizona State Senate, Committee on Commerce and Labor, 1980 (on competition in gasoline marketing in Arizona)

U.S. House of Representatives, Small Business Committee, Antitrust Subcommittee, 1980 (on competition in gasoline marketing in the U.S.)

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Alaska State Legislature
HOUSE OF REPRESENTATIVES
COMMITTEE ON RESOURCES

JOHN RINGSTAD, CO-CHAIRMAN
RICHARD SHULTZ, CO-CHAIRMAN
POUCH V
JUNEAU, ALASKA 99811
(907) 465-3715

MEMORANDUM

To: All Members, House Resources Committee, Senate Resources Committee and Joint Committee on Oil and Gas

From: House Resources Committee Staff

Date: January 16, 1984

Re: Royalty oil contract changes

Major contract differences between those contracts submitted to the 1983 Legislative session and those which will be presented to the 1984 session are as follows:

Section 2.13 has been deleted. In the old contracts, section 2.13 read:

> 2.13. Future Dispositions of Royalty Oil. Seller recognizes that AS 38.05.183, which governs disposition of royalty oil by the State of Alaska, establishes a statutory preference for dispositions proposing (1) in-state processing of royalty oil and (2) in-state supply of products generated from processing of royalty oil, in that order. Seller represents that, in conjunction with future dispositions of royalty oil, Purchaser will be afforded the consideration contemplated by AS 38.05.183.

The Purchasers' needs originally addressed in Section 2.13 have been met by other contract terms, and this provision will no longer be a standard contract term.

2. A second change to the contracts is that they and future contracts will no longer require legislative approval for any amendments.

3. Changes to specific contracts are as follows:

   a. Tesoro Alaska Petroleum Company, Prudhoe Bay

      The previous Tesoro/Prudhoe contract outlined a

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provision in the price term that would allow the premium paid by Tesoro to be applied against the Amerada Hess settlement if the State prevails in that dispute. The new contract does not contain this provision. Translated into dollars to the State, this negotiated provision means an additional $24.9 million in revenue.

An additional five cents has been added to the premium of the new contract. Translated over the life of the contract at the estimated number of barrels to be taken, this means an additional $3.6 million in revenue to the State.

The new contract contains a six year price reopener term with reopeners at two year intervals thereafter.

b. Chevron, USA

The Chevron contract now differs from the previous contract in that it now contains provisions for a price reopener every two years.

STATE OF ALASKA
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF MINERALS & ENERGY MANAGEMENT

Contracts which will be presented to the 1984 legislature:

1. Long-term sale of Cook Inlet crude.

   Purchaser: Tesoro Alaska Petroleum Company
   Quantity : 100% royalty crude from Cook Inlet
   Term : January 1, 1985 to January 1, 1995. (This contract commences upon the termination of the one-year emergency contract (1/1/84-12/31/84)).
   Price : Volume-weighted average of the producers in the Cook Inlet area. (What the state would have received has it taken the oil in-value).

2. Long-term sales of Prudhoe Bay Royalty Oil:

   A. Purchaser: Chevron U.S.A., Inc.
   Quantity : 09.60% of the State's daily royalty share of crude. (Approximately 18,000 bpd).
   Term : May 31, 1984 to January 1, 1995. (The expiration date of the emergency one-year contract is May 30, 1984).
   Price : Volume-weighted average of all producer prices, 30 cents premium, plus field costs, to be adjusted upon settlement of the Amerada Hess litigation. Price reopener two years after date of first delivery and every two years thereafter.

   Option contract: In the event that the above contract for the sale of approximately 18,000 bpd of royalty crude is not approved by the Alaska State Legislature, Shell Oil Company will purchase the 18,000 bpd of nominated crude commencing May 31, 1984. This contract will contain all of the standard State contract terms with a price term equalling volume-weighted average producer's field price, plus $1.00 premium, plus field costs, to be adjusted upon settlement of the Amerada Hess litigation.

   B. Purchaser: Tesoro Alaska Petroleum Company
   Quantity : 13.867% of the State's daily royalty crude (approximately 26,000 bpd).
   Term : January 1, 1985 is the estimated date of first delivery with January 1, 1995 the date of termination.

   Price : Volume-weighted average of all producer prices, plus 35 cents premium, plus field costs, to be adjusted upon settlement of Amerada Hess. Price reopener after six years from date of first delivery and at two year intervals thereafter.

LETTER OF INTENT
FOR CSHB 320
January 19, 1984

The House Resources Committee has considered CSHB 320, providing for approval of the Agreement between the State of Alaska and Tesoro Alaska Petroleum Company for the sale of a portion of Alaska's royalty oil. This Agreement must be approved by the legislature under the provisions of AS 38.06.055(a) which provides that "the commissioner of natural resources may not enter into a sale, exchange, or other disposition of oil or gas or of the rights or waiver of the rights to receive future production of royalty oil or gas under AS 38.05.183 without the prior approval of the legislature."

Section 19.1 of the Agreement provides that the Agreement may be "supplemented, amended or modified at any time, but only by written instrument duly executed by the parties to this Agreement." In making any such changes to the Agreement pursuant to this section, the Commissioner would be acting on behalf of the State of Alaska as one of the parties to the Agreement.

The Committee recognizes that a supplement, amendment, or modification of the Agreement could be a further "sale, exchange, or other disposition" within the meaning of AS 38.06.055(a). The Committee is also cognizant that pursuant to Section 20.1 of the Agreement, the Commissioner has the right to "grant" (consent to) an assignment of the Agreement.

It is the intent of the Committee that it be understood that approval of CSHB 320 does not constitute prior approval of any supplement, amendment or modification or any assignment that would be a further "sale, disposition, exchange, or other disposition" within the meaning of AS 38.06.055(a) and that it is expected that any such action by the Commissioner must first be preceded by compliance with the procedures for obtaining the prior approval of the legislature.

Representative John Ringstad Co-Chairman, Resource Committee	Representative Dick Shultz Co-Chairman, Resource Committee
Representative Rick Uehling Vice-Chairman, Resource Committee	Representative John Cowdery Member, Resource Committee
Representative Charlie Bussell Member, Resource Committee	Representative John Liska Member, Resource Committee
Representative Anthony Vaska Member, Resource Committee	Representative Peter Goll Member, Resource Committee
Representative Ronald Larson Member, Resource Committee	

Original -
Hold

AGO 786398

LETTER OF INTENT
FOR CSSB 269
January 19, 1984

The House Resources Committee has considered CSSB 269, providing for approval of the Agreement between the State of Alaska and Chevron U.S.A., Inc., for the sale of a portion of Alaska's royalty oil. This Agreement must be approved by the legislature under the provisions of AS 38.06.055(a) which provides that "the commissioner of natural resources may not enter into a sale, exchange, or other disposition of oil or gas or of the rights or waiver of the rights to receive future production of royalty oil or gas under AS 38.05.183 without the prior approval of the legislature."

Section 19.1 of the Agreement provides that the Agreement may be "supplemented, amended or modified at any time, but only by written instrument duly executed by the parties to this Agreement." In making any such changes to the Agreement pursuant to this section, the Commissioner would be acting on behalf of the State of Alaska as one of the parties to the Agreement.

The Committee recognizes that a supplement, amendment, or modification of the Agreement could be a further "sale, exchange, or other disposition" within the meaning of AS 38.06.055(a). The Committee is also cognizant that pursuant to Section 20.1 of the Agreement, the Commissioner has the right to "grant" (consent to) an assignment of the Agreement.

It is the intent of the Committee that it be understood that approval of CSSB 269 does not constitute prior approval of any supplement, amendment or modification or any assignment that would be a further "sale, disposition, exchange, or other disposition" within the meaning of AS 38.06.055(a) and that it is expected that any such action by the Commissioner must first be preceded by compliance with the procedures for obtaining the prior approval of the legislature.

Representative John Ringstad
Co-Chairman, Resource Committee

Representative Dick Shultz
Co-Chairman, Resource Committee

Representative Rick Uehling
Vice-Chairman, Resource Committee

Representative John Cowdery
Member, Resource Committee

Representative Charlie Bussell
Member, Resource Committee

Representative John Liska
Member, Resource Committee

Representative Anthony Vaska
Member, Resource Committee

Representative Peter Goll
Member, Resource Committee

Representative Ronald Larson
Member, Resource Committee

AGO 786399

LETTER OF INTENT
FOR CSHB 271
January 19, 1984

The House Resources Committee has considered CSHB 271, providing for approval of the Agreement between the State of Alaska and Tesoro Alaska Petroleum Company for the sale of a portion of Alaska's royalty oil. This Agreement must be approved by the legislature under the provisions of AS 38.06.055(a) which provides that "the commissioner of natural resources may not enter into a sale, exchange, or other disposition of oil or gas or of the rights or waiver of the rights to receive future production of royalty oil or gas under AS 38.05.193 without the prior approval of the legislature."

Section 19.1 of the Agreement provides that the Agreement may be "supplemented, amended or modified at any time, but only by written instrument duly executed by the parties to this Agreement." In making any such changes to the Agreement pursuant to this section, the Commissioner would be acting on behalf of the State of Alaska as one of the parties to the Agreement.

The Committee recognizes that a supplement, amendment, or modification of the Agreement could be a further "sale, exchange, or other disposition" within the meaning of AS 38.06.055(a). The Committee is also cognizant that pursuant to Section 20.1 of the Agreement, the Commissioner has the right to "grant" (consent to) an assignment of the Agreement.

It is the intent of the Committee that it be understood that approval of CSHB 271 does not constitute prior approval of any supplement, amendment or modification or any assignment that would be a further "sale, disposition, exchange, or other disposition" within the meaning of AS 38.06.055(a) and that it is expected that any such action by the Commissioner must first be preceded by compliance with the procedures for obtaining the prior approval of the legislature.

Representative John Ringstad Co-Chairman, Resource Committee	Representative Dick Shultz Co-Chairman, Resource Committee
Representative Rick Uehling Vice-Chairman, Resource Committee	Representative John Cowdery Member, Resource Committee
Representative Charlie Bussell Member, Resource Committee	Representative John Liska Member, Resource Committee
Representative Anthony Vaska Member, Resource Committee	Representative Peter Goll Member, Resource Committee
Representative Ronald Larson Member, Resource Committee	

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Official Business

Alaska State Legislature
House Resources Committee

SIGN-IN

THURS, JAN 19, 1984

ROYALTY OIL BILLS

NAME	ADDRESS	PHONE	REPRESENTING
Geo. Krusz	310 2nd ~Juneau	586-2323	AK State C of C.

INFORMATION ON ROYALTY OIL

HB 320, HB 371, SB 269

↓

AGO 786401

DRAFT

JOINT SENATE-HOUSE
RESOURCE COMMITTEE HEARING
JANUARY 16, 1984

Thank you for allowing me this opportunity to testify before your committee.

Today, you have in your hands the power to move forward with putting approximately 300 unemployed Alaskans back to work within the next 90 days. Your early ratification of the contracts to sell Tesoro Alaska state royalty crude will result in the concurrent resupmtion of work on a major expansion of our Kenai refinery with on-site construction off and running, full out, with breakup this spring. Local suppliers of goods and services will be able to see early and substantial gains in their business activity and tax authorities will begin to plug in new revenue projections reflecting the overall increase in local business activity and the enlarged tax base. Tesoro Alaska, incidentally, is the second largest tax payer on the Kenai, with payments for the last 5 years averaging $1.3 million a year.

But jobs and taxes and increased revenues for Alaskan businesses are not the only benefits which you, through your ratification of our contracts can create. You also have the opportunity to influence the price of refined products for Alaskan consumers.

It is an economic truth that the relative price of a commodity in a free market is related to the degree of competition in that market. The greater the abundance of supply, the lower the price. The behavior of petroleum products prices in Alaska is no exception.

AGO 786402

In recent testimony before the Royalty Oil & Gas Advisory Board we have demonstrated that as the volume of refined products from in-state refining has grown, the prices for refined products in Alaskan markets have moved toward parity with prices in comparable lower 48 markets. As an example, prior to our refinery coming on stream in 1969, wholesale prices for gasoline and diesel in Anchorage were about 70 percent above prices on the West Coast; generally reflecting the cost of transportation from the West Coast to Alaska. Within one year of our entering the market, that premium was cut in half. Today, 14 years and much in-state refining expansion later, wholesale prices are for all practical purposes, at parity with West Coast prices.

Similar findings can be made for the price of gasoline at the retail level. If you compare markets of comparable size, proximity to crude supply and refining capacity, you will find that the after-tax price levels are very competitive. Billings, Montana; Casper, Wyoming; Fresno, California; and Rochester, New York are all examples of markets where last year, prices were comparable to, and in many cases, higher than prices in Anchorage. And incidentally, the nationwide average retail price for self-serve leaded regular gasoline just published by the American Automobile Association last month was $1.22 per gallon, including tax, which was $0.11 per gallon higher than our price in Anchorage.

On the other hand, there is no doubt that bush consumers in Alaska pay much higher costs than urban consumers for all petroleum products, but if you probe into the subject, you will find that to be true in markets all over the world where those markets are equally remote and removed from

AGO 786403

efficient transportation and distribution systems, except where those extraordinary costs are subsidized by the government. Competition will certainly moderate prices where there is a sufficiently large concentration of demand in a remote area to make competitive entry economically feasible, and incidentally we believe there may possibly be such opportunities in parts of Alaska. But being purely pragmatic, the impact which can be caused by competition in a low demand-high cost remote area is limited and if the objective is to equalize the price between Bush and urban markets, the solution becomes more political than commercial.

Clearly, however, the growth of in-state refining has had a moderating effect on the price of petroleum products sold in Alaska and the best insurance you can provide the Alaskan consumer against unjustified increases in price and potential shortages of supply is to encourage the continued expansion of in-state refining. There is absolutely no doubt that the consumer always receives maximum value at the lowest cost where the power of competition is at work in a free market.

Your early ratification of these royalty crude contracts will give Tesoro Alaska the opportunity to continue providing such competition.

AGO 786404

• Some legislators oppose the ratification of our Royalty Crude Contracts because an Insurance Company Subsidiary of the Charter Company has acquired a Tesoro preferred Stock issue for their investment portfolio while concurrently another, ~~the~~ Subsidiary of the Charter Company is engaged in litigation with the State of Alaska.

• We have provided the State with Expert Legal opinion that the Life Insurance Companies ownership does not constitute control, but had to be of the magnitude involved in order to comply with Accounting Principals Bulletin Number 18 and Financial Accounting Standards Board Interpretation Number 35 governing equity accounting. That is, ownership must generally be greater than 20% and there must be some representation on the Board of Directors so that the minority interest holder has the opportunity to express opinions and offer influence. The Accounting Rules are very careful to specifically define the rights of the shareholder ~~to be~~ as having the right to attempt to influence only and not the right to direct or control.

The precautions against such a minority shareholder overstepping the line between "influence" and "control" or "Direct" are embodied in a contractual agreement filed with the Securities and Exchange Commission and has as some of the principal provisions, the following:

- Restriction on Resale or Other Disposition

"Charter covenants and agrees that for so long as it or any of its affiliates owns, directly or indirectly, any stock or voting securities of Tesoro ... it will not sell, transfer, pledge, hypothecate or otherwise dispose of ... such securities, or any beneficial ownership interest therein, except with the prior written consent of Tesoro"

- Distribution of Shares (upon sale approved by Tesoro)

"... The seller will use its best efforts to effect the sale or transfer of such stock in a manner which will effect the broadest possible distribution, with no sales or transfers of stock to any one person or group (within the meaning of the Exchange Act) in excess of 3% of the then outstanding Tesoro Voting Securities."

- Right of First Refusal

"... Tesoro shall have ... the right and option to purchase all ... of the shares of stock covered by any Purchase Notice..."

- Voting By Charter

"... in the same proportion as the votes cast by or on behalf of all other holders of Tesoro Voting Securities..."

"May not solicit proxies or become a participant in a solicitation in opposition to the recommendation of Tesoro's Board of Directors with respect to any matter."

"May not deposit any Tesoro voting securities in a voting trust or subject them to a voting agreement of any kind."

"May not acquire more than 30% of the combined [illegible]

AGO 786406

"may not join or permit any Affiliate to join a partnership, ... Syndicate or other group for purpose of acquiring ... Tesoro Voting Securities".

"may not initiate, propose or otherwise solicit ... or induce or attempt to induce any other person to initiate any Stockholder proposal or tender offer or any change of directors or control of Tesoro".

"may not shares representing more than 5% of another entity if it, through its best efforts knows that such entity holds ~~more than~~ 5% or more of Tesoro Voting Securities.

Legend and Stop Transfer

"The Shares represented by this Certificate are Subject to the provisions of an Agreement between Tesoro Petroleum Corporation and Charter Security Life Insurance Company and may not be pledged Sold, transferred, hypothecated or otherwise disposed of except in accordance therewith..."

Term of Agreement

- To January 25, 1993
- Tesoro has option to repurchase shares at that time.

Rights to Directors

- Up to 30% ownership – Two of 12 Directors
- ~~Up to 10% ownership – One of 12 Directors~~

AGO 786407

Specific enforcement

"Charter acknowledges and agrees that Tesoro would be irreparably damaged in the event any of the provisions of this agreement were not performed by Charter... and therefor Tesoro shall be entitled to injunctions to prevent breaches of the provisions of this Agreement and to enforce specifically the terms and provisions hereof in any court of the United States or any state thereof having jurisdiction, in addition to any other remedy to which Tesoro may be entitled at law or equity".

But the ultimate control is that if ~~any of the~~ Charter attempted to exceed the ownership restrictions, the State has the unilateral right to summarily terminate the contract and take the oil away from us.

• Notwithstanding that all legal and professional accounting opinions and rules disclaim any control of Tesoro by Charter by virtue of the equity ~~ownership position of the life~~ ~~in~~ investment of the Life Insurance Company, some Legislators have expressed the opinion that the State should not do business with any company involved in litigation with the State or with any company in which such litigant has an interest.

But that policy seems to be inconsistent in its application:

- Stop doing business with IBM or Gulf or other companies whose securities may be a part of CSL's investment portfolio.

- Producers Price dispute

- ~~Permanent~~ Longevity Bonus Class Action Litigants

In the final analysis, a court of law will decide all these issues and ~~it is doing~~ that includes the Charter suit.

~~It strikes me~~

I would urge you to apply the same rules of fairness and equal treatment to your consideration of these contracts that you ~~do~~ use in evaluating the merits of contracts with any other company, whether involved in litigation with the State or not.

And please remember – Tesoro is not involved in any dispute with the State of Alaska and never has been.

3:19 Liska, Bussell, Larson, Vehling
Ringstad & Shultz

008 George Krusz - C of C
Chamber supports leg. approval of contracts to Tesoro & Chevron.

0025 Vaska

0044 Ringstad asked for Bob Maynard.

0047 Bob Maynard - Regulations re: amendment process
1. Price reopeners - public notice -, and commissioner cannot agree to price below in value + field costs

2. Amendments other than price reopeners - that would appreciably reduce other secondary benefits - cannot take effect until approved by Legislature

0072 Goll

0088 Rep Bussell - Why in reg what is already in Statute - Maynard cited McKinnon

0105 Rep Vaska - Why is price reopener not part of reg.
Maynard - Commissioner desired flexibility in negotiating.

0124 Vaska - Public procedures Act excludes certain key components - such as where public hearing

AGO 786410 +

on price reopener is held (W.AK)
Maynard - Separate public notice reqs may be necessary.

Vaska - People in W.AK ought to be included in price reopener. & would be if it came before Legislature

0160 Maynard - Price reopeners will not be before Legis.

0164 Rep. Bussell - Why reg on such important issue - why not Statute?
Maynard 1- legis has power, but has not used to put provisions in contracts
2- Disagreement between admin & Legis over territory -
3. lease clause -

Statute re-write - Bussell - indication of bad faith to come to us with regulations

0280 Rep Goll - Why does Charter agreement expire 3yrs prior to end of Tesoro/AK sale.
Maynard - State is still able to terminate if charter increases control. Article 10.5, pg 19.

0442 - Rep Goll asked for a copy of the regs.

~~Committee Substitutes~~
Rep. Goll - still doesn't understand - bit confused

0478 Clif Groh - Attorney for Tesoro
Standstill agreements - to protect Tesoro stockholders ~~to~~ from Charter - 10 yr period fairly standard - Was not contemplated that ~~the~~ agreement would be used in state contract

0540 Rep Shultz moved CS 320 -
No objection to adoption

0552 Rep Shultz move CS 371
No Obj

0560 Rep Shultz moved HCS&B 269
No obj

0595 Rep Bussell - Statement - For the record -
No footdragging - no attempt to impede progress of contracts - legislature truly ~~been~~ trying to become part of process

0660 Statute does need to be rewritten. hopes members don't drop royalty oil with this vote

0675 Goll - is state jeopardized by Statutes

0685 Bussell - Statutes are clear - administration trying usurp legis. power - not interested in working w/ legis as much as they'd like us to think

0718

AGO 786412

0740 Change tape -

0745 Goll asked about Ringstad's view on letter of Intent.

0775 Rep Larson - Thinks good faith effort has been made by admin. Have best interests of people of state in mind.

0788 Rep. Liska - Should have legis. approval of future amendments. Ringstad - time is of the essence.

0810 Rep Vaska - Cowdery's remarks should be on the record - Bills should wait until Monday

0845 Shultz moved CSHB 320 w/indiv. recs. Goll objected, asked for AG's explanation of side agreement with Tesoro

0850 Maynard explained side agreement

0885 Goll removed his objection

0890 Russell asked when his Letter of intent wd be taken up

0895 Shultz → CSHB 371 no objection

0902 Shultz → HCSSB 269 no obj.

0909 Ringstad - letters of intent

AGO 786413

0925 – Bussell presented general terms of Let. of Int

0958 Bob Maynard – agrees with Rep. Bussell

1024 Rep Vaska – Legis. does not have power to intervene in price reopeners
Maynard – reduction in price left to another day to decide if constitutes new sale, exchange, etc

1075 Rep Vaska – Can 3rd party file suit
Maynard – in court, generally no standing to bring action, but arguments on both sides.

1139 Rep Larson – What would it mean to adopt letter at this stage – Ringstad – ~~for~~ House Resources recommendation – could be adopted by other committees and on floor of House – ~~Go~~

1175 Bussell ~~w~~ – whether letter is adopted determines how he signs report

1185 Coll asked about amendment vs price reopener

1265 Ray Plummer gave his interpretation of letter of intent

1345 Vaska – would letter have same weight as contract in court
Plummer – weight would first go to bill, then to letter of intent – would behoove state to go to that extent

1390 ~~Rep.~~ Clif Groh -
letter could be improved - inartfully drawn

0455 Ringstad - does letter do what you say it should do - Groh - I have reservations

Tape 6B

0030 Vaska -

068 Goll - can contract be ~~be~~ amended to fix
Maynard - fairly long time - 90 days or less - but problem wouldn't go away.

0107 Vaska - Tom Sofo - Why is bill not attached to statutes -- Special Act

455 5 min recess
120 called back to order by Ch. Ringstad
Rec. adopt letter.

130 Rep Bussell moved letter for HCSSB 269
Vaska objected - incomplete, inaccurate
div vaska Liska
vehling Bussell
Larson Goll
Shultz Ringstad

0183 Vaska moved bussell rewrite for clarity and present at tommorrow's mtg.

AGO 786415

0203 Rep. Larson – doesn't mind letter going today
just doesn't want to recommend.

235 Rep Vaska withdrew motion

237 Rep. Shultz moved to rescind. no objection
Motion now before committee to move letter on HCS SB 269

245 Rep. Vaska moved to amend "with individual recs.

No objection to Motion

274 Rep Bussell moved letter CSHB 320
no objection

280 Rep Bussell moved letter CSHB 371
no objection

Meeting adjourned at 5:15

AGO 786416

HB

370

BILL SHEFFIELD
GOVERNOR

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

May 5, 1983

The Honorable Joe Hayes
Speaker of the House
Pouch V
Juneau, AK 99811

Dear Mr. Speaker:

I am attaching the information that we discussed on our proposed royalty oil agreements. I have also attached a letter from Commissioner Wunnicke to Representative Ringstad that may be of interest to you.

If these contracts are approved, we will have met our responsibility under state law for satisfying in-state needs for royalty oil. This accomplished, the Administration will review other kinds of options for the sale of royalty oil in the coming months.

Please let me know if you have any questions or comments.

Sincerely,

Bill Sheffield
Governor

cc: The Honorable John Ringstad
The Honorable Richard Shultz
The Honorable Rick Uehling
The Honorable John Cowdery
The Honorable Charlie Bussell
The Honorable John Liska
The Honorable Tony Vaska
The Honorable Peter Goll
The Honorable Ronald Larson

AGO 786714

5/5/83

1983 Alaska Prudhoe Bay
Royalty Oil Information

I. Pending Agreements:

Tesoro

- an 11-year contract for almost 14 percent of PBU production (about 26,000 b/d at current levels);

- for every barrel, a 30-cent premium over the in-value price;

- special provisions to avert control of Tesoro by Charter;

- enables $90 million expansion of Nikiski refinery by Tesoro; entire quantity must be processed in-state.

Chevron

- an 11-year contract for about 9 1/2 percent of PBU production (about 18,000 b/d at current levels);

- as with Tesoro, a 30-cent premium for each barrel over the in-value price;

- will avert the closure of the Kenai refinery;

- will require the in-state production of specified petroleum products, including asphalt (which is in high demand).

II. Key points on the agreements:

A. In-state processing of more than 23 percent of Alaska's royalty oil promising:

- adequate and secure supplies of gasoline, asphalt, and other petroleum products for Alaskans;

- over $40 million above the amount that would have been received in-value:

  - over $25 million for Tesoro;

  - approximately $18 million for Chevron;

- continuation of Chevron's Kenai refinery; nearly $90 million expansion of Tesoro's Nikiski refinery;

- attendant tax base and employment benefits:

  - 250-300 construction jobs;

  - 20-30 direct permanent jobs;

  - increased state income tax collections;

  - approximately $500,000/year increased property tax revenues to Kenai Peninsula Borough;

B. Future options are still possible:

- contract is for fixed percentage of Prudhoe Bay Unit production; from 75,000 to 125,000 b/d of royalty oil will still be available from Prudhoe Bay, Kuparuk, and other North Slope fields that are expected to come into production during the next decade.

- if exports become a reality, the price term in these contracts will increase along with any increase in the sales price for Prudhoe Bay oil.

- The Shell offer of a $1 premium for 20,000 b/d for their Anacortes, Washington refinery is short-term only, and does not guarantee in-state processing. It can still be pursued if these contracts are approved.

- Several West Coast refiners are also interested in purchasing Alaska royalty oil. Large volume royalty oil sales on the West Coast can result in lower North Slope crude oil prices. The State must therefore look carefully at the effect of such sales on all royalty and severance tax revenues before consummating any agreement.

- State retains the option to purchase and re-sell residual produced under these contracts.

III. Existing Agreements

A. Cook Inlet - Tesoro takes all royalty oil under 1969 contract; expires in 1983; a ten-year renewal is now before the Legislature (HB 320).

B. Prudhoe Bay

1. Golden Valley Electric Association - may take up to 5,000 barrels a day (b/d) under their 1977 agreement which expires in 1984. Currently working with DNR on renewal.

2. North Pole Refining (Mapco) - entitled to 15 percent, or up to 35,000 b/d under their 1978 agreement, which expires in 2003.

3. Tesoro - entitled to 24.5 percent, or up to 46,000 b/d under their 1982 agreement, which expires in 1994.

All of these existing contracts were approved by the Alaska Legislature. Two other long-term agreements, with Alpetco and Doyon, were approved by the Legislature in 1978 and 1982, respectively, but have since been terminated.

In the opinion of the Commissioner of Natural Resources, the proposed Chevron and Tesoro contracts meet existing and projected needs for in-state refining. The Administration will provide other royalty oil options, as well as generally reviewing the statutes, before the next legislative session.

STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

DEPARTMENT OF NATURAL RESOURCES

POUCH M
JUNEAU, ALASKA 99811
PHONE: 907-465-2400

OFFICE OF THE COMMISSIONER

April 26, 1983

The Honorable John Ringstad
Co-Chairman, House Resources Committee
Pouch V
Juneau, Alaska 99811

Dear Representative Ringstad:

I very much appreciate the opportunity to present the House Resources Committee with some additional comments on our proposed royalty oil agreements with Tesoro and Chevron. During previous discussions, several questions were raised on specific aspects of the agreements. I thought it might be useful to you and the committee if I provided our response in writing, as well as in oral testimony before the committee.

The contract with Tesoro would commit the State to providing 13.867% of Prudhoe Bay Unit production, or approximately 26,000 barrels a day (b/d) at current production levels, if Tesoro expands the capacity of their refinery to process the oil by 1986. The agreement expires on January 1, 1995; at the same time Tesoro's existing royalty oil contract for 46,000 b/d terminates. The basic rationale for this contract is fairly straightforward - providing a long-term guaranteed crude supply enables Tesoro to make a significant, new in-state investment, with attendant employment, supply, and tax base benefits.

The Chevron contract would furnish their Kenai refinery with 9.6% of Prudhoe Bay production, currently 18,000 b/d, until 1995. The Kenai refinery is not an economic component of Chevron's West Coast refining system, and the company has threatened to close it without a long-term supply of oil from the State. Chevron has consistently requested a 38,000 b/d contract, and will continue to seek an additional 20,000 b/d for processing on the West Coast and return to Alaska in the form of products. The 18,000 b/d agreement will enable the company to operate the Kenai refinery for as long as possible; that volume of oil must be processed at the Kenai plant to maintain the effectiveness of the contract.

AGO 786721

10-J9LH

Several legislators have questioned the duration (eleven years) of the Chevron and Tesoro contracts. The reasons for the concern, to our knowledge, include a desire to leave royalty oil uncommitted so that it can later be offered as an incentive for economic development projects, or so that it can be sold in Japan or elsewhere at a higher price, or a general desire to retain flexibility in the face of ever-changing oil markets and the future decline in Prudhoe Bay production. We agree that these are valid points, but feel that they have been addressed in the following ways:

1. The contracts provide for a certain percentage of Prudhoe production, not a certain volume. As Prudhoe production declines, so will the contract volumes. At current levels, the contracts leave available 62,500 b/d of Prudhoe royalty production, as well as all Kuparuk royalty oil (currently 12,000 b/d). We expect additional production from Kuparuk and new production from North Slope fields now under development to add somewhere between 30,000 to 80,000 b/d to total of available royalty oil. Approximately 50,000 b/d of residual oil may also be available for sale by the State as a result of the option that the State retains for that oil in most of its royalty oil agreements.

   Until 1995, the State will have sufficient royalty volumes (75,000 to 125,000 b/d) available to take advantage of other opportunities that may arise.

2. Mapco and Tesoro already have royalty contracts until 2005 and 1995, respectively, for their base volumes. Although those contracts were consummated by the previous Administration, we felt that Chevron's request for a contract at least as long deserved some consideration in the interest of preserving equity among competing refineries. As a general principle, to preserve fair competition among in-state refiners, we believe that the same term should be offered to all in-state refiners.

3. The term was a negotiated item; although the State originally sought a shorter term from Tesoro (nine years), the additional premium over the in-value price of $.30 was agreeable because the State was willing to offer the eleven-year term. Tesoro stated that the premium affected the amortization schedule of the expansion, and necessitated at least an additional two to three years.

4. The contract's price term is tied to the in-value price, based on producer sales. If Japanese exports become a reality, the price to royalty purchasers will

increase if sales to Japan result in higher average prices for North Slope oil.

5. We have reviewed the previous Administration's determination that the highest and best use for royalty oil is for in-state processing, all other things being equal, and concur with it, in light of the existing royalty oil statutes. These contracts are for that use. Since in-state refiners have sought long-term commitments to make in-state processing economic, we believe that we must seriously consider their requests, given current law.

Legislators have also understandably questioned the recent acquisition by two Charter Co. life insurance subsidiaries of 20% of Tesoro's stock, and the placing of Charter directors Raymond Mason and Gerald Ford on the Tesoro board. The involvement of a corporation with which the State has significant litigation was a cause of serious concern to us at the time of contract negotiations. In response to that concern, we took the following measures to protect the State from possible harm because of the involvement of Charter:

1. A "third-party control" provision in the royalty agreement allows the Commissioner to unilaterally terminate the contract if Charter gains a greater degree of influence over the management of Tesoro.

2. An agreement between Tesoro and Charter requires that Charter vote its shares in the same proportion as the shares held by all other Tesoro stockholders, and prevents Charter from seeking proxy votes.

3. Tesoro may not take the oil unless the Commissioner determines that the refinery will be capable of processing the additional crude; the contract terminates if the refinery expansion has not been completed by July 1986; and all oil taken under the contract must be run at the Tesoro Kenai refinery, and may not be traded, exchanged or otherwise disposed of.

4. The State retains the option to purchase and resell the substantial volumes of residual oil produced by the refinery.

5. Tesoro owns facilities worth over a hundred million dollars in Alaska.

We would hope that the concerns expressed do not stem from a desire to "punish" Charter by rejecting this agreement. We do not believe that Charter would be much affected by rejection of this contract. A vigorous legal effort to

collect the money owed the State by Alaska Oil Co. seems to us to be the proper course at this point. Tesoro is a long-standing Alaska business, and deserves to have its contract treated on the merits.

The effect of in-kind royalty oil sales on the State's production tax and royalty income is also a matter of concern. I have attached a short paper which discusses this issue for your consideration.

The provisions of the contract which specify in-state processing and supply are "sideboard" or minimum provisions which protect the State from abuses against the intent of the contract by the purchaser. The State insisted that the oil taken under the contracts be processed in an in-state refinery, that the refinery actually produce significant amounts of products, and that the purchaser otherwise excercise its best efforts to produce and market in Alaska some minimum quantity of oil products. The State left economic decisions on how best to meet the local demand for products to the individual refiner. We do not feel that anything other than these requirements are appropriate. Any further specificity would likely act against the interests of Alaskans in the long run, by reducing the flexibility to meet changing market conditions.

Thank you for your consideration of these important agreements. Please let me know if you have any comments or questions, or if we can provide additional information to the committee.

Sincerely,

Esther C. Wunnicke

Esther C. Wunnicke
Commissioner

Attachment

AGU 786724

4/26/83
ADNR

EFFECT OF IN-KIND ROYALTY OIL TAKING ON STATE FINANCES

The price term for sales of royalty oil is founded on the average destination sales price (or internal transfer price) received by the Producers for all sales of Alaska North Slope (ANS) crude oil, netted back (i.e., with transportation and pipeline tariff charges subtracted) to Pump Station No. 1, the point of sale; this is referred to as the Producers' Weighted Average Field Price. Because ANS crude oil is marketed both on the West Coast and the Gulf Coast of the United States, the Weighted Average Field Price is necessarily a mixture of sales prices for both markets. Traditionally, the average netback price for West Coast sales has been higher than for Gulf Coast sales (as explained in Section IV-F, pp. 175-211, of the Department's January 1, 1983 Review of Alaska Royalty Oil). Since Prudhoe Bay began production, this differential has ranged from one to three dollars per barrel. The differential netback is often called the two-tier price structure; the State believes this structure is a valid indication of the value of ANS in the respective markets and will persist in the future.

The two-tier price structure creates two potential adverse financial consequences to the State for a royalty oil sale to a West Coast destination. First, since the Producers'

Weighted Average Field Price is used to calculate severance tax and royalty payments due the State, a State royalty sale to a West Coast destination may replace a higher netback West Coast producer sale. The State estimated that the effect of displacement in the proposed sales to Tesoro and Chevron would be in the neighborhood of two to five cents per barrel. That analysis partially provided the rationale for the required per barrel premium of $.30 in the 1983 Tesoro and Chevron contracts. (In the 1982 royalty sales to Tesoro and Doyon, as well as in the 1978 sale to North Pole Refining, the State had not asked for any premium, instead relying on the array of benefits provided by in-state processing of the oil.)

Second, if the State's mixed-market Producers' Weighted Average Field Price were substantially below the West Coast Commercial Price for ANS crude oil, large volume sales by the State on the West Coast could create a downward trend on the price of ANS generally with some major adverse effects on royalty and severance tax payments to the State. This apparently happened once previously when approximately 159,000 b/d of the State's royalty oil was on the market short term from several of the State's purchasers. The potential losses to the State from creating a downtrend in the market can be in the tens of millions of dollars annually.

While economic and other benefits can generally be identified as an offset to the potential losses from in-state processing, the same is not necessarily true of royalty oil processed elsewhere. For this reason, the State has recently avoided entering into agreements with West Coast refiners.

The State believes that the $.30 per barrel premium established in the proposed Prudhoe Bay Unit agreements with Tesoro and Chevron more than offsets any proposed financial loss to the State which might occur as a result of the two-tier price structure for ANS crude oil. In addition, the employment, tax base, and general economic benefits also should be included in any judgement of the net cost to the State of in-kind royalty oil sales.

STATE OF ALASKA
THE LEGISLATURE

POUCH Y STATE CAPITOL
JUNEAU, ALASKA 99811
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM May 5, 1983

SUBJECT: Royalty oil sales under AS 38.06.055 (Work Order No. 13-1361)

TO: Representative John Cowdery

FROM: Richard C. Folta
Legislative Counsel

You have asked if the legislature does not approve a royalty oil sale under the above statute, may the commissioner of natural resources sell the oil without legislative approval to the same company on a negotiated short term contract substantially different from the original sale.

The answer is yes, if the sale is determined by the commissioner to be needed to "relieve storage and market conditions". AS 38.06.055(b)(1) provides that legislative approval is not required when the sale, exchange, or other disposition of oil or gas for one year or less if the sale, exchange, or other disposition is entered into to relieve storage or market conditions. The commissioner may also forego competitive bidding if in the "best interest of the state" after notice to the Royalty Board (AS 38.05.183(a)).

The transaction may be viewed with suspicion by the legislature, who after disapproving a sale of royalty oil sees the commissioner finding a sudden storage and market crisis and proceeding with a sale under AS 38.06.055(b)(1). If there was litigation over the sale the standard of review by the courts would be as set out in National Bank of Alaska v. Department of Revenue, 642 p.2d 811 (1982).

The reasonable basis standard is used where the question at issue, i.e., determination of "relieve storage or market conditions" implicates special agency expertise or the determination of fundamental policies within the scope of the agency's statutory functions. The second test or independent judgment standard is when the court makes its own determination of the meaning of the statute and need not

AGO 786728

follow the agency's construction even if it is one of several reasonable readings. Very likely the court would invoke the former rule in coming to a decision.

RCF:ljb
17/031

AGO 786729

Alaska State Legislature

Sen. Bettye Fahrenkamp,
Co-Chairman
Sen. Vic Fischer
Sen. Don Bennett

Rep. John J. Cowdery,
Co-Chairman
Rep. Mike Davis
Rep. Joe Hayes
Rep. John Ringstad
Rep. Mike Szymanski
Rep. Rick Uehling
Rep. Anthony N. Vaska

Joint Committee on Oil and Gas

May 6, 1983

TO: ALL LEGISLATORS

FROM: Rep. John J. Cowdery

RE: For Your Information

This report contains some good backround material on the dispute between the State of Alaska and Alaska Oil Company, more commonly recalled as the ALPETCO deal or the Charter sale.

I would call your attention to at least the last 4 pages of the report, pages 13 - 16.

Thank you.

Pouch V, Juneau, Alaska 99811

AGO 786730

MEMORANDUM REGARDING PRICE DISPUTE BETWEEN THE STATE OF ALASKA AND ALASKA OIL COMPANY

April 19, 1983

AGO 786731

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I. INTRODUCTION

The litigation between the State of Alaska ("State") and Alaska Oil Company ("AOC") arises from AOC"s failure to pay approximately $62.6 million of the full invoiced price for royalty oil purchased by AOC from the State in 1981 and 1982. The State has insisted from the beginning of the dispute that the price invoiced by the State was calculated in accordance with the contract between the State and AOC, and that the full invoiced price must be paid. But AOC claims that the price invoiced by the State exceeds the "market price" which AOC asserts was agreed to in the contract, and AOC has therefore paid the State a lower price in accordance with AOC's unilateral calculations of the "market value" of the oil.

Section II of this memorandum briefly discusses the State's right to and its options for the disposition of royalty oil from Prudhoe Bay. Then, in Section III, the negotiation and amendment of the AOC contract will be considered, and the price terms will be examined. AOC's withholding from payments to the State, and AOC's claimed reasons for such withholding, are described in Section IV. Finally, in Section V, the ongoing litigation between the State and AOC is reviewed.

II. ROYALTY OIL FROM PRUDHOE BAY LEASES

During the 1960s, the State sold leasehold interests at Prudhoe Bay to various oil companies. Each lease reserves for the State a one-eighth (12.5%) royalty share, to be taken

"in kind" or "in value," in any production which might occur after the leases are explored and developed.

Under the lease terms, if the State opts to take all or part of its royalty share "inkind," the State takes possession of the royalty oil at Pump Station No. 1 after giving the North Slope Producers six months notice of the volume of oil desired. Traditionally, the State does not take physical custody of the oil, but rather resells it at Pump Station No. 1.

Under the "in value" alternative in the Prudhoe Bay leases, the State can receive cash payments from the North Slope Producers for the value of some or all of the State's 12.5% of Prudhoe Bay oil. Although in this case the State has no control of how the oil is marketed, the State is empowered to audit the Producers to insure that proper value is received for the State's royalty oil.

Disposition of the royalty oil to which the State is entitled under the Prudhoe Bay leases is governed by AS 38.05.182-183. Section 182(a) requires the Commissioner of Natural Resources to take royalty oil "in-kind" unless the Commissioner finds that "in value" taking is in the best interest of the State. Section 183(e) requires the Commissioner to evaluate royalty oil purchase proposals (where sale is other than by competitive bid) in light of, among other things, the cash value offered, the benefits of refining or processing in the State, and the ability of the purchaser to supply refined products in-state with price or

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supply benefits. These statutory directives imply a preference for taking royalty oil "in kind" rather than "in value," and a preference for in-state processing over purely export sales.

In 1974 the Alaska Legislature established the Alaska Royalty Oil and Gas Development Advisory Board, and invested it with authority to approve or disapprove any royalty oil disposition contracts submitted by the Commissioner of Natural Resources. Under the 1974 legislation, proposals for the sale of royalty oil first had to be approved by the Royalty Board, and then submitted to the Alaska Legislature for its concurrence.

III. ALPETCO AOC CONTRACT

A. Negotiations

In the summer of 1977, the Department of Natural Resources formally solicited bids for the sale of the State's royalty oil from Prudhoe Bay. The solicitation required each bid to provide for the use in Alaska of "some or all" of the purchased royalty oil. Concurrently, the Royalty Board supplemented the existing statutory guidelines with several policies to guide the disposition of the State's royalty oil. Among the policies was the requirement that the price at which the State sold royalty oil should be no less than the amount the State would have received had the State opted for "in value" cash payments from the Producers instead of taking the oil "in kind."

Ten preliminary proposals responding to the State's solicitation were received by August 1, 1977. After the

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Commissioner of Natural Resources evaluated the proposals, the list of bidders was reduced to four companies who submitted final proposed contracts for large-volume purchases of royalty oil. Following intensive negotiations with the final four bidders, on February 22, 1978 the Commissioner signed, and the Royalty Board approved, an Agreement for the Sale and Purchase of State Royalty Oil (the "Contract") between the State and Alaska Petrochemical Company ("APC"). The initial Contract was for a term of 27 years and authorized the purchase of up to 150,000 barrels per day of royalty oil for processing in a world-scale petrochemical plant APC agreed to construct in Alaska.

B. Amendments to APC Contract

The APC Contract was amended twice. The first amendment occurred as a result of the legislative approval process for the initial Contract; changes were mandated by the Legislature in some of the terms of the Contract relating to required expenditures and construction obligations. The amended Contract required Alpecto to expend certain amounts in furtherance of the project at specified intervals, to enter into arrangements for construction and financing by December of 1979. The amended Contract was approved by the Legislature on June 13, 1978.

The second amendment stemmed from three events. First, the project sponsors indicated that the petrochemical portion of the project was not immediately feasible, and that the facility constructed would in fact be a refinery (although a highly sophisticated refinery using state of the art technology).

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Second, the State's determination in December 1979 that Alpetco had met required conditions regarding construction and financing arrangements, entitling them to interim taking of royalty oil, met with substantial public criticism. Third, the ownership of the project changed substantially in 1979 when APC assigned its interest in the Contract to the Alpetco Company, which later changed it name to Alaska Oil Company ("AOC"). AOC is a general partnership presently consisting of Charter Oil (Alaska) Inc. (85.31%), Valdez Oil, Inc. (8.04%) and Barbour Oil Company (6.65%). Charter Oil (Alaska), Inc. and Valdez Oil, Inc. are both wholly owned subsidiaries of The Charter Company, which therefore has an indirect 93.35% interest in AOC.

The second amendment, entered into in May 1980, reduced the volume of oil to be purchased by AOC beginning in July 1980 from 150,000 to 75,000 barrels per day. Only when the promised refinery was operational would AOC be permitted to purchase up to 100,000 barrels per day. To ensure that AOC constructed the refinery in an expeditious manner, the amended Contract also required AOC to meet specific project development criteria by December 31, 1981, before the Commissioner would approve further sales of North Slope crude to AOC.

C. Contract Price Provisions

The price provisions of the Contract were not altered by either amendment. Since price is at the center of the State's dispute with AOC, the price provisions are described below in some detail.

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The State had insisted from the outset that the minimum acceptable price for its royalty oil would be the equivalent of the "in value" price the State would have received from the Producers had the State not opted to take its oil "in kind." In keeping with the State's unwavering position on price, the Contract expressly provides that the final price to be paid by APC/AOC "shall be equal to the sum the [State] would have received from the [Producers] had [the State] received its royalty in value instead of . . . in kind." (Article 8.1.1.) This provision reflects the simple fact that the State had no intention of diminishing its royalty income as a result of taking its royalty oil "in kind" (for sale to AOC) instead of "in value" (i.e., cash).

At the time the Contract was signed, the method of determining the "in-value" price of royalty oil was the subject of a still unresolved lawsuit entitled State of Alaska, et al. vs. Amerada Hess Corporation, et al. Since the "in value" price had yet to be determined in the Amerada Hess litigation, the Contract provided for two prices: a final price to be paid once Amerada Hess establishes the "in value" price, and an interim price to charged pending the resolution of Amerada Hess.

Article 8.1.1 of the Contract provides that the final price under the Contract will equal the "in value" price to be judicially determined in Amerada Hess.

> After such time as [Amerada Hess] shall be resolved among Seller and [the Producers], the parties hereto will be bound by the terms of such resolution, judicial or otherwise. Seller and Buyer expressly

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> recognize that adjustments in prices previously paid may be necessary following said resolution . . .

Article 8.1.1 of the Contract also specifies the interim price to be used until Amerada Hess is decided:

> Pending resolution of said dispute among Seller and [Producers], by judicial decision or settlement in the [Amerada Hess] case, the in value royalty under the Leases, and therefore the price hereunder, shall be computed in accordance with Exhibit "B", attached [to the Contract.]

Exhibit B was designed to yield a price akin to what the State believes the Court in Amerada Hess will eventually determine is the proper "in value" price. The Exhibit B price is calculated each month in two steps. First, a per barrel royalty oil "value" is determined for each Producer, by taking the higher of the weighted average of the actual prices received by that Producer or the weighted average of the actual prices received by all other Producers. The "values" for each Producer are then used in the second step of the Exhibit B calculation, which computes the weighted average of the "values" of all the Producers. The effect of this method of price calculation is to disregard, for purposes of the final weighted average, the lower prices received by some Producers, and unless all Producers report exactly the same prices, the Exhibit B price will always exceed the weighted average of all Producers' prices for that month.

The fact that neither the final price nor the Exhibit B price under Contract would necessarily equal "market"

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value was repeatedly recognized during negotiation of the Contract, and on at least three occasions the parties rejected use of "market price" as a price standard. APC's original contract proposal called for a "market price" tied to the price of Saudi crude oil. But the State insisted on receiving an "in value" price pegged to the price the Producers would have paid the State had the State's royalty been taken "in value" rather than "in kind," and Alpetco eventually agreed.

Later in the negotiations, discussion turned to the interim price to be paid by APC pending resolution of Amerada Hess. Until Amerada Hess is decided, royalty payments by the Producers are based on a weighted average of all Producers' actual sales, a formula which yields a price lower than the "in value" price which the State in Amerada Hess claims is appropriate, and which Exhibit B approximates. APC objected to paying a higher interim price than the interim price the Producers were paying, and sought to base its interim price on the weighted average of the prices reported to the State by all the Producers. The State, however, was unwilling to allow APC to follow the Producers in paying less than the price the State expects Amerada Hess to establish since APC had no security in Alaska comparable to the Producers' leases. APC eventually agreed to base the interim price (Exhibit B) on the State's position in Amerada Hess, and thus agreed to a price higher than the weighted average of the Producers' prices.

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Thereafter, during the detailed negotiation on using the State's position in Amerada Hess as a basis for the interim price, market price was once again rejected, this time by APC. In Amerada Hess, the State asserts that each Producer should pay the highest of three price standards, one of them being "market price." The State proposed using the same three-part standard for APC's interim price, but APC objected that "market price" is too subjective to use in computing price. The parties then agreed to exclude "market price" from Exhibit B calculations, a decision reflected in Footnote 5 to Exhibit B:

> "Market" . . . value shall not be used in calculating the "In Value Price to Buyer" unless and until the methodology of determining same is judicially decided.

Thus, during negotiation of the Contract, the subject of using "market price" as a standard arose three times. On each occasion, its use was rejected.

IV. THE PRICE DISPUTE

A. AOC Cancellation of Refinery Project

By meeting certain "benchmark" requirements of the Contract pertaining to progress on the refinery project, AOC became entitled to and began receiving 75,000 barrels per day of royalty oil in July 1980. Each month thereafter, the State tendered an invoice to AOC for the oil purchased the previous month. The price used in each invoice was computed by applying the formula in Exhibit B of the Contract to data reported by Producers for royalty purposes The State also provided AOC with certain data from the Producers' royalty

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reports which were used to calculate the Exhibit B price. For almost one year, AOC paid each monthly invoice, based on the interim Exhibit B price, in full.

On May 21, 1981, AOC announced the cancellation of the refinery project, claiming that they had determined that they would be unable to obtain adequate project financing before the Contract deadline of December 31, 1981. The State and AOC thereafter mutually agreed to terminate the Contract. But because of the notice requirement in the Prudhoe Bay Unit Agreement for denominating royalty oil, the Contract provided that AOC had to continue taking royalty oil for seven months after notice of termination unless the State could make alternate sales arrangements. The State was unable to place the oil elsewhere under satisfactory terms, and AOC therefore continued to take 75,000 barrels per day until January 12, 1982, when the Contract was officially terminated.

B. AOC Witholding from Payments to State

In mid-1981, shortly after AOC's cancellation of the refinery project, AOC became dissatisfied with the interim Exhibit B price established by the Contract and decided to set the price unilaterally. Thereafter, during the remaining months of the Contract, AOC paid about $62.6 million less for the State's royalty oil than the amount invoiced by the State pursuant to Exhibit B.

In underpaying the State for oil delivered from June 1981 to January 1982, AOC not only unilaterally "adjusted" the Exhibit B price to a lower price arbitrarily set

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by AOC; it also subtracted a portion of its payments previously made at the Exhibit B price for the months of February through May 1981. For example, for the month of November 1981, AOC underpaid the State approximately $3 million on the basis of its unilateral price adjustment for the month of November, and withheld an additional $7.5 million as a "retroactive adjustment" for February 1981 -- even though AOC had previously paid the February 1981 invoice in full.

By this device of "retroactive adjustment," AOC attempted to disguise the magnitude of its unilateral price revisions. For example, AOC purported to reduce the price it paid for oil in November 1981 by $1.92 per barrel and attributed the remainder of its November underpayment to a "retroactive adjustment" of $3.53 per barrel for the month of February, 1981; the combined effect of these "adjustments," however, was a price reduction of more than $6 a barrel below the $22.91 invoiced price calculated pursuant to Exhibit B for oil delivered in November.

The oil for which AOC had underpaid the State was re-sold by AOC, through an affiliate, for a profit which has been estimated at between $32 million and $38 million. The disposition of this profit by AOC is difficult to trace with precision, but it is clear that AOC itself retained virtually none of the profit. Instead, the profit was transferred to AOC's partners and to other affiliates of The Charter Company (which indirectly owns 93.35% of AOC).

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C. AOC's Claimed Justification for Withholding

AOC claims that the Contract price for the oil should represent a "market price," and that AOC does not have to pay any price higher than the "market price" calculated by AOC. The basis for AOC's claim that it should pay only a "market price" (rather than the invoice price computed pursuant to Exhibit B of the Contract) has never been thoroughly explained. But AOC argues that the invoiced Exhibit B price was too high because the prices reported by the Producers, on which the Exhibit B calculation is based, were too high. Despite repeated requests from the State for evidence supporting AOC's claim that the Producer reported prices were too high, AOC's only evidence to date consists of theoretical calculations by AOC of what the true "market price" for Prudhoe Bay oil should be. AOC's claim of inflated price reports from the Producers is especially implausible since the severance tax paid to the State by the Producers is based on the prices they report. In other words, if, as AOC claims, the Producers are reporting prices which are too high, then the Producers are thereby deliberately increasing the amount of severance tax they must pay to the State.

Although the factual basis for AOC's withholding remains murky, the claimed legal basis for that withholding is more focused. Article 9.3 of the Contract provides in its entirety:

> Billing Disputes. Should any portion of the account furnished to Buyer by Seller be disputed in good faith, Buyer and Seller agree to mutually arrive at a fair and equitable resolution of such dispute,

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> if possible, and Buyer agrees to pay the amount so determined to be due to Seller within fifteen (15) days after such resolution. Buyer shall pay for such amounts as it does not in good faith dispute in accordance with the provisions of this Article IX.

The State's position is that this Contract provision is designed to cover routine and relatively minor billing disputes, and that, in any event, AOC's price dispute is not in "good faith." But AOC interprets the provision much more broadly, arguing that it covers matters as fundamental as the method of calculating the price, and that AOC has no obligation to pay amounts it unilaterally disputes until fifteen days after the resolution of such dispute.

V. LITIGATION BETWEEN THE STATE AND AOC

The State met on numerous occasions with AOC and its lawyers in an attempt to determine if AOC had any valid grounds for claiming the existence of a pricing dispute within the meaning of the Contract, and to hear various presentations made by AOC in support of their claim. On December 14, 1981, a letter was sent by the State to AOC setting forth the State's determination that no cause for a price dispute existed, and demanding payment of the full amount due to the State under the Contract. The day following receipt of this letter, AOC filed a Complaint for declaratory judgment against the State in Fairbanks Superior Court. The State answered, alleging that the Contract price term controls, and that AOC had engaged in various fraudulent conveyances and other transactions which had depleted its assets. That case is currently pending, but has been stayed by the petition filed by the State in the

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United States Bankruptcy Court in Anchorage seeking to have AOC declared an involuntary bankrupt.

The decision to proceed against AOC in the Bankruptcy Court rather than in Fairbanks Superior Court reflected the fact that AOC itself has virtually no assets, having transferred them to its affiliates. In order to recover any substantial portion of the money owed to the State by AOC, it will be necessary for the State to collect from AOC's parent (The Charter Company) and its affiliates -- a process which is far easier in the Bankruptcy Court than in State Court. Moreover, the Bankruptcy Court has broader jurisdiction over witnesses and documents outside of Alaska, and Bankruptcy proceedings tend to be resolved more quickly than State Court actions.

The bankruptcy proceeding was commenced by the State in February 1982 and the matter was tried in January 1983. During the intervening months, nine separate hearings were held, dozens of briefs and memoranda were filed by both sides, thirty-one depositions were taken in four states, and tens of thousands of pages of documents were exchanged and reviewed.

Trial commenced in Anchorage on January 17, 1983, and continued for five very full trial days. At the conclusion of the trial, the Bankruptcy Judge denied the State's petition to have AOC placed in involuntary bankruptcy. This ruling does not, however, prevent the State from now proceeding against AOC in the Alaska State Courts.

The Findings of Fact and Conclusions of Law which the Bankruptcy Judge must issue to conclude the bankruptcy

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proceedings are still the subject of memoranda and argument before the Court, and are not expected to be issued before the end of April. But even in the absence of a definitive statement from the Court, the oral ruling by the Judge at the close of the trial in Anchorage gives a fair indication of the basis for his ruling.

The Bankruptcy Judge stated that, based solely on the price provisions of the Contract, AOC has a debt to the State for at least some portion of the amount withheld from AOC's payments for royalty oil. But the Judge also concluded that AOC's price dispute is in good faith within the meaning of Article 9.3, and that Article 9.3 of the Contract gives AOC the right to withhold payment of any amounts disputed in good faith until such time as the dispute is resolved. Therefore, the Court concluded, AOC's debt to the State is not yet "due" to be paid because of the good faith price dispute, and AOC could not be judged to be bankrupt for failing to pay that debt. Counsel for the State believe that the Court's ruling is not consistent with existing law, and the prospects for an appeal of the Bankruptcy Court's decision are now being evaluated.

The State is also considering the extent to which it will be fruitful to pursue the State Court action against AOC to recover the $62.6 million withheld by AOC from its payments for royalty oil. Among the factors to be considered in connection with that decision is the fact that Article 9.3, which proved to be the major stumbling block in the Bankruptcy Court proceeding, would have little bearing on an action in Alaskan Courts. AOC was able to avoid involuntary

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bankruptcy by convincing the Bankruptcy Court that its dispute with the State was in good faith, and that (because of Article 9.3) AOC's debt was not yet "due" to be paid. But in State Court, the central issue would be simply whether or not AOC has paid the price called for by the Contract, and AOC's good faith (or lack thereof) would not control whether AOC must pay the State the amount withheld. Another important consideration bearing on the decision whether to pursue the State Court case is the fact that much of the research and discovery already conducted in the bankruptcy proceeding could be used in a State Court action.

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BILL SHEFFIELD
GOVERNOR

HB 370

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

April 19, 1983

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

Dear Mr. Speaker:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill which provides for legislative approval of a royalty oil contract between the state and Chevron, U.S.A., Inc. for the sale of Prudhoe Bay royalty oil.

This contract is described in the findings entitled "Proposed Disposition of Royalty Oil, Chevron, U.S.A." issued by the Department of Natural Resources on March 16, 1983. Copies of these findings have been made available to the legislature and the public for review.

This contract is being submitted for legislative approval for two reasons. First, although this and the previous administration have consistently taken the position that the statutory requirement of legislative approval of royalty oil contracts is unconstitutional (AS 38.06.055), as a matter of comity I respect the legislature's desire to have a direct voice in major disposals of royalty oil. Therefore, this contract contains provisions requiring approval by the legislature before it becomes effective. Second, this bill would ratify the agreement for the sale of oil. This ratification would cure any procedural defect that may have occurred in the process of entering into this contract.

Although we believe that all necessary steps have been taken, the statutes and regulations governing the disposal of royalty oil represent often conflicting desires and goals, both procedural and substantive. For example, even if statutoril requiring legislative approval were constitutional, the present statutes provide, on the one hand, that the legislature is to approve the contract by enacting legislation (AS 38.06.055(a)), but, on the other

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hand, they also provide that a report of the Royalty Board "shall be submitted for legislative review at the time of [sic] resolution for legislative approval of a proposed disposition of royalty oil and gas is introduced in the legislature" (AS 38.06.070(c)). Since legislative approval is required anyway as a matter of contract, I believe it only prudent to present this contract for legislative approval and ratification at this time.

Sincerely,

Bill Sheffield

Bill Sheffield
Governor

AGO 786750

STATE OF ALASKA
FISCAL NOTE

Revision Date , 1983

I. REQUEST

Bill/Resolution No.: HB 370
Title: Chevron Prudhoe Bay Unit Royalty Oil Agreement
Sponsor: Governor
Requestor: Governor

II. FISCAL DETAIL

Agency Affected: Natural Resource Mgmt.
Program Category Affected: Mgmt. of Energy Res
BRU, Program of Subprogram(s) Affected: Oil and Gas Management

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL OPERATING	0	0	0	0		
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Source)	0	0	0	0		

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						
	0	0	0	0		

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: Mark Wittow Mark Wittow Phone: 465-2400
Division: Commissioner's Office, DNR Date: 4/8/83

Approved ~~by~~ for Commissioner: Mary Hallora Date: 4/8/83
Department: Natural Resources

Distribution:
Original to Legislative Finance
Copy to Office of Management and Budget (for Legislature introduced bills)
Copy to Department (for Governor introduced bills)
Copy to Sponsor
Copy to Requestor (if different from Sponsor)

ACO 786751 3/8/83

HB

371

COMMITTEE REPORT

HOUSE

(9)

FURTHER:

4/19/83

Date: 1-19-1984

Mr. Speaker:

The Committee on RESOURCES has had HB 371

"An Act relating to the sale of Prudhoe Bay royalty oil by the State of Alaska to the Tesoro Alaska Petroleum Company; and providing for an effective date."

under consideration and reports it back as follows:

[ ] do pass [ ] do not pass

[ ] do pass with attached amendments(s)

[X] replace with CS for HB 371 [X] same title [ ] new title

and recommends DO PASS

[X] AND attaches a "Letter of Intent" [ ] New Fiscal Note [X] Zero Fiscal Note Attached

[ ] reports it back without recommendation

[ ] referred to the _____ Committee

MEMBERS SIGNING DO PASS

SHULTZ

LARSON

RUSSELL

LISKA

WEIMER

SCHROCKER

MEMBERS HAVING OTHER RECOMMENDATIONS:

SILL

ASKA

CHAIRMAN

H 60

AGO 786752

LETTER OF INTENT
FOR CSHB 271
January 19, 1984

The House Resources Committee has considered CSHB 271, providing for approval of the Agreement between the State of Alaska and Tesoro Alaska Petroleum Company for the sale of a portion of Alaska's royalty oil. This Agreement must be approved by the legislature under the provisions of AS 38.06.055(a) which provides that "the commissioner of natural resources may not enter into a sale, exchange, or other disposition of oil or gas or of the rights or waiver of the rights to receive future production of royalty oil or gas under AS 38.05.183 without the prior approval of the legislature."

Section 19.1 of the Agreement provides that the Agreement may be "supplemented, amended or modified at any time, but only by written instrument duly executed by the parties to this Agreement." In making any such changes to the Agreement pursuant to this section, the Commissioner would be acting on behalf of the State of Alaska as one of the parties to the Agreement.

The Committee recognizes that a supplement, amendment, or modification of the Agreement could be a further "sale, exchange, or other disposition" within the meaning of AS 38.06.055(a). The Committee is also cognizant that pursuant to Section 20.1 of the Agreement, the Commissioner has the right to "grant" (consent to) an assignment of the Agreement.

It is the intent of the Committee that it be understood that approval of CSHB 271 does not constitute prior approval of any supplement, amendment or modification or any assignment that would be a further "sale, disposition, exchange, or other disposition" within the meaning of AS 38.06.055(a) and that it is expected that any such action by the Commissioner must first be preceded by compliance with the procedures for obtaining the prior approval of the legislature.

Representative John Ringstad
Co-Chairman, Resource Committee

Representative Dick Shultz
Co-Chairman, Resource Committee

Representative Rick Uehling
Vice-Chairman, Resource Committee

Representative John Cowdery
Member, Resource Committee

Representative Charlie Bussell
Member, Resource Committee

Representative John Liska
Member, Resource Committee

Representative Anthony Vaska
Member, Resource Committee

Representative Peter Goll
Member, Resource Committee

Representative Ronald Larson
Member, Resource Committee

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Alaska State Legislature
HOUSE OF REPRESENTATIVES
COMMITTEE ON RESOURCES

JOHN RINGSTAD, CO-CHAIRMAN
RICHARD SHULTZ, CO-CHAIRMAN
POUCH V
JUNEAU, ALASKA 99811
(907) 465-3715

MEMORANDUM

To: All Members, House Resources Committee, Senate Resources Committee and Joint Committee on Oil and Gas

From: House Resources Committee Staff

Date: January 16, 1984

Re: Royalty oil contract changes

Major contract differences between those contracts submitted to the 1983 Legislative session and those which will be presented to the 1984 session are as follows:

Section 2.13 has been deleted. In the old contracts, section 2.13 read:

> 2.13. Future Dispositions of Royalty Oil. Seller recognizes that AS 38.05.183, which governs disposition of royalty oil by the State of Alaska, establishes a statutory preference for dispositions proposing (1) in-state processing of royalty oil and (2) in-state supply of products generated from processing of royalty oil, in that order. Seller represents that, in conjunction with future dispositions of royalty oil, Purchaser will be afforded the consideration contemplated by AS 38.05.183.

The Purchasers' needs originally addressed in Section 2.13 have been met by other contract terms, and this provision will no longer be a standard contract term.

2. A second change to the contracts is that they and future contracts will no longer require legislative approval for any amendments.

3. Changes to specific contracts are as follows:

   a. Tesoro Alaska Petroleum Company, Prudhoe Bay

      The previous Tesoro/Prudhoe contract outlined a

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provision in the price term that would allow the premium paid by Tesoro to be applied against the Amerada Hess settlement if the State prevails in that dispute. The new contract does not contain this provision. Translated into dollars to the State, this negotiated provision means an additional $24.9 million in revenue.

An additional five cents has been added to the premium of the new contract. Translated over the life of the contract at the estimated number of barrels to be taken, this means an additional $3.6 million in revenue to the State.

The new contract contains a six year price reopener term with reopeners at two year intervals thereafter.

b. Chevron, USA

The Chevron contract now differs from the previous contract in that it now contains provisions for a price reopener every two years.

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date:

REQUEST
Bill/Resolution No.: SB 269
Title: sale of royalty oil to Chevron, U.S.A., Inc.
Sponsor: Rules Committee
Requestor: Governor
Date of Request: 4-19-83

FISCAL DETAIL
Agency Affected: Natural Resources
Program Category Affected: Management of Energy Resources
BRU, Program or Subprogram(s) Affected: Oil and Gas Management

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: Sharon L. Barton
Phone: 465-2400
Division: Commissioner's Office
Date: 1-12-84

Approved by Commissioner: [illegible] D Amrich Deputy
Date: 1/12/84
Agency: Department of Natural Resources

Distribution (by Agency preparing fiscal note):
- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

12/1/83

AGO 786776

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date:

REQUEST
Bill/Resolution No.: HB 371
Title: sale of Prudhoe Bay royalty oil to Tesoro
Sponsor: Rules Committee
Requestor: Governor
Date of Request: 4-19-83

FISCAL DETAIL
Agency Affected: Natural Resources
Program Category Affected: Management of Energy Resources
BRU, Program or Subprogram(s) Affected: Oil and Gas Management

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: Sharon L. Barton
Phone: 465-2400
Division: Commissioner's Office
Date: 1-12-84

Approved by Commissioner: [illegible] Deputy
Date: 1/12/84
Agency: Department of Natural Resources

Distribution (by Agency preparing fiscal note):
- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

12/1/83

AGO 786777

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date:

REQUEST
Bill/Resolution No.: HB 320
Title: sale of royalty oil to Tesoro Alaska Pet. Co.
Sponsor: Rules Committee
Requestor: Governor
Date of Request: 4-4-83

FISCAL DETAIL
Agency Affected: Natural Resources
Program Category Affected: Management of Energy Resources
BRU, Program or Subprogram(s) Affected: Oil and Gas Management

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: Sharon L. Barton
Phone: 465-2400
Division: Commissioner's Office
Date: 1-12-89

Approved by Commissioner: [illegible], Deputy
Date: 1/12/89
Agency: Department of Natural Resources

Distribution (by Agency preparing fiscal note):
- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

12/1/83

AGO 786778

provision in the price term that would allow the premium paid by Tesoro to be applied against the Amerada Hess settlement if the State prevails in that dispute. The new contract does not contain this provision. Translated into dollars to the State, this negotiated provision means an additional $24.9 million in revenue.

An additional five cents has been added to the premium of the new contract. Translated over the life of the contract at the estimated number of barrels to be taken, this means an additional $3.6 million in revenue to the State.

The new contract contains a six year price reopener term with reopeners at two year intervals thereafter.

b. Chevron, USA

The Chevron contract now differs from the previous contract in that it now contains provisions for a price reopener every two years.

STATE OF ALASKA
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF MINERALS & ENERGY MANAGEMENT

Contracts which will be presented to the 1984 legislature:

1. Long-term sale of Cook Inlet crude.

   Purchaser: Tesoro Alaska Petroleum Company
   Quantity : 100% royalty crude from Cook Inlet
   Term : January 1, 1985 to January 1, 1995. (This contract commences upon the termination of the one-year emergency contract (1/1/84-12/31/84)).
   Price : Volume-weighted average of the producers in the Cook Inlet area. (What the state would have received has it taken the oil in-value).

2. Long-term sales of Prudhoe Bay Royalty Oil:

   A. Purchaser: Chevron U.S.A., Inc.
   Quantity : 09.60% of the State's daily royalty share of crude. (Approximately 18,000 bpd).
   Term : May 31, 1984 to January 1, 1995. (The expiration date of the emergency one-year contract is May 30, 1984).
   Price : Volume-weighted average of all producer prices, 30 cents premium, plus field costs, to be adjusted upon settlement of the Amerada Hess litigation. Price reopener two years after date of first delivery and every two years thereafter.

   Option contract: In the event that the above contract for the sale of approximately 18,000 bpd of royalty crude is not approved by the Alaska State Legislature, Shell Oil Company will purchase the 18,000 bpd of nominated crude commencing May 31, 1984. This contract will contain all of the standard State contract terms with a price term equalling volume-weighted average producer's field price, plus $1.00 premium, plus field costs, to be adjusted upon settlement of the Amerada Hess litigation.

   B. Purchaser: Tesoro Alaska Petroleum Company
   Quantity : 13.867% of the State's daily royalty crude (approximately 26,000 bpd).
   Term : January 1, 1985 is the estimated date of first delivery with January 1, 1995 the date of termination.

   Price : Volume-weighted average of all producer prices, plus 35 cents premium, plus field costs, to be adjusted upon settlement of Amerada Hess. Price reopener after six years from date of first delivery and at two year intervals thereafter.

AGO 786756

ROYALTY OIL INFORMATION

I. Existing Agreements

A. Cook Inlet - Tesoro takes all royalty oil under 1969 contract; expires in 1983; a ten-year renewal is now before the Legislature (HB 320).

B. Prudhoe Bay

1. Golden Valley Electric Association - may take up to 5,000 barrels a day (b/d) under their 1977 agreement which expires in 1984. Currently working with Department on renewal.

2. North Pole Refining (Mapco) - entitled to 15 percent, or up to 35,000 b/d under their 1978 agreement, which expires in 2003.

3. Tesoro - entitled to 24.5 percent, or up to 46,000 b/d under their 1982 agreement, which expires in 1994.

All of the existing Prudhoe Bay agreements were approved by the Alaska Legislature. Two other long-term proposals, by Alpetco and Doyon, were approved by the Legislature in 1978 and 1982, respectively, but have since been terminated.

AGO 186757

BILL SHEFFIELD, GOVERNOR

DEPARTMENT OF NATURAL RESOURCES

MINERALS AND ENERGY MANAGEMENT

Pouch 7-034
Anchorage, Alaska 99510

Prudhoe Bay Oil:

Nominations as of August 1, 1983

Contracts	% of Daily Royalty	BPD	Term
North Pole Refinery (MAPCO)	.186667	35000	12/2003
Golden Valley Electric Assn	.026667	5000	6/30/84
Tesoro Alaska Petroleum Co.	.206178	38658	1/1/95
Chevron U.S.A., Inc.	.096	18000	5/31/84
Royalties taken in-value	.484488	90842	
	100%	187500	

Nominations as of January 23, 1984

MAPCO	.186667	35000	
GVEA	.026667	5000	
Tesoro	.21208	39765	
Chevron	.096	18000	
Royalties taken in-value	.478586	89735	
	100%	187500	

Nominations if the new contracts pass

MAPCO	.186667	35000	
GVEA	.026667	5000	6/94
Tesoro Alaska (old)	.21208	39765	
Tesoro Alaska (new)	.13867	26000	1/1/95
Chevron (new)	.096	18000	1/1/95
Royalties taken in-value	.339916	63735	
	100%	187500	

STATE OF ALASKA
DEPARTMENT OF NATURAL RESOURCES
AVAILABILITY OF ROYALTY OIL FOR SALE

YEAR	ESTIMATED TOTAL PRODUCTION PER DAY: PRUDHOE	KUPARUK	TOTAL	ESTIMATED ROYALTY BARRELS PER DAY: PRUDHOE ROYALTY BBLS PER DAY	KUPARUK ROYALTY BBLS PER DAY	TOTAL ROYALTY BBLS PER DAY
1983	1500000	120000	1620000	187500	15000	202500
1984	1500000	120000	1620000	187500	15000	202500
1985	1500000	120000	1620000	187500	15000	202500
1986	1500000	120000	1620000	187500	15000	202500
1987	1475000	200000	1675000	184375	25000	209375
1988	1325000	200000	1525000	165625	25000	190625
1989	1175000	200000	1375000	146875	25000	171875
1990	1050000	200000	1250000	131250	25000	156250
1991	950000	200000	1150000	118750	25000	143750
1992	850000	200000	1050000	106250	25000	131250
1993	750000	200000	950000	93750	25000	118750
1994	650000	170000	820000	81250	21250	102500
1995	575000	145000	720000	71875	18125	90000
1996	510000	120000	630000	63750	15000	78750
1997	460000	100000	560000	57500	12500	70000
1998	420000	80000	500000	52500	10000	62500
1999	380000	75000	455000	47500	9375	56875
2000	340000	65000	405000	42500	8125	50625
2001	300000	55000	355000	37500	6875	44375
2002	270000	50000	320000	33750	6250	40000
2003	240000	40000	280000	30000	5000	35000
2004	210000	35000	245000	26250	4375	30625
2005	180000	25000	205000	22500	3125	25625
2006	160000	25000	185000	20000	3125	23125
2007	140000	20000	160000	17500	2500	20000
2008	110000	20000	130000	13750	2500	16250
2009	80000	10000	90000	10000	1250	11250
2010	50000	10000	60000	6250	1250	7500

YEAR	ESTIMATED SALES OF ROYALTY OIL: MAPCO PRODUCTION COMPANY (1)	GVEA (OLD) (2)	GVEA (NEW) (3)	TESORO (OLD) (4)	TESORO .13867 (NEW) (5)	CHEVRON (OLD) (6)	CHEVRON .096 (NEW) (7)	ROYALTY IN VALUE: RIV (8)
1983	35000	5000		38658		18000		105842
1984	35000	5000		39765		18000		104735
1985	35000		5001	39765	26001		18000	78734
1986	35000		5001	39765	26001		18000	78734
1987	35000		4917	39102	25567		17700	87008
1988	35000		4417	38094	22967		15900	74247
1989	35000		3917	33781	20367		14100	64709
1990	35000		3500	32200	18200		12600	54750
1991	35000		3167	29133	16467		11400	48583
1992	35000		2834	26066	14734		10200	42416
1993	35000		2500	23000	13000		9000	36250
1994	35000		2167	19933	11267		7800	26333
1995	35000			17633	9967		6900	20500
1996	35000							43750
1997	35000							35000
1998	35000							27500
1999	35000							21875
2000	35000							15625
2001	29375							15000
2002	25000							15000
2003	20000							15000
2004								30625
2005								25625
2006								23125
2007								20000
2008								16250
2009								11250
2010								7500

NOTES:

(1) Mapco's daily quantity is not to exceed 15% of Seller's royalty oil minus that minimum quantity of oil which must be taken in-value for pricing purposes. Mapco may purchase up to 35,000 bpd from Prudhoe and other state leases if the oil is available and unobligated. This contract expires December, 2003.

(2) GVEA's current contract expires June 30, 1984.

(3) GVEA's proposed contract would commence July 1, 1981 and expire June 30, 1974. Quantity is 2.667% of daily royalty crude.

(4) Tesoro's current contract calls for a maximum quantity of 24.533% of daily royalty crude less Cook Inlet royalty production. Cook Inlet production is expected to be at a minimal level in 1990. This contract expires December, 1995.

(5) Tesoro's proposed contract calls for a maximum quantity of 13.867% of daily royalty production. The contract is anticipated to commence January, 1985. The expiration date of this proposed contract is January 1, 1995.

(6) Chevron is currently taking royalty oil on a one-year emergency contract which expires May 31, 1984.

(7) Chevron's proposed contract calls for a maximum quantity of 9.6% of daily royalty production. It would commence on June 1, 1984 and expire January 1, 1995.

(8) Some minimum amount of oil must be retained for contract pricing purposes. Currently, that amount is 15,000 bpd.

AGO 786759

Shell Oil Announces Buying Price for Crude From Prudhoe Bay

A WALL STREET JOURNAL *News Roundup*

Shell Oil Co. announced a buying price of $18.75 a barrel for Alaskan North Slope crude oil at Prudhoe Bay, the first time an oil company has posted a price for this crude.

When transportation costs to West Coast markets of about $7.50 a barrel are added, the price would be about $26.25 for the crude, which Houston-based Shell said represents about a dollar-a-barrel premium over the average current value reported by some producers for the oil at the pumping station.

The move, some analysts believe, reflects a long simmering controversy surrounding the North Slope oil. Critics in Congress and elsewhere have charged that Los Angeles-based Atlantic Richfield Co., which produces oil at Prudhoe Bay, has set too low a price on the Alaskan oil its exploration units sell to its own refineries.

Oil industry sources said this arrangement has the effect of reducing windfall profit taxes on Arco's Alaskan crude. This tax saving allows Arco to undercut gasoline competitors on the West Coast, these critics allege.

In October, the Internal Revenue Service rejected Arco's method of computing its windfall tax on Alaskan crude. Arco has denied any wrongdoing.

A source close to Shell said the company is posting a price for Alaskan crude "because we feel they (Arco) have an advantage."

A Shell spokesman said the company posted the price because it has an "urgent need" for Alaskan oil, primarily for its West Coast refineries.

AGO 786760

STATE OF ALASKA
THE LEGISLATURE

POUCH Y STATE CAPITOL
JUNEAU, ALASKA 99811
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM December 19, 1983

SUBJECT: HB 370 & HB 371

TO: Representative Ringstad

FROM: Thomas A. Sofo TAS
Legislative Counsel

You have asked whether HB 370 and HB 371, the pending bills for ratification of the Chevron and Tesoro royalty oil contracts, can be used as vehicles for the ratification of the more recently negotiated contracts with the same firms. Since the subject matter of the latter agreements is nearly identical, the only change necessary would be the removal of the March 16, 1983 reference and the insertion of the date of the new contracts in its place.

TAS:csh
c2/120

AGO 786761

IN THE HOUSE BY THE RESOURCES COMMITTEE

CS FOR HOUSE BILL NO. 371 (Resources)

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTEENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act relating to the sale of Prudhoe Bay royalty oil by the State of Alaska to the Tesoro Alaska Petroleum Company; and providing for an effective date."

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

* Section 1. The "Agreement for the Sale and Purchase of Royalty Oil between the State of Alaska and Tesoro Alaska Petroleum Company," dated December 9, 1983, for the sale of Prudhoe Bay royalty oil, is hereby approved and ratified.

* Sec. 2. This Act takes effect immediately in accordance with AS 01.10.070(c).

AGO 786762

IN THE HOUSE BY THE RESOURCES COMMITTEE

CS FOR HOUSE BILL NO. 320 (Resources)

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTEENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act relating to the sale of royalty oil by the State of Alaska to the Tesoro Alaska Petroleum Company; and providing for an effective date."

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

* Section 1. The "Agreement for the Sale and Purchase of Royalty Oil between the State of Alaska and Tesoro Alaska Petroleum Company," dated December 9, 1983, is hereby approved and ratified.

* Sec. 2. This Act takes effect immediately in accordance with AS 01.10.070(c).

AGO 786763

IN THE SENATE

BY THE RESOURCES COMMITTEE

HOUSE CS FOR SENATE BILL NO. 269 (Resources)

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTEENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act relating to the sale of royalty oil by the State of Alaska to Chevron, U.S.A., Inc.; and providing for an effective date."

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

* Section 1. The "Agreement for the Sale and Purchase of Royalty Oil between the State of Alaska and Chevron, U.S.A., Inc.," dated December 9, 1983, for the sale of Prudhoe Bay royalty oil, is hereby approved and ratified.

* Sec. 2. This Act takes effect immediately in accordance with AS 01.-10.070(c).

AGO 786764

HB 320 HOUSE ACTION

DATE	SEQ	PAGE	LEGISLATIVE ACTION
04/04/83	01	0722	FIRST READING -- COMMITTEE REPORTS
04/04/83	02	0722	GOV TRANSMITTAL LETTER
04/04/83	03	0722	F/NOTE EQUALS ZERO
06/14/83	04	1715	FIN COMM REFERRAL ADDED BY UNAN CONSENT
06/21/83	05	1851	NOT MOVED FROM RES COMM BY DIV 16-23-01
06/25/83	06	2016	NOT MOVED FROM RES COMM BY DIV 18-22-00
			RESOURCES
			FINANCE
			RULES

AGO 786765

HB 371 HOUSE ACTION

DATE	SEQ	PAGE	LEGISLATIVE ACTION
04/19/83	01	0919	FIRST READING -- COMMITTEE REPORTS
04/19/83	02	0919	GOV TRANSMITTAL LETTER
04/19/83	03	0919	F/NOTE EQUALS ZERO
06/14/83	04	1715	FIN COMM REFERRAL ADDED BY UNAN CONSENT
06/21/83	05	1851	NOT MOVED FROM RES COMM BY DIV 16-23-01
06/25/83	06	2016	NOT MOVED FROM RES COMM BY DIV 18-22-00
			RESOURCES
			FINANCE
			RULES

AGO 786766

SB 269 SENATE ACTION

DATE	SEQ	PAGE	LEGISLATIVE ACTION
04/19/83	01	0747	FIRST READING -- COMMITTEE REPORTS
04/19/83	02	0748	GOV TRANSMITTAL LETTER
04/19/83	03	0747	F/NOTE EQUALS ZERO
05/10/83	04	0934	RES -- DP06, NR01
06/01/83	05	1159	FIN -- DP06
06/15/83	06	1317	RLS -- OTHER04
			TAKEN UP IMMEDIATELY
06/15/83	07	1319	SECOND READING
06/15/83	08	1319	ADVANCED TO 3RD READING BY UNAN CONSENT
06/15/83	09	1319	THIRD READING
06/15/83	10	1319	PASSED BY DIV 18-02-00
06/15/83	11	1320	EFFECTIVE DATE VOTE SAME AS PASSAGE

SB 269 HOUSE ACTION

DATE	SEQ	PAGE	LEGISLATIVE ACTION
06/16/83	12	1734	FIRST READING -- COMMITTEE REPORTS
			RESOURCES
			FINANCE
			RULES

LETTER OF INTENT
FOR CSHB 271
January 19, 1984

The House Resources Committee has considered CSHB 271, providing for approval of the Agreement between the State of Alaska and Tesoro Alaska Petroleum Company for the sale of a portion of Alaska's royalty oil. This Agreement must be approved by the legislature under the provisions of AS 38.06.055(a) which provides that "the commissioner of natural resources may not enter into a sale, exchange, or other disposition of oil or gas or of the rights or waiver of the rights to receive future production of royalty oil or gas under AS 38.05.183 without the prior approval of the legislature."

Section 19.1 of the Agreement provides that the Agreement may be "supplemented, amended or modified at any time, but only by written instrument duly executed by the parties to this Agreement." In making any such changes to the Agreement pursuant to this section, the Commissioner would be acting on behalf of the State of Alaska as one of the parties to the Agreement.

The Committee recognizes that a supplement, amendment, or modification of the Agreement could be a further "sale, exchange, or other disposition" within the meaning of AS 38.06.055(a). The Committee is also cognizant that pursuant to Section 20.1 of the Agreement, the Commissioner has the right to "grant" (consent to) an assignment of the Agreement.

It is the intent of the Committee that it be understood that approval of CSHB 271 does not constitute prior approval of any supplement, amendment or modification or any assignment that would be a further "sale, disposition, exchange, or other disposition" within the meaning of AS 38.06.055(a) and that it is expected that any such action by the Commissioner must first be preceded by compliance with the procedures for obtaining the prior approval of the legislature.

Representative John Ringstad Co-Chairman, Resource Committee	Representative Dick Shultz Co-Chairman, Resource Committee
Representative Rick Uehling Vice-Chairman, Resource Committee	Representative John Cowdery Member, Resource Committee
Representative Charlie Bussell Member, Resource Committee	Representative John Liska Member, Resource Committee
Representative Anthony Vaska Member, Resource Committee	Representative Peter Goll Member, Resource Committee
Representative Ronald Larson Member, Resource Committee	

AGO 786768

LETTER OF INTENT
FOR CSHB 320
January 19, 1984

The House Resources Committee has considered CSHB 320, providing for approval of the Agreement between the State of Alaska and Tesoro Alaska Petroleum Company for the sale of a portion of Alaska's royalty oil. This Agreement must be approved by the legislature under the provisions of AS 38.06.055(a) which provides that "the commissioner of natural resources may not enter into a sale, exchange, or other disposition of oil or gas or of the rights or waiver of the rights to receive future production of royalty oil or gas under AS 38.05.183 without the prior approval of the legislature."

Section 19.1 of the Agreement provides that the Agreement may be "supplemented, amended or modified at any time, but only by written instrument duly executed by the parties to this Agreement." In making any such changes to the Agreement pursuant to this section, the Commissioner would be acting on behalf of the State of Alaska as one of the parties to the Agreement.

The Committee recognizes that a supplement, amendment, or modification of the Agreement could be a further "sale, exchange, or other disposition" within the meaning of AS 38.06.055(a). The Committee is also cognizant that pursuant to Section 20.1 of the Agreement, the Commissioner has the right to "grant" (consent to) an assignment of the Agreement.

It is the intent of the Committee that it be understood that approval of CSHB 320 does not constitute prior approval of any supplement, amendment or modification or any assignment that would be a further "sale, disposition, exchange, or other disposition" within the meaning of AS 38.06.055(a) and that it is expected that any such action by the Commissioner must first be preceded by compliance with the procedures for obtaining the prior approval of the legislature.

Representative John Ringstad Co-Chairman, Resource Committee	Representative Dick Shultz Co-Chairman, Resource Committee
Representative Rick Uehling Vice-Chairman, Resource Committee	Representative John Cowdery Member, Resource Committee
Representative Charlie Bussell Member, Resource Committee	Representative John Liska Member, Resource Committee
Representative Anthony Vaska Member, Resource Committee	Representative Peter Goll Member, Resource Committee
Representative Ronald Larson Member, Resource Committee	

AGO 786769

LETTER OF INTENT
FOR CSSB 269
January 19, 1984

The House Resources Committee has considered CSSB 269, providing for approval of the Agreement between the State of Alaska and Chevron U.S.A., Inc., for the sale of a portion of Alaska's royalty oil. This Agreement must be approved by the legislature under the provisions of AS 38.06.055(a) which provides that "the commissioner of natural resources may not enter into a sale, exchange, or other disposition of oil or gas or of the rights or waiver of the rights to receive future production of royalty oil or gas under AS 38.05.183 without the prior approval of the legislature."

Section 19.1 of the Agreement provides that the Agreement may be "supplemented, amended or modified at any time, but only by written instrument duly executed by the parties to this Agreement." In making any such changes to the Agreement pursuant to this section, the Commissioner would be acting on behalf of the State of Alaska as one of the parties to the Agreement.

The Committee recognizes that a supplement, amendment, or modification of the Agreement could be a further "sale, exchange, or other disposition" within the meaning of AS 38.06.055(a). The Committee is also cognizant that pursuant to Section 20.1 of the Agreement, the Commissioner has the right to "grant" (consent to) an assignment of the Agreement.

It is the intent of the Committee that it be understood that approval of CSSB 269 does not constitute prior approval of any supplement, amendment or modification or any assignment that would be a further "sale, disposition, exchange, or other disposition" within the meaning of AS 38.06.055(a) and that it is expected that any such action by the Commissioner must first be preceded by compliance with the procedures for obtaining the prior approval of the legislature.

Representative John Ringstad Co-Chairman, Resource Committee	Representative Dick Shultz Co-Chairman, Resource Committee
Representative Rick Dehling Vice-Chairman, Resource Committee	Representative John Cowdery Member, Resource Committee
Representative Charlie Bussell Member, Resource Committee	Representative John Liska Member, Resource Committee
Representative Anthony Vaska Member, Resource Committee	Representative Peter Goll Member, Resource Committee
Representative Ronald Larson Member, Resource Committee	

AGO 786770

STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

DEPARTMENT OF NATURAL RESOURCES

OFFICE OF THE COMMISSIONER

POUCH M
JUNEAU, ALASKA 99811
PHONE: (907) 465-2400

RECEIVED
Department of Law
MAR 11 1983
AM 7,8,9,10,11,12,1,2,3,4,5,6 PM

March 12, 1983

Mr. James F. Smith
President
Tesoro Alaska Petroleum
Company
8700 Tesoro Drive
San Antonio, Texas 78286

Dear Mr. Smith:

On March 12, 1983, the State of Alaska and Tesoro Alaska Petroleum Company ("Tesoro Alaska") entered into an Agreement for the Sale and Purchase of Royalty Oil (the "Agreement"). Article 7.5 of the Agreement provides that the State may elect to terminate the Agreement in the event that a "third party" obtains "control" (as such terms are defined therein) of Tesoro Alaska or its parent, Tesoro Petroleum Corporation ("Tesoro").

During the negotiations which led to the execution of the Agreement, you informed the State that, on January 26, 1983, two Charter Security Life Insurance Companies, subsidiaries of The Charter Company ("Charter"), had entered into a Purchase Agreement, a Stockholders Agreement, a Registration Rights Agreement and a Certificate of Designation Establishing A Series of $2.20 Cumulative Covertible Preferred Stock (the "agreements") with Tesoro to purchase 2,875,000 shares of a new series of Cumulative Convertible Preferred Stock of Tesoro. Furthermore, those agreements contemplate that the Charter Security Life Insurance Companies or other companies affiliated with The Charter Company may purchase additional shares of Tesoro so that The Charter Company and companies affiliated with The Charter Company may own up to 30 percent of the voting interest in Tesoro. You also informed us that the Charter Security Life Insurance Companies will be entitled to up to three seats on Tesoro's Board of Directors, depending upon the size of Tesoro's Board.

The purpose of this letter is to set forth the understanding and intent of the State and Tesoro Alaska with respect to the application of Article 7.5 of the Agreement to the contemplated relationship between Charter and Tesoro. If the arrangements described in the preceding paragraph are effected, it is the understanding and intent of the parties that Charter and/or its affiliates will not control Tesoro or Tesoro Alaska within the meaning of Article 7.5 of the Agreement. If, however, Charter and/or its affiliates materially increases its or their ability to direct or cause direction of the management and policies of Tesoro or Tesoro Alaska over that contemplated in the agreements, Article 7.5 will be applicable.

Sincerely,

Esther C. Wunnicke

Esther C. Wunnicke
Commissioner

ACCEPTED AND AGREED TO:

_____
James F. Smith, President
Tesoro Alaska Petroleum Company

TESORO

MOVE & ASK UNANIMOUS CONSENT TO ADOPT CS FOR HB 320

TESORO

MOVE & ASK UNANIMOUS CONSENT TO ADOPT CS FOR HB 371

CHERON

MOVE & ASK UNANIMOUS CONSENT TO ADOPT HOUSE CS FOR SB 269

MOVE & ASK UNANIMOUS CONSENT TO PASS CS HB 320 FROM COMMITTEE WITH INDIVIDUAL RECOMMENDATIONS.

" CS HB 371

" H CS SB 269

AGO 786773

HB

376

STATE OF ALASKA
THE LEGISLATURE
LEGISLATIVE AFFAIRS AGENCY

POUCH Y · STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

MEMORANDUM May 26, 1983

SUBJECT: Constitutionality of penalties for illegal purchase of fish (CSHB 376 (Resources))

TO: Representative John Ringstad
Representative Richard Shultz
Co-Chairmen, House Resources Committee

FROM: Edward H. Hein EH
Legislative Counsel

In drafting the committee substitute for HB 376 it occurred to me that there is a substantial constitutional problem with penalty provisions already in statute for illegal purchases of fish.

Briefly, the problem is this: AS 16.10.265 makes it unlawful for someone in the business of buying fish (processors, fish buyers, or their agents, etc.) to buy from a seller who does not have the required permit. Punishment for this offense varies depending on whether it is a first, second, or third conviction. A first conviction is punishable as a class B misdemeanor, mandatory minimum fine of $1,000, and a maximum fine of $5,000 and a maximum 90 days imprisonment. Under AS 16.05.680(2) it is unlawful for any person, including processors and fish buyers, to purchase fish from a seller who does not have the required permit. This offense is punishable under AS 16.05.720 as a class A misdemeanor, maximum fine of $5,000 and maximum sentence of one year imprisonment.

The problem is that a processor or fish buyer may be prosecuted under either section for the same criminal conduct. The elements of proof essential to conviction are exactly the same. Thus a prosecutor would have unbridled discretion to file charges under either statute, depending on which penalty the prosecutor wanted to subject a defendant to.

Unless a court were to determine that there is some substantial difference in the elements of proof essential to

conviction under both statutes, the disparity of punishments is likely to be found in violation of the equal protection and due process requirements of the Alaska and United States Constitutions. As the Alaska Supreme Court has said,

> We have never held that statutes which allow differing punishments for the same criminal conduct are necessarily unconstitutional as giving prosecuting officials unwarranted charging discretion. However, we have recognized that a substantial question is thereby presented.

Holden v. State, 602 P.2d 452, 454 (Alaska 1979).

In addition to any possible constitutional problems, you may wish to consider whether the statutory punishment scheme frustrates the apparent legislative intent in enacting AS 16.10.265 last year. That statute was apparently intended to increase the penalty for those who profit financially from illegally purchasing fish. The result now is that we may be punishing the person who makes an occasional illegal purchase to put fresh fish on the dinner table more severely than we punish the commercial buyer who has a financial incentive to break the law.

If you have any questions or comments about the subject of this memorandum, feel free to contact me at your convenience.

EHH:ljb
22/001

HOUSE RESOURCES COMMITTEE OBSERVER/WITNESS SIGN-UP SHEET

HB 376

DATE: MAY 23, 1983 SPONSOR: RULES/GOVERNOR

SUBJECT(S): AMENDING LIMITED ENTRY ACT

PLEASE FILL IN A COMPLETE ROW

NAME	REPRESENTING	ADDRESS	PHONE	Observer	Witness	For	Against
JOHN GAGUINE	LAW	CAPITOL, RM 432	3600	X			
Shannon Haley	CFEC	Pouch KB	4081		X	X	

Amendments to House Bill 376
Proposed by Commercial Fisheries Entry Commission
May 23, 1983

New Title: "An Act establishing landing permits and amending the Limited Entry Act; and providing for an effective date."

* Section 1. AS 16.05 is amended by adding a new subsection to read:

Sec. 16.05.675. LANDING PERMIT. (a) The holder of a federal fishing permit to operate commercial fishing gear in the fishery conservation zone who has in his possession a landing permit issued by the Commercial Fisheries Entry Commission may transport, possess, sell, or offer to sell within the state fish taken in the fishery conservation zone.

(b) The commissioner may adopt regulations establishing eligibility for landing permits. Landing permits may not be authorized for any fishery unless the commissioner finds in writing that the issuance of such permits is consistent with state conservation and resource management practices.

(c) The Commercial Fisheries Entry Commission may establish by regulation annual fees for landing permits which reasonably reflect the costs incurred in the administration and enforcement of the provisions of this section.

* Section 2. AS 16.05.680(2) is amended to read:

(2) to purchase fish from a fisherman who neither is the holder of a permit issued under AS 16.43 <u>or a landing permit issued under AS 16.05.675</u>, nor is exempt under AS 16.05.660, or

* Section 3. AS 16.10.265(a) is amended to read:

Sec. 16.10.265. PURCHASE OF FISH FROM PERMIT HOLDERS. (a) It is unlawful for an individual while acting as a fish processor or primary fish buyer, or as an agent, director, officer, member, or employee of a fish processor, of a primary fish buyer, or of a cooperative corporation organized under AS 10.15 to intentionally or knowingly make an original purchase of fish from a seller who does not hold an entry permit or interim-use permit issued or transferred to the seller in accordance with AS 16.43, <u>or a landing permit issued under AS 16.05.675</u>.

Section 1. of HB 376 amending AS 16.43.040 is renumbered Section 4.

Section 2. of HB 376 amending AS 16.43.100(a) is renumbered Section 5. and rewritten to add a new paragraph (17) to read:

(17) issue landing permits to qualified applicants and collect fees as provided in AS 16.05.675.

The remaining sections of HB 376 are renumbered consecutively.

Section 1 instructs the commission to adopt regulations providing for measures to be taken in instances where a tie vote occurs in the adjudication of a permit application.

Section 2 grants the commission the power to charge reasonable fees to defray the costs of service it renders to members of the public.

Section 3 instuct the commission to issue regulations governing the correction of its administrative error, as, for example, where an applicant has been mistakenly credited with points for vessel ownership when the applicant did not own a vessel.

Section 4 is a technical change reflecting the fact that AS 16.43.380(3), which defines the term "fishery", was amended in 1981 to provide that a fishery may cover more than one administrative area.

Section 5 is intended to clarify in AS 16.43.150(f) what is already apparent elsewhere in the Limited Entry Act, namely that the permit of "minor ecnomic hardship" applicant under AS 16.43.250(c), which permits are expressly non-transferable does not survive the death of the holder, and cannot be transferred in any way after his death.

Section 6 tightens up the "contrary intent" language in the existing law such that a permit will go directly to the deceased permit holder's surviving spouse unless the permit holder made other provision for its disposition in a valid will.

Section 7 is intended to end the possible ambiguity in the current language of AS 16.43.170(b) and make clear that the commission is not obligated to approve a permit transfer whenever the proposed transferee can show the present ability to actively participate. Under the proposed language of Section 7, the commission will plainly be able to disapprove a transfer when it would be improper, as, for instance, if the transfer is a lease forbidden by AS 16.43.150(g).

Section 8 is intended to give the commission discretion in determining what years are to be considered in setting eligibility to apply in a newly limited fishery. Under the law as currently interpreted, anyone who has ever held an Alaska gear license (first issued in 1960) in a given fishery is eligible to apply if that fishery is limited. As 1960 becomes increasingly distant, and the character of the State's fisheries changes, it is increasingly inappropriate to allow eligibility based on participation that may be twenty-five years in the past. The proposed amendment to AS 16.43.260(a) will give the commission the necessary flexibility.

BILL SHEFFIELD
GOVERNOR

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

April 21, 1983

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

Dear Mr. Speaker:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill proposing technical amendments to the Limited Entry Act, AS 16.43. These amendments are necessary to assure the continued smooth functioning of the limited entry program.

Section 1 of the bill deals with the potential problem of deadlocks when only two members of the Commercial Fisheries Entry Commission are participating in an adjudication. It instructs the commission to adopt regulations providing for measures to be taken in this situation.

Section 2 of the bill grants the commission the power to charge reasonable fees to defray the costs of services it renders to members of the public, such as processing permit transfer applications.

Section 3 of the bill instructs the commission to adopt regulations governing the correction of its administrative errors, as, for example, where an applicant has been mistakenly credited with points for vessel ownership when the applicant did not own a vessel. This section will not allow the commission to undo discretionary determinations made by previous members of the commission. Nor will it require the commission to reopen closed applications when a court determines that the commission has misinterpreted a statute or regulation.

Section 4 of the bill is a technical change reflecting the fact that AS 16.43.380(3), which defines the term "fishery", was amended in 1981 to provide that a fishery may cover more than one administrative area.

Section 5 of the bill slightly modifies existing AS 16.43.150(f), which states flatly that an entry permit survives the death of its holder. Revised section 150(f) would provide that permits held by persons who qualified as "minor economic hardship" applicants under AS 16.43.250(c) -- persons with minimal ties to the fishery in which they hold permits -- cease to exist when their holders die. These permits are currently non-transferable under AS 16.43.170(e) before the commission sets an optimum number under AS 16.43.290 in a fishery (unless the commission estimates that the number of permits outstanding in that fishery does not exceed the optimum number); they are transferable after the optimum number is set, but only to the commission under AS 16.43.170(c).

Section 6 of the bill modifies the "contrary intent" language in the existing law to make clear that, if there is a surviving spouse, the permit of the deceased permit holder will go directly to that surviving spouse unless the holder has made other provision for the permit's disposition in a valid willthat has been probated. This modification should assure that the Limited Entry Act is construed consistently with Alaska's probate code, and that questions of probate law are left to the courts rather than to the Commission.

Section 7 of the bill is intended to end the possible ambiguity in the current language of AS 16.43.170(b) and make clear that the commission is not obligated to approve a permit transfer solely because the proposed transferee can show the present ability to actively participate. Under the amendments in sec. 7, even if a transferee demonstrates the ability to participate, the commission will plainly be able to disapprove the transfer if it would be improper, as, for instance, if the transfer is a lease forbidden by AS 16.43.150(g).

Section 8 of the bill is intended to give the commission discretion in determining what years are to be considered in setting eligibility to apply for an entry permit in a newly-limited fishery. Under the law as currently interpreted, anyone who has ever held an Alaska gear license (first issued in 1960) in a given fishery is eligible to apply if that fishery is then limited. This has not been a problem to date. But as 1960 becomes increasingly distant, and the character of the state's fisheries changes, it will be increasingly inappropriate to allow eligibility based on participation that may be 25

years in the past. The proposed amendment to AS 16.43.260(a) will give the commission necessary flexibility.

I urge your prompt action on this bill.

Sincerely,

Bill Sheffield
Governor

STATE OF ALASKA
FISCAL NOTE

Revision Date , 1983

I. REQUEST
Bill/Resolution No.: HB 376
Title: An Act amending the Limited Entry Act.
Sponsor: Governor
Requestor: Resource Committee

II. FISCAL DETAIL
Agency Affected: Dept. of Fish & Game
Program Category Affected: Fish. Res. Consv.
BRU, Program of Subprogram(s) Affected:
Commercial Fisheries Entry Commission

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL: There will be no negative fiscal impact. The bill streamlines existing language in Title 16 of the statutes enabling the commission to operate more effectively.

IV. ANALYSIS: Attach a separate page for any Analysis (see attachment)

Prepared By: Derrill L. Johnson
Phone: 465-4081
Division: CFEC
Date: 04/11/83

Approved by Commissioner: John Williams
Date: 04/11/83
Department: Commercial Fisheries Entry Commission (ADF&G)

Distribution:
Original to Legislative Finance
Copy to Office of Management and Budget (for Legislature introduced bills)
Copy to Department (for Governor introduced bills)
Copy to Sponsor
Copy to Requestor (if different from Sponsor)

3/8/83

① what kind of regs: for breaking ties? | Listowski
<u>adopt regulations</u>: APA public notice requirements | Williams
Twombley

HB

379

COMMITTEE REPORT

HOUSE

(9)

FURTHER: FINANCE

4/26/83

Date: 5/10/83

Mr. Speaker:

The Committee on RESOURCES has had HB 379

"An Act establishing a seismic hazard program within the Department of Natural Resources; and providing for an effective date."

under consideration and reports it back as follows:

[✓] do pass [ ] do not pass

[ ] do pass with attached amendments(s)

[ ] replace with CS for _____ [ ] same title [ ] new title

and recommends _____

[ ] AND attaches a "Letter of Intent" [X] New Fiscal Note [ ] Zero Fiscal Note Attached

[ ] reports it back without recommendation

[ ] referred to the _____ Committee

MEMBERS SIGNING DO PASS

MEMBERS HAVING OTHER RECOMMENDATIONS:

CHAIRMAN

H 60

HAYES' REMARKS TO EARTHQUAKE ENGINEERING RESEARCH INSTITUTE 10/20/82

IT SEEMS PARTICULARLY APPROPRIATE THAT YOUR MEETING IS BEING HELD IN ALASKA, AND IN A CITY WHICH WAS DEVASTATED BY ONE OF THE HISTORICALLY GREAT EARTHQUAKES EVER RECORDED. NO COMMUNITY ON EARTH HAS A GREATER INTEREST IN YOUR CONCERNS THAN ANCHORAGE. THAT INTEREST IS HEIGHTENED BY THE FACT THAT ANCHORAGE AND ALASKA ARE IN WHAT IS PROBABLY ONLY THE BEGINNING OF A CONSTRUCTION PERIOD WHICH MAY RIVAL ANY WE'VE EVER SEEN. THE PROBABILITY OF A NEW CAPITAL CITY AT WILLOW: THE LIKELIHOOD THAT WE WILL BE EXPANDING TRACKAGE FOR THE ALASKA RAILROAD: THE FACT THAT WE ARE CONSTRUCTING PUBLIC AND PRIVATE BUILDINGS IN VIRTUALLY EVERY COMMUNITY IN THE STATE: THAT NEW HARBORS, AIRPORTS, ROADS AND BRIDGES ARE IN THE OFFING IN MANY LOCATIONS: THAT WE ARE PRESENTLY PREPARING TO BUILD THE KNIK ARM CROSSING: NOT TO MENTION THE TREMENDOUS PLANS WE HAVE FOR HYDROELECTRIC DEVELOPMENT, INCLUDING THE GIANT SUSITNA PROJECT, AND THE PROBABILITY OF NEW PIPELINE PROJECTS, ALL MAKE THE RESULTS OF YOUR RESEARCH EFFORTS OF PRIMARY IMPORTANCE TO ALASKA.

AS AN ENGINEER, I CAN APPRECIATE THE SPECIAL IMPORTANCE OF YOUR WORK. I THINK ANYONE WHO IS NOT AN ENGINEER OR IN A RELATED DISCIPLINE, OR WHO WAS NOT IN ANCHORAGE IN MARCH OF 1964, CANNOT FULLY COMPREHEND THE AWESOME FORCES PENT UP IN THE EARTH WHICH IT IS YOUR MISSION TO UNDERSTAND AND TO PROTECT AGAINST IN CONSTRUCTION.

BOTH SEISMIC PREDICTION AND ENGINEERING DEFENSIVELY AGAINST SEISMIC DISRUPTION HAVE COME OF AGE. COMPUTERS HAVE GIVEN US THE CAPABILITY NOT ONLY OF USING PROBABILITY PREDICTION WITH RESPECT TO OCCURRENCE OF QUAKES, BUT ALSO TO MODEL POTENTIAL CONSEQUENCES. EVEN PREVIOUSLY UNACCOUNTABLE ANIMAL BEHAVIOUR IS BEING STUDIED AS A KEY TO SEISMIC UPSET.

ALTHOUGH I AM NOT PROFESSIONALLY QUALIFIED TO SPEAK ON THE MORE TECHNICAL ASPECTS OF YOUR UNDERTAKINGS, I DO HAVE AN ENGINEER'S APPRECIATION OF THEIR VALUE. YOUR RELATIVELY ESOTERIC AND TREMENDOUSLY EXCITING FIELD IS OF IMPORTANCE TO EVERY ALASKAN, FROM HOMEOWNERS TO ROAD BUILDERS, FROM INVESTORS TO CIVIL AUTHORITIES AT EVERY LEVEL. AS AN ENGINEER IN PUBLIC OFFICE, I HAVE A VERY SPECIAL INTEREST IN YOUR WORK AND IN THIS CONFERENCE, PARTICULARLY BECAUSE OF THE UNDERSTANDING I DO HAVE OF YOUR FIELD, AND OF THE INTEREST GOVERNMENT MUST NECESSARILY HAVE IN IT. IT IS OBVIOUS TO ME THAT YOUR INTEREST IN MY PARTICIPATION HERE IS THE DUAL ROLE I HAVE OF ENGINEER AND ELECTED OFFICIAL. I CAN APPRECIATE THE IMPORTANCE OF YOUR WORK MORE THAN THE AVERAGE LAYMAN MIGHT, AND I WILL HAVE AT LEAST SOMETHING TO SAY ABOUT HOW AND TO WHAT EXTENT STATE GOVERNMENT AFFECTS YOUR EFFORTS AND INTENTIONS.

BEING ON THE CONSERVATIVE SIDE OF THE POLITICAL SPECTRUM, I TEND TO RESIST GOVERNMENT INVOLVEMENT IN AREAS IN WHICH IT IS NOT ESSENTIAL, BELIEVING THAT GOVERNMENT BEST WHICH GOVERNS LEAST. IN THIS LATTER HALF OF THE TWENTIETH CENTURY, HOWEVER, GOVERNMENT IS NECESSARILY AND UNAVOIDABLY INVOLVED MORE AND MORE IN ALL OUR LIVES. AS MANKIND PROBES FURTHER INTO THE MYSTERIES OF THE EARTH AND OF THE UNIVERSE, WE FIND MORE AND MORE INTERESTS WHICH ARE BEYOND THE FINANCIAL CAPABILITIES OF PRIVATE FUNDING, AND WHICH ARE OF SUFFICIENT BROAD PUBLIC INTEREST AND IMPORTANCE THAT THEY BECOME A CONCERN OF GOVERNMENT. REGULATION FOR STANDARDIZATION, FOR THE SAKE OF BOTH PUBLIC AND PRIVATE SAFETY, HAVE COME TO BE LEGITIMATE CONCERNS OF GOVERNMENT. IT BECOMES THE RESPONSIBILITY OF THE CONSERVATIVE, IT SEEMS TO ME, TO REGULATE THE REGULATORS: TO BE SURE THAT REQUIREMENTS IMPOSED BY GOVERNMENTS ARE NOT SOMETHING WHICH MIGHT BETTER, MORE EFFICIENTLY, OR MORE

PROPERLY BE ACCOMPLISHED BY THE PRIVATE SECTOR.

IN THAT CONNECTION, THERE ARE TWO AREAS I WOULD LIKE TO DISCUSS WITH YOU. BOTH ARE SUGGESTIONS FOR YOUR CONSIDERATION. NEITHER IS A PROMISE OR A GUARANTEE.

IN ONE OF THE MOST EARTHQUAKE-PRONE REGIONS OF THE WORLD, WE DO NOT HAVE DESIGN, ENGINEERING OR CONSTRUCTION STANDARDS WHICH ARE CONSISTENT AND RELIABLE FOR BOTH PUBLIC AND PRIVATE ENTERPRISES. WE HAVE SOME VERY GENERALIZED GUIDELINES AND BASIC STANDARDS WHICH ARE COMMONLY OBSERVED, BUT NO RULE BOOK UPON WHICH ALL MAY RELY AND TO WHICH ALL MAY TURN FOR THE ANSWERS TO SOME VERY IMPORTANT QUESTIONS. THE ESTABLISHMENT OF EARTHQUAKE CONSTRUCTION STANDARDS, WHICH DOUBTLESS WOULD DIFFER IN MANY LOCAL REGIONS, GIVEN THE WIDE VARIETY OF GEOLOGY IN ALASKA AND IN THE COUNTRY, WOULD BE OF INTEREST AND VALUE TO A NUMBER OF DIVERSE CONCERNS. ARCHITECTS, ENGINEERS AND BUILDERS OBVIOUSLY WOULD HAVE A PRIMARY INTEREST. IN ADDITION, HOWEVER, INSURANCE COMPANIES, REAL ESTATE BROKERS AND FINANCIAL INSTITUTIONS WOULD HAVE AN INTEREST. AT THE CORE OF GOVERNMENT INTEREST IS PUBLIC SAFETY AND THE FINANCIAL STAKE IN THE BROAD VARIETY OF PUBLIC FACILITIES WHICH THIS STATE PRESENTLY OWNS AND OPERATES, AND THE MAJOR ADDITIONS TO THAT INDUSTRY WHICH WE WILL BE CREATING IN COMING DECADES AS ALASKA ATTEMPTS TO CATCH UP WITH ITS OLDER SISTER STATES IN DEVELOPING ITS PUBLIC INSTITUTIONS AND SERVICE SYSTEMS. OTHER STATES AS WELL, CONTINUE TO ERECT PUBLIC BUILDINGS AND FACILITIES WHICH ARE SUBJECT TO EARTHQUAKES.

OUR STATE GOVERNMENT, IN PARTICULAR THE LEGISLATURE, HAS A VESTED INTEREST IN THESE CONCERNS. IT WOULD BE OUR RESPONSIBILITY TO CONSIDER FINANCIAL ASSISTANCE FOR THE RESEARCH REQUIRED TO ESTABLISH SUCH STANDARDS.

IT WOULD BE OUR JOB TO "REGULATE THE REGULATORS" IN DETERMINING WHETHER OR HOW MUCH CONTROL, BY WAY OF STANDARDS ENFORCEMENT, WOULD BE APPROPRIATE, NECESSARY, AND NOT UNDULY RESTRICTIVE. IT WOULD BE OUR DUTY TO MONITOR THE USE OF SUCH CONTROLS, PERHAPS THROUGH THE DEVICE OF OUR SUNSET LAWS, AND BY PERIODIC AMENDMENT WHICH MIGHT BE APPROPRIATE. GIVEN THE MAGNITUDE OF THE EFFECTS OF SUCH INFORMATION AS YOUR RESEARCH CAN PRODUCE -- WHICH ALL OF US WHO WERE HERE IN 1964 CAN APPRECIATE -- IT SEEMS ENTIRELY APPROPRIATE THAT THE LEGISLATURE SHOULD BE INVOLVED ON BEHALF OF THE CITIZEN-STOCKHOLDER OF THE STATE OF ALASKA.

MY OWN RECOLLECTIONS OF THE 1964 EARTHQUAKE, IF I MAY DIGRESS, ARE VARIED: THEY RANGE FROM CONSTERNATION TO TERROR TO A LITTLE HUMOR. A SECRETARY, FLEEING THE TWO-STORY BUILDING IN WHICH MY OFFICE WAS HOUSED, WENT THROUGH A STREET DOOR JUST AS THE SECOND-STORY CONCRETE BLOCK WALL FOLDED ON ITS RE-BAR HINGES AND PINNED HER AGAINST THE WALL OF THE FIRST STORY. WHEN OTHER EMPLOYEES FROM THE BUILDING MANAGED TO SWING THE WALL BACK TO FREE HER, THEY SAW HER IMAGE IN BLOOD ON THE LOWER WALL. SHE WAS PROBABLY ONE OF THE MOST SERIOUSLY-INJURED OF THE QUAKE SURVIVORS. I HAD AN AUTOMOBILE WHICH DIED OF A CRACKED DISTRIBUTOR CAP IN FLIGHT FROM A POTENTIAL TIDAL WAVE ZONE, BUT I SURVIVED WITH FAMILY INTACT. ALMOST IMMEDIATELY AFTER THE QUAKE I WAS ASSIGNED TO A TEAM WHICH MET DAILY TO REPORT MONITORING OF POTENTIAL BUILDING SLIPPAGE, WHICH WE CHECKED WITH ELECTRONIC MEASURING INSTRUMENTS. I WAS ASSIGNED TO ANOTHER TEAM RESPONSIBLE FOR CHECKING AND CERTIFYING THE SAFETY OF PUBLIC BUILDINGS BEFORE THEIR BEING REOCCUPIED. I WAS IN THE CEILING OF AL SPACE OF A THEATRE BUILDING A FEW DAYS LATER, WORMING ALONG ON MY BACK CHECKING TRUSS JOINTS WITH THE AID OF A FLASHLIGHT, WHEN ANOTHER QUAKE OCCURRED. I AM VERY GRATEFUL TO

THIS DAY THAT MY CLAUSTROPHOBIA QUOTIENT IS MINOR. I WOULD PROBABLY OTHERWISE HAVE HAD A HEART ATTACK. THE INEVITABLE HUMOR WHICH ARISES IN SUCH SITUATIONS WAS PROVIDED BY ONE OF MY BUSINESS PARTNERS AT THE TIME. HE RECALLS HAVING DIVED UNDER A DESK OR CONFERENCE TABLE WITH A CLIENT WHO WAS IN THE OFFICE AT THE TIME OF THE QUAKE. YEARS LATER, HIS MOST VIVID RECOLLECTION OF THE EARTHQUAKE WAS THAT THE CLIENT HAD HAD A GENEROUS PORTION OF GARLIC AT LUNCH THAT DAY.

MY OWN RECOLLECTIONS NOTWITHSTANDING, I RETURN TO CONSIDERATION OF STATE PARTICIPATION IN YOUR EFFORTS. FOR THE REASONS CITED, I INVITE YOUR INSTITUTE -- PERHAPS EVEN AT THIS WEEK'S MEETING, TO CONSIDER PROPOSING STATE-ENDORSED EARTHQUAKE ENGINEERING STANDARDS, AND A PROPOSAL FOR STATE FINANCIAL ASSISTANCE FOR YOUR RESEARCH EFFORTS, UPON WHICH SUCH STANDARDS WOULD NECESSARILY BE BASED.

I DELIBERATELY REFER TO "STATE ENDORSED" STANDARDS, AS OPPOSED TO PERHAPS "STATE ENFORCED" STANDARDS, FOR A NUMBER OF REASONS. AS TO STATE CONSTRUCTION, OF COURSE, AND PROJECTS INVOLVING STATE LOANS OR PARTICIPATION, SUCH STANDARDS COULD BE EXPECTED TO BE A MATTER OF SPECIFICATION. VENTURES MADE POSSIBLE THROUGH THE LOAN GUARANTEES OF THE ALASKA INDUSTRIAL DEVELOPMENT AUTHORITY WOULD PROBABLY ALSO BE AFFECTED. THE STANDARDS WOULD ALMOST CERTAINLY BE USED BY MANY PRIVATE ENTERPRISES AS WELL. THE DISTINCTION BETWEEN ENFORCEMENT AND ENDORSEMENT WOULD ALSO PROTECT THE OPTIONS AND CONTROL OF LOCAL GOVERNMENTS WITHIN THE STATE. IF OUR JOINT EFFORTS -- THOSE OF YOUR INSTITUTE AND OF STATE GOVERNMENT -- WERE TO MAKE SUCH WELL-RESEARCHED AND DEFENSIBLE STANDARDS AVAILABLE, THEY WOULD PROBABLY BECOME A BENCHMARK FOR THE CONSTRUCTION INDUSTRY, SIMPLY BECAUSE OF THE EFFECTS THEY WOULD HAVE

IN THE MARKET. SUCH STANDARDS WOULD INFLUENCE INSURANCE, FINANCING, SALE AND RESALE, AND MOST OTHER CONSIDERATIONS INVOLVING BUILDING CONSTRUCTION. THEY SHOULD, WE MAY HOPE PROMOTE REDUCTIONS IN INSURANCE PREMIUMS WHERE EARTHQUAKE INSURANCE IS AVAILABLE AND USED, AND THEY SHOULD PROMOTE EXTENSIONS OF THE LIFE EXPECTANCY OF BOTH PUBLIC AND PRIVATE CONSTRUCTION IN LARGER PROJECTS THEY SHOULD IMPROVE PUBLIC AND PRIVATE SAFETY -- AND IF EVEN ONE HUMAN LIFE WERE TO BE SAVED BY THEIR IMPLEMENTATION, THEIR VALUE WOULD HAVE BECOME IMPOSSIBLE TO QUANTIFY.

SHOULD YOUR INSTITUTE ELECT TO SEEK THE ESTABLISHMENT OF SUCH STANDARDS WITH THE ASSISTANCE OF THE LEGISLATURE, I CAN ASSURE YOU OF THE COMPETENT AND WILLING COOPERATION OF MY OFFICE AND OTHER LEGISLATIVE AGENCIES. I WOULD CERTAINLY USE MY OFFICE AND ITS INFLUENCE TO HELP YOU GAIN THE COOPERATION OF APPROPRIATE ADMINISTRATIVE AGENCIES. I WOULD LOOK WITH FAVOR UPON A PROPOSAL FOR FINANCIAL PARTICIPATION IN YOUR RESEARCH EFFORTS BY THE STATE, AND WOULD EXPECT TO BE ABLE TO SUPPORT A REASONABLE PROPOSAL. SUCH A MOVE WOULD CERTAINLY BE TO THE BENEFIT OF ALL THE STATES REPRESENTED AT THIS MEETING, AND PRESUMABLY TO MOST OTHER STATES AND TO MANY FOREIGN NATIONS.

THE UNITED STATES' TRADITIONAL ROLE AS A LEADER IN PURE RESEARCH IN MANY DISCIPLINES MAKES IT APPROPRIATE THAT WE SHOULD PURSUE SUCH A COURSE, AND ALASKA'S POSITION IN THE VANGUARD OF AREAS NEEDING AND PURSUING PRIVATE, PUBLIC AND COMMERCIAL DEVELOPMENT PROPERLY PLACES IT IN THE FOREFRONT OF SUCH INVESTIGATION. I WILL LOOK FORWARD TO WORKING WITH THE APPROPRIATE COMMITTEES OF YOUR INSTITUTE, AND TO HEARING FROM YOU SHOULD YOU ELECT TO ACCEPT MY INVITATION. IF THE EFFECTS OF OUR JOINT EFFORTS REACH AS FAR AS I THINK THEY MIGHT, AND IF THEY SERVE WELL THE GOOD INTENTIONS I KNOW YOU HAVE, THEY MIGHT EVEN BE CALLED EARTHSHAKING. THANK YOU.

STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES

DIVISION OF GEOLOGICAL AND GEOPHYSICAL SURVEYS

Bill Sheffield — *Governor*

Esther Wunnicke — *Commissioner*

Ross G. Schaff — *State Geologist*

DRAFT COPY

April 1983

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Report of Investigations 83-11
SEISMIC, VOLCANIC, AND TSUNAMI
MITIGATION IN ALASKA - AN UNMET NEED

By
J.N. Davies

STATE OF ALASKA
Department of Natural Resources
DIVISION OF GEOLOGICAL & GEOPHYSICAL SURVEYS

According to Alaska Statute 41, the Alaska Division of Geological and Geophysical Surveys is charged with conducting 'geological and geophysical surveys to determine the potential of Alaska lands for production of metals, minerals, fuels, and geothermal resources; the locations and supplies of ground waters and construction materials; the potential geologic hazards to buildings, roads, bridges, and other installations and structures; and shall conduct other surveys and investigations as will advance knowledge of the geology of Alaska.'

In addition, the Division shall collect, evaluate, and publish data on the underground, surface, and coastal waters of the state. It shall also file data from water-well-drilling logs.

DGGS performs numerous functions, all under the direction of the State Geologist---resource investigations (including mineral, petroleum, and water resources), geologic-hazard and geochemical investigations, and information services.

Administrative functions are performed under the direction of the State Geologist, who maintains his office in Anchorage (3001 Porcupine Dr., 99501, ph 274-9681).

This report is for sale by DGGS for $1. It may be inspected at any of the four DGGS information offices: Alaska National Bank of the North Bldg., Geist Rd. and University Ave., Fairbanks; 3601 C St. (10th Floor), Anchorage; 230 So. Franklin St. (4th Floor), Juneau; and the State Office Bldg., Ketchikan. Mail orders should be addressed to DGGS, P.O. Box 80007, College, AK 99708.

Workshop participants:

Pictured (left to right): front row - George Carte, Selena Billington, Klaus Jacob, Ray Steinmetz, J.P. Singh; second row - Lynn Sykes, Bob Engdahl, Cliff Frolich, Tom Sokolowski; third row - Carl Benson, Woody Savage, John Lahr; back row - Bob Page, Mike Blackford, Juergen Kienle.

Not pictured: Ross Schaff, Bill Barnwell, Randy Updike, John Reeder, Dick Reger, John Davies, Rod Combellick (photographer), Jack Townshend, Tom Miller, Jim Riehle, John Sindorf, Niren Biswas, Hans Pulpan, Larry Gedney, Lloyd Tuner, Don Drury, Dennis Thomason, Bob Horner.

Participating agencies, universities, and firms:

U.S. Geological Survey, Department of the Interior
Alaska Tsunami Warning Center, National Weather Service
Division of Geological and Geophysical Surveys, Department of Natural Resources, State of Alaska
Division of Emergency Services, Department of Military Affairs, State of Alaska
Geophysical Institute, University of Alaska, Fairbanks
Pacific Geoscience Centre, Victoria B.C.
Lamont-Doherty Geological Observatory, Columbia University
Cooperative Institute for Research in Environmental Sciences (University of Colorado/National Oceanic and Atmospheric Administration)
Geophysics Institute, University of Texas, Austin
Alaska Oil and Gas Association
Woodward-Clyde Consultants
Harding-Lawson and Associates

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SEISMIC, VOLCANIC, AND TSUNAMI HAZARDS MITIGATION IN ALASKA - AN UNMET NEED

Report from the Seismology Workshop
held in Wasilla, Alaska - February 15-16, 1982

By
J.N. Davies

EXECUTIVE SUMMARY

In mid-February 1982, seismologists from federal and state agencies, universities, and the private sector met in a workshop sponsored by the Alaska Division of Geological and Geophysical Surveys (DGGS) to discuss specific initiatives to improve the availability of critical seismological information in Alaska. The motivation for holding this workshop was a widespread concern for the lack of a statewide program to collect and disseminate seismic data essential to mitigate the hazards from earthquakes, volcanoes, and tsunamis. The workshop also focused on Alaskan seismological programs jeopardized by rapidly declining federal support.

Resolutions from this workshop called for:

a) Establishing an Alaska Division of Geological and Geophysical Surveys program to ensure and coordinate the statewide collection and dissemination of seismic data for Alaska

b) Exploring methods to support seismic-hazard-mitigation programs in Alaska through direct and indirect funding from various sources---state and local agencies, subsidized transmission of seismic data, building-permit fees, a levy on property insurance, and the establishment of an endowment fund

c) The appointment (by the State Geologist) of a working group on Alaskan earthquakes, volcanoes, and tsunamis to annually assess the future needs of seismic research, hazards mitigation, and hazards education in Alaska, and to be available to evaluate earthquake and eruption predictions and monitor ongoing seismic and volcanic crises

d) Improving the preparedness of coastal communities vulnerable to tsunamis through upgraded communications and better mapping of potential postearthquake water heights

e) Creating both a national program focused on Alaska for comprehensive studies of explosive volcanism and a Cook Inlet volcanological research consortium

f) Making a strong statement to the Committee on Seismology of the National Academy of Sciences asserting that Alaska should receive increased priority in the setting of national objectives for earthquake research and monitoring.

BACKGROUND

Alaska is the most tectonically active state in the United States. Most activity---great earthquakes, explosive volcanism, and giant tsunamis---is concentrated in the Aleutian Islands, the Alaska Peninsula, and Prince William Sound. Until recently, the risk posed by these geologic hazards has been minimal because of a sparse population and a limited industrial base. But this situation is changing. The increasing pace of development of Alaska's abundant natural resources (minerals, fish, timber) has brought about a corresponding growth in population and a more sophisticated industrial infrastructure. With this, there is an increasing need to evaluate the vulnerability of Alaska's people and economy to the potentially devastating effects of major earthquakes and volcanic eruptions.

The state of Alaska does not have an adequate program to mitigate the hazards from earthquakes, volcanoes, and tsunamis. Elements of such a program would include:

a) Geologic studies to understand the tectonic framework of Alaska, to identify active faults, and to determine the recurrence rates of major earthquakes

b) Seismological studies to document the seismic history of Alaska and to use that history to forecast future seismic activity and its expected effects

c) Geotechnical studies to characterize the seismic stability of geologic deposits

d) Using the above studies in land-use planning, zoning, developing building codes, and siting major public buildings and facilities

e) Seismic engineering investigations to develop earthquake design criteria for specific construction projects.

Critical data are lacking to apply any one of these elements to a specific seismic-risk study almost anywhere in Alaska. However, the most fundamental need is for comprehensive earthquake data, especially strong-motion accelerograph data from southern Alaska.

Seismologists are aware of these problems and until recently were content to rely on various federally funded research and hazard-mitigation programs to address Alaska's needs. Indeed, under the potpourri of programs that have existed in Alaska, including the Outer Continental Shelf Environmental Assessment Program (OCSEAP), about 180 sensitive seismographic stations were established in Alaska. But with the demise of OCSEAP support for seismology and with the stringencies that exist for most nondefense federal programs, about half of the existing stations are expected to close in 1983.

Concern for the deteriorating situation in seismic monitoring and for a state program in seismic-hazards mitigation and its underlying data base prompted this meeting on Alaskan seismology. Participants hope that the state

will, by adopting a coordinating role and providing a modest level of support, make much more effective use of the data that are collected. The consequences of not establishing the required comprehensive earthquake data base will not necessarily mean that unsafe construction and planning will take place (although in some cases it is likely). Rather, the more probable result with respect to critical facilities will be overly conservative designs and delays in licensing caused by uncertainties about actual risks.

The remainder of this report is devoted to resolutions made at the workshop. The first seven resolutions address specific aspects of the overall need to improve seismic- and volcanic-hazards-mitigation efforts in Alaska. The last two resolutions are directed at somewhat different audiences. Resolution 8 is primarily from some Alaskan scientists requesting that the state consider a general funding arrangement for the study of Alaska's natural resources, including natural hazards. Resolution 9 is directed at the national level of scientific funding and calls for an increased emphasis on Alaskan seismology and volcanology.

RESOLUTIONS

Resolution 1. Alaska Division of Geological and Geophysical Surveys program in seismology

WHEREAS, Alaska, the most seismically active state, will continue to be an area of rapid development of natural resources, major construction projects, and population growth during the next few decades; and

WHEREAS, cost-effective planning and safe design for this development require an adequate definition of the seismic hazards; and

WHEREAS, a uniform and continuous base of seismic information (including strong-motion data) collected over a long period of time is lacking but is necessary to mitigate these hazards; and

WHEREAS, the need for these data at a specific site is commonly recognized just prior to individual construction projects, but no one project can be expected to accept responsibility for such long-term data collection; and

WHEREAS, this responsibility is appropriately undertaken by a state or federal agency; and

WHEREAS, DGGS has statutory responsibility to determine potential geologic hazards in the State of Alaska;.

THEREFORE BE IT RESOLVED that DGGS establish a seismic program to:

a) Ensure the operation of a statewide seismographic network, including instrumentation to record strong ground motion in areas of significant earthquake potential

b) Establish a statewide seismic-data center

c) Coordinate the collection and dissemination of seismic data for Alaska.

Implementation. An initial step to implement this program is to designate an Alaskan seismic-data center. Criteria for data storage, use, and dissemination would have to be established. Existing earthquake-data sets would be assembled and cataloged as a continuing function of the data center. To provide for uniform and continuous monitoring of Alaskan earthquakes, a statewide standardized seismograph network would be designed.

This network would be initially based on a selected configuration of seismograph stations now operated by a number of organizations and supplemented by additional stations as required. The network would be upgraded in phases to provide high-dynamic-range, broad-band recording of ground motions statewide. Also, an effective and efficient system for data collection and processing would be implemented to incorporate existing facilities in the state. These data would thus update the earthquake-data base now used for ongoing seismic analyses.

Special-purpose networks will probably be operated in the state from time to time; these networks will be coordinated and their data integrated with the statewide network as appropriate.

The seismic-data center will also provide information on earthquake hazards to the public.

Resolution 2. A multielement program to provide funds for collection and dissemination of earthquake-hazard data

WHEREAS, the evaluation of potential geologic hazards is mandated for DGGS by the State of Alaska; and

WHEREAS, the maintenance of long-term earthquake-data collection is a necessary aspect of the earthquake-hazard-investigation program; and

WHEREAS, the federal government has provided major financial support for seismic data collection and research in Alaska, but this support is diminishing; and

WHEREAS, stability of funding is necessary to maintain the continuity of data collection and the maintenance of related technical expertise; and

WHEREAS, the primary financial support for the collection and dissemination of earthquake-hazard data should be provided by those who have the strongest requirements for these data;

THEREFORE BE IT RESOLVED, that a multielement program of funding should be established to provide long-term fiscal support, recognizing both the startup and long-term-operations costs of the program. In the funding program:

a) The State Geologist should actively coordinate and pursue financial support for both a statewide seismic-monitoring network and long-term collection of seismic data, and make these data available for scientific and public use

b) The Alaska Power Authority and the Alaska Department of Transportation and Public Facilities---two state agencies with primary responsibility for large-scale construction that are major beneficiaries of seismic data used in designing earthquake-resistant structures---should contribute financial support for the long-term collection of seismic data

c) The feasibility of a permit fee should be investigated to provide support for the collection and dissemination of strong-ground-motion and structural-response data that are of direct benefit to the safe design of engineered facilities. This fee could be equal to a percentage of the costs of construction of new facilities built in seismically active areas

d) DGGS should establish a matching program with municipalities and boroughs to fund the purchase, maintenance, and operation of strong-ground-motion recorders

e) The potential for obtaining funding for long-term seismic-data collection from a levy on property insurance should be researched through the appropriate state agency.

Resolution 3. State of Alaska support for seismic-data transmission

WHEREAS, the State of Alaska, through its statewide computer network and teleconferencing systems, has a statewide communications network; and

WHEREAS, seismic networks operated by the state government and university, by the federal government, and by private universities provide data essential for the mitigation of earthquake hazards and safe construction and development of resources; and

WHEREAS, seismic networks in Alaska are faced with large annual operating costs for transmission of earthquake data to centralized recording facilities;

THEREFORE BE IT RESOLVED, that the state should consider subsidizing the costs of transmission of seismic data.

Resolution 4. Working Group on Alaskan Earthquakes, Volcanoes, and Tsunamis

WHEREAS, there exists a significant potential for seismic, volcanic, and tsunami hazards in Alaska that may adversely affect the public safety, future development, and economy of Alaska; and

WHEREAS, there is a large variety of federal, state, academic, and private organizations performing research related to seismic, volcanic, and tsunami hazards in Alaska with a variety of techniques; and

WHEREAS, the State Geologist has statutory responsibility for identification and evaluation of these hazards; and

WHEREAS, there exists a body of expertise in Alaskan seismic, volcanic, and tsunami research that could be drawn on for advice by the State Geologist and various state and federal agencies; and

WHEREAS, there exists a general lack of public awareness of potential seismic, volcanic, and tsunami hazards in Alaska;

THEREFORE BE IT RESOLVED, that a working group on Alaskan earthquakes, volcanoes, and tsunamis meet at least annually to:

a) Evaluate and document both the state of research and data collection and any additional research necessary on seismic, volcanic, and tsunami hazards in Alaska

b) Recommend standards for seismic monitoring and data reporting by the organizations operating seismic stations in Alaska

c) Assist in public education on mitigation of seismic, volcanic, and tsunami hazards in Alaska.

In addition, participants of the Working Group could be called on by the State Geologist to:

a) Recommend mitigation measures related to seismic, volcanic, and tsunami hazards in Alaska

b) Evaluate short- and long-term predictions of earthquakes, volcanic eruptions, and tsunamis

c) Monitor ongoing seismic, volcanic, and tsunami crises and advise government officials as to the duration, severity, areal extent, and effects.

The Working Group should be composed of seismologists, volcanologists, and others directly involved in research, data acquisition, engineering, or planning applicable to evaluation and mitigation of seismic, volcanic, and tsunami hazards in Alaska. A recommended means of establishing the membership of the Working Group is selection, by the State Geologist, of 10 to 15 voluntary participants.

<u>Resolution 5</u>. Continuous capability for tsunami warning to Alaskan coastal communities

WHEREAS, numerous coastal communities in Alaska are exposed to significant tsunami hazards; and

WHEREAS, some of these communities presently cannot always receive tsunami warnings because of a lack of a continuously functional communications system; and

WHEREAS, through satellite telemetry or other means, most of these communities could receive warnings 24 hours a day,

THEREFORE BE IT RESOLVED, that the Alaska Division of Emergency Services investigate communications options and seek funds to establish round-the-clock warning capability for all vulnerable coastal communities.

Resolution 6. Tsunami-runup determinations for Alaskan coastal communities

WHEREAS, tsunami runups (the maximum height of water expected along a coast following a major earthquake or volcanic eruption) have in general only been subjectively determined in Alaska; and

WHEREAS, the imprecise nature of runup determinations has resulted in delineation of larger hazard zones than may be required if current computation techniques were used; and

WHEREAS, these techniques require both expertise and extensive computer capability unavailable in the National Weather Service Tsunami Warning System or any cognizant state agency;

THEREFORE BE IT RESOLVED, that DGGS seek funding to obtain improved tsunami-runup determinations for those communities with a high tsunami risk, as identified by the Alaska Tsunami Warning Center.

Resolution 7. A national program focused on Alaska for the study of explosive volcanism and a Cook Inlet volcanological-research consortium

WHEREAS, the United States research effort on explosive volcanism has devoted less than 1 percent of its total commitment to Alaska, which contains 90 percent of the explosive volcanoes in the country and hence the greatest research opportunities; and

WHEREAS, of the 40 historically active volcanoes in the Aleutian arc, 28 have advanced to caldera stage, which attests to the great explosivity of the arc volcanoes; and

WHEREAS, other north-Pacific-rim nations such as Japan and the U.S.S.R. have established major programs to study and understand explosive volcanism; and

WHEREAS, the funding for volcanological research in the United States has remained at a very low level compared with that of many other sciences;

THEREFORE BE IT RESOLVED, that a major innovative program on a national scale be created to study explosive volcanism in Alaska. This program should be multidisciplinary and should include universities and the federal and state governments; and further,

WHEREAS, the size and geographical extent of the problem are so overwhelming, efforts must be focused primarily on that region of greatest social and economic importance to Alaska, the Cook Inlet area,

BE IT ALSO THEREFORE RESOLVED, that funds should be sought to establish a Cook Inlet volcanological research consortium to conduct multidisciplinary research on the geologic history, seismotectonic setting, eruptive style, and hazards of the five active volcanoes in the Cook Inlet area. Such an umbrella organization would use the resources and facilities of established federal, state, and university researchers with expertise on explosive volcanism.

Resolution 8. An endowment fund for research on natural resources and hazards

WHEREAS, the primary source of Alaska's wealth comes from renewable and nonrenewable natural resources, but natural phenomena such as frost heaving, avalanches, earthquakes, flood, and volcanic eruptions can destroy Alaskan lives and property. To care for and develop these resources and to mitigate fear and damage from these hazards, it is essential to understand them. This understanding is best gained by basic research on the fundamental physical and biological processes that yield the resources and contribute to the hazards.

THEREFORE BE IT RESOLVED, that an endowment fund be established, the interest from which is to be used for research on natural resources and hazards.

Two options may be considered for implementation:

a) Establish a fund for research, care, and development of Alaska's natural resources and mitigation of damage from natural hazards. The fund would be invested and administered in a manner similar to that of the Alaska Permanent Fund. It could be disbursed by the Alaska Council on Science and Technology (ACST) as special-project funding, beyond the range of the council's present scope. The present function of ACST would not be altered by assuming this added responsibility

b) Set aside 5 percent of the earnings from the Permanent Fund for this purpose.

Resolution 9. An increased national emphasis on Alaskan seismology and volcanology

Several critical decisions are coming up regarding a United States national seismic network, the funding of regional networks, and directions for future research in earthquake prediction and hazards.

Alaska is the most seismically active state, has the highest proven reserves of petroleum and several other natural resources, represents a unique tectonic setting, and is likely to play an even more important role in future research in areas of high national priority. Nevertheless, Alaska has consistently received low priority in the setting of national objectives for earthquake research and monitoring. Unique opportunities exist to study subduction processes, active volcanism, seismic gaps in which great earthquakes can occur, transitions in tectonic style from oceans to continents and from interplate motion to intraplate processes, geothermal energy, and the generation of tsunamis.

Members of the workshop recommended establishing a network of digitally recording broad-band seismographs to uniformly monitor earthquakes statewide, a center to process and disseminate the data, an intensified program of broad-based geological and geophysical measurements in seismic gaps, an array of portable instruments and ocean-bottom seismometers for both special Alaska-Aleutian studies and response to major earthquakes, an adequate deployment of strong-motion instrumentation, and advanced data-communication techniques that will help reduce the increasing costs of transmitting data. The group also emphasized the necessity for geodetic, in-situ stress and sea-level measurements in zones of active deformation. To focus attention on Alaskan seismology, the workshop members recommended special Alaskan themes at national meetings, holding future national meetings in Alaska, and conducting seismic-reflection profiles across Alaska of the Consortium for Continental Reflection Profiling (COCORP)-type (such as a north-south transect across the state that would also include the adjacent continental margins). Members also recommended a periodic review of projects in Alaska, particularly a review of the status of major seismic gaps and other areas of special seismic study.

ACKNOWLEDMENTS

The time and energy contributed by each of the participants are greatly appreciated. Reviews of the manuscript by Bob Page, John Lahr, ~~R.A.~~ Rod Combellick, and ~~R.D.~~ Reger are gratefully acknowledged.

Dick

APPENDIX A

GENERALIZED AGENDA

Workshop on Alaskan Seismology

February 15-16, 1982
Wasilla, Alaska

MONDAY MORNING

Open Plenary Session, John Davies, Chair
Welcome by Ross Schaff
Introduction and general discussion of Workshop I, Combellick
Introduction and general discussion of Workshop II, Davies
Introduction and general discussion of Workshop III, Carte
Introduction and general discussion of Workshop IV, Miller
Introduction and general discussion of Workshop V, Page
Introduction and general discussion of Workshop VI, Sykes

MONDAY AFTERNOON

Workshops I, II, and III meet separately

MONDAY EVENING

Workshops IV, V, and VI meet separately

TUESDAY MORNING

Open Plenary Session, Davies, Chair
Discussion of resolutions from Workshop I, Combellick
Discussion of resolutions from Workshop II, Davies
Discussion of resolutions from Workshop III, Carte
Discussion of resolutions from Workshop IV, Miller
Discussion of resolutions from Workshop V, Page
Discussion of resolutions from Workshop VI, Sykes

TUESDAY AFTERNOON

Final rewrite of resolutions
Trip to Palmer Observatory

WORKSHOP TITLES

I. Alaska Council on Tsunamis, Earthquakes, and Volcanoes
II. State of Alaska Seismic Observatory
III. Cook Inlet Volcano Observatory
IV. New Basis for Funding
V. New Basis for Funding
VI. Input to National Dialogue on Seismology

APPENDIX B

LIST OF PARTICIPANTS AND ADDRESSES

Workshop on Alaskan Seismology

February 15-16, 1982
Wasilla, Alaska

DIVISION OF GEOLOGICAL & GEOPHYSICAL SURVEYS, STATE OF ALASKA (DGGS)

Ross Schaff	State Geologist
Bill Barnwell	Deputy State Geologist
Randy Updike	Geologist
John Reeder	Geologist
	3001 Porcupine Drive
	Anchorage, Alaska 99501
	(907)274-9681
Dick Reger	Chief
John Davies	Geologist (7010)
Rod Combellick	Geologist
	Section of Surficial Materials & Hazards
	P.O. Box 80007
	Fairbanks, Alaska 99708
	(907)474-7062

U.S. GEOLOGICAL SURVEY, DEPARTMENT OF INTERIOR (USGS)

Bob Engdahl	Chief
	Branch of Global Seismology
	Federal Center, Bldg. 25
	Denver, Colorado 80225
	(303)234-5084
Bob Page	Geophysicist
John Lahr	Geophysicist
	Branch of Ground Motion and Faulting
	345 Middlefield Road
	Menlo Park, California 94025
	(415)323-8111
Jack Townshend	Chief
	College Observatory
	University of Alaska
	Fairbanks, Alaska 99701
	(907)479-2898

Tom Miller	Chief
Jim Riehle	Geologist Branch of Alaskan Geology Gould Hall, Alaska Pacific University University Drive Anchorage, Alaska 99504 (907)278-3577

ALASKA TSUNAMI WARNING CENTER, NATIONAL WEATHER SERVICE (ATWC)

Tom Sokolowski	Geophysicist In Charge
John Sindorf	Assistant Geophysicist In Charge
George Carte	Geophysicist
Mike Blackford	Geophysicist P.O. Box Y Palmer, Alaska 99645 (907)745-4212

GEOPHYSICAL INSTITUTE, UNIVERSITY OF ALASKA (UAF)

Niren Biswas	Associate Professor, Geophysics (7373)
Hans Pulpan	Associate Professor, Geophysics (7424)
Larry Gedney	Associate Professor, Geophysics (7426)
Juergen Kienle	Associate Professor, Geophysics (7467)
Carl Benson	Professor, Geology/Geophysics (7450) 903 Koyokuk Ave. North Fairbanks, Alaska 99701 (907)474-7010

COOPERATIVE INSTITUTE FOR RESEARCH IN ENVIRONMENTAL SCIENCES, NOAA (CIRES)

Selena Billington	Research Associate University of Colorado Box 449 Boulder, Colorado 80309 (303)492-8028

LAMONT-DOHERTY GEOLOGICAL OBSERVATORY, COLUMBIA UNIVERSITY (LDGO)

Klaus Jacob	Senior Research Associate, Seismology Palisades, New York 10964 (914)359-2900
Lynn Sykes	Head, Seismology Department (on sabbatical leave) Department of Geophysics Stanford University Stanford, California 94305 (415)497-9580

GEOPHYSICS INSTITUTE, UNIVERSITY OF TEXAS, AUSTIN (UTA)

Cliff Frolich	Research Associate Austin, Texas 78712 (512)471-6156

DIVISION OF EMERGENCY SERVICES, STATE OF ALASKA (DES)

Lloyd Turner	Deputy Director
Don Drury	North-central District Supervisor
Dennis Thomason	Earthquake Planner P.O. Box 2267 Palmer, Alaska 99645 (907)376-3061

WOODWARD-CLYDE CONSULTANTS (W-CC)

Woody Savage	Chief Seismologist Three Embarcadero Center, Suite 700 San Francisco, California 94111 (415)956-7070

HARDING-LAWSON AND ASSOCIATES (HLA)

J.P. Singh	Principal Engineer and Seismologist P.O. Box 578 Novato, California 94948 (415)892-0821

ALASKA OIL AND GAS ASSOCIATION (AOGA)

Ray Steinmetz	Leader Geotechnical Hazards Group, EXXON Houston, Texas 77001 (713)656-3907

PACIFIC GEOSCIENCES CENTER, DIVISION OF SEISMOLOGY & GEOTHERMAL STUDIES (PGC)

Bob Horner (contributed by mail)	Seismologist P.O. Box 6000 Sidney, B.C. V8L 4B2 Canada (604)656-8432

Introduced:
Referred:

BY

IN THE HOUSE

HOUSE BILL NO.

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTEENTH LEGISLATURE - FIRST SESSION

A BILL

For an Act entitled: "An Act establishing a seismic hazard program within the Department of Natural Resources, and providing for an effective date."

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

* Section 1. AS 41.08.017 is amended to read:

Sec. 41.08.017. HYDROLOGICAL AND SEISMIC HAZARD DATA DECLARED TO BE OF PUBLIC INTEREST. (a) Systematic collection, recording, evaluation, and distribution of data on the quantity, location and quality of water of the state in the ground, on the surface of the ground, or along the coasts, are in the public interest and necessary to the orderly domestic and industrial development of the state.

(b) Systematic collecting, recording, evaluation, archiving and distribution of data on seismic events and engineering geology, and identification of potential seismic hazards throughout the state are in the public interest and necessary to orderly, safe and cost-effective development in the state.

* Sec. 2. AS 41.08.020 (b) is amended by adding new subsections to read:

(5) collect, record, evaluate, archive and distribute data on seismic events and engineering geology of Alaska;

(6) identify potential seismic hazards which might affect development of Alaska;

(7) inform public officials and industry about potential seismic hazards which might affect development of Alaska;

* Sec. 3. This Act takes effect July 1, 1983.

AMERICAN INSTITUTE OF PROFESSIONAL GEOLOGISTS

May 6, 1983

The Honorable Joseph Flood
Alaska State House of Representatives
Pouch "V", State Capital Building
Juneau, Alaska 99811

RE: House Bill 379-380

Dear Representative Flood:

The Alaska Section of the American Institute of Professional Geologists would like to voice support for HB 379-380. It is our understanding this bill is to provide funding for the continued service and maintenance of a seismic network in south central Alaska through the State of Alaska, Department of Natural Resources.

As a professional organization of geologists in Alaska, the membership of AIPG feels it is imperative to maintain a seismic monitoring network particularly in south central Alaska where seismic events are common and earthquake records vital to present and future development.

We strongly urge passage of this bill so that irretrievable earthquake information is not lost in the future.

Respectfully submitted,

American Institute of Professional Geologists

Alan J. Krause

Alan J. Krause
Secretary/Treasurer

143 East 9th Avenue, Suite 200
Anchorage, Alaska 99501

STATE OF ALASKA
FISCAL NOTE

Revision Date , 1983

I. REQUEST

Bill/Resolution No.: HB 379
Title: Establishing seismic hazard program
Sponsor: Flood & Hayes
Requestor: House Resources

II. FISCAL DETAIL

Agency Affected: Natural Resources
Program Category Affected: NRMEC
BRU, Program of Subprogram(s) Affected: Geologic Hazards

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES		56.9	59.7			
200 TRAVEL		17.2	18.9			
300 CONTRACTUAL		375.0	394.5			
400 COMMODITIES		6.3	8.0			
500 EQUIPMENT		47.2	42.0			
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL OPERATING		502.6	524.0			
CAPITAL		-	-			
REVENUE		-	-			

FUNDING: (Thousands of Dollars)

GENERAL FUND		502.6	524.0			
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS:

FULL-TIME		1	1			
PART-TIME						
TEMPORARY						

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

Unknown (HB 380 would appropriate $500,000 to implement this legislation)

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: Ross Schaff, State Geologist RGS
Phone: 274-9681
Division: Geological & Geophysical Surveys
Date: 5/10/83

Approved by Commissioner: [illegible], Deputy
Date:
Department: Natural Resources

Distribution:
Original to Legislative Finance
Copy to Office of Management and Budget (for Legislature introduced bills)
Copy to Department (for Governor introduced bills)
Copy to Sponsor
Copy to Requestor (if different from Sponsor)

3/8/83

PROJECT	FY	100	200	300	400	500	TOTALS
1. Cook Inlet Kodiak Seismic Network	84			250			250
RSA to Support Existing UAGI Stations	85			262.5			262.5
2. Interior Alaska Seismic Network	84			50			50
RSA to Support Existing UAGI Stations	85			52.5			52.5
3. Stations in SE and SW Alaska	84		10	12.6	3.2	24.2	50
Install 2 and Maintain 2 DGGS Stations	85		10.5	13.2	3.4	25.4	52.5
4. Seismic Instrumentation in Anch. Bldg.	84		.6	1	0	16	17.6
And other Areas in '85	85		1.5	2	1.2	10	14.7
5. Cook Inlet Volcano Observatory	84		.6	2.4	1	1	5
Cooperate with USGS, UAGI, DES, NOAA	85		.6	2.5	1.1	1.1	5.3
6. Alaska Seismological Data Center	84	56.9	0	37	1.1	5	100
Cooperate with UAGI (Fairbanks)	85	59.7	0	38.8	1.2	5.3	105
7. Engineering Geological Studies in	84		6	22	1	1	30
Various Municipal Areas	85		6.3	23.0	1.1	1.1	31.5
TOTALS	84	56.9	17.2	375	6.3	47.2	502.6
	85	59.7	18.9	394.5	8.0	42.0	524.0

ATTACHMENT - ANALYSIS FOR FISCAL NOTE FOR HB 379

TABLE 1

April 15, 1983

TO: J. Aho
D. Bruggers
B. Hickel
A. Krause
J. Lambe
T. Smith
M. Swalling
B. Tart

FROM: D. Cole

Gentlemen:

The enclosed material was given to me by Dr. John Davies, the State Seismologist. The information is a bill which will be proposed in the House this session by Representative Joe Flood (Anchorage). Technical background material supporting and explaining the proposed bill is also included, along with a copy of Speaker Joe Hayes' speach presented at the Earthquake Engineering Research Institute seminar held in Anchorage last year.

If the measure is not passed this session, funding for the seismic monitoring network in the Cook Inlet area will be lost - along with important and irretrievable earthquake information. I personally believe that it is imperative to keep the seismic networks in the state functioning continuously. Therefore, I propose that as a technical advisory group, the Commission officially support this issue. And further, I suggest that we recommend to the Mayor and to the Assembly that they officially support the proposed legislation also.

The next Assembly meeting is Tuesday, April 19 - before our next scheduled meeting; therefore, I will contact each of you by phone for vote on this matter.

If you have any questions, please call.

David A. Cole

David A. Cole, P.E.
Chairman

Attachments

Purpose:

To establish a State of Alaska program in seismic hazards mitigation which will provide, in a timely manner, basic information that is critical to the safe and cost effective development of Alaska's economic, natural and recreational resources.

Background:

- Declining federal support has resulted in the closing of over 25% of the seismic stations in Alaska over the past two years.
- Present distribution of stations is uneven and not adequate for state's needs.
- Present lack of coordination results in information from Alaska seismic stations being scattered among archives in New York, Colorado, California and 4 places in Alaska.
- Future development of Alaska will require information about geologic hazards that must be collected continuously and over the long term - industry cannot and will not collect such information - it is the appropriate function of state government [Hayes].
- Wassilla Workshop on Alaskan Seismology called for DGGS program of the scope proposed.
- Hayes speech at EERI symposium promised support for seismic hazard mitigation research.

Objectives:

Listed in Table 1 are the costs to establish or maintain various seismic monitoring and/or hazard assessment projects. Together this

package would be a resonable seismic hazard mitigation program for the State of Alaska and would go a long way toward meeting the State's responsibility to assess one of the major geological hazards in Alaska. Below are brief descriptions of each of the projects:

1. Cook Inlet - Kodiak Seismic Network

Of about 25 seismic stations established by UAGI in this area under various federal (DOE, NOAA, NSF) research grants and contracts (circles and triangles, lower left of Figure 1) 6 are now closed and 19 are now maintained under a grant from the Governor's Office (derived from the Federal Budget Impact Fund). These stations are important for monitoring the seismic and volcanic activity of the lower Cook Inlet and Kodiak Island areas. In addition to that in the subduction zone (area of contact beween the Pacific and Alaskan plates) these stations monitor possible activity on three major fault systems which are important to seismic hazards assessment in the greater Anchorage area: (1) the Bruin Bay-Castle Mtn. system; (2) the Border Ranges-Eagle River system; (3) the offshore Kodiak-Montegue Island system. This network also provides a means to monitor the activity of the following volcanoes: Katmai group, Mt. Douglas, Augustine, Illiamna and Redoubt.

Useful support can be given at any level of funding between $80,000 and $250,000. Costs for various portions of this network are as follows: $80 K, Cook Inlet; $75 K, Kodiak Island; $60 K, Alaska Peninsula. The remaining $35 K would be used for preparation of a comprehensive seismic hazards assessment of the greater Cook Inlet region.

2. Interior Alaska Seismic Network

This network consists of about 15 stations (5 now closed) generally located along the Glen, Parks and Alaska (between Glennallen and Fairbanks)

Highways (see upper right portion of Figure 1). It monitors seismic activity in the Mat-Su Valleys, the Talkeetna Mountains, the Railbelt and major highway routes into the interior and the Fairbanks-Nenana region. Major fault systems monitored include the northeastern most corner of the Pacific-Alaska plate interface (subduction zone), the Denali and Castle Mountain Fault systems, numerous other smaller faults north of the Alaska Range and the Fairbanks seismic zone.

The Interior Alaska Seismic Network includes some of the original stations established immediately following the 1964 Good Friday Earthquake. It has been supported under grants and contracts from the federal government as well as unrestricted funds allocated to the Geophysical Institute of the University of Alaska. These latter funds now are the sole source of support for the Interior Network. The $50 K sought would not cover all of the costs of this network but would ease the burden on the Institute overhead.

A more permanent solution to supporting this network would be to fund it through the University of Alaska, Fairbanks as a seismic laboratory for the purpose of graduate and undergraduate student education. The total annual costs of this network are about $125 K.

3. Stations in SE and SW Alaska

One of the consequences of relying upon federal research grants and contracts for seismic networks to monitor earthquakes in Alaska is that the coverage is uneven and changes depending upon the priorities of the federal programs and not necessarily the needs of Alaska. Two examples of this situation are in SE and SW Alaska.

Until recently DOE and NOAA supported networks operated by Columbia University in the Pribilof Islands and around Dutch Harbor. All of these stations have been closed, save one in Dutch Harbor which is barely

supported by the Alaska Division of Geological and Geophysical Surveys (DGGS). The second example is the Hyder-Ketchikan area of southeasternmost Alaska. Notwithstanding the fact that this area is adjacent to a major plate boundary fault - the Queen Charlotte-Fairweather system - it has never been adequately instrumented to monitor the local seismic events.

The $50 K sought here would allow the maintenance of two stations, one each in Dutch Harbor and the Kantishna Mining District and the installation and maintenance of two stations in the Hyder-Ketchikan area. The cost per station is somewhat high because DGGS does not now operate enough seismic stations to be most efficient.

4. Seismic Instrumentation in Anchorage Buildings

One of the most effective ways to save lives and property in the event of a major earthquake is to have designed large buildings to an appropriate level of seismic resistance and to have carefully chosen the sites for both public buildings and private dwellings so as to avoid those areas that pose special seismic risks. Two essential kinds of data for the seismic engineering of large structures are provided by strong-motion accelerographs. These instruments can measure exactly how hard the ground vibrated at a given location and exactly how severely a given building may have been shaken in response. Ordinary seismic stations are designed to locate as many small earthquakes as possible and so are far too sensitive to measure the strong ground motion and building response during a large earthquake at distances close enough to the epicenter to cause serious damage.

A very serious problem in Alaska is the lack of strong motion accelerograph data. The seismic designs of the Trans Alaska Pipeline

System and of offshore platforms as well as the State Office Building in Anchorage have had to rely upon extrapolations from data collected in California and Japan. The geologic environment of Alaska is different enough from these regions that it is important to have data collected in Alaska to use in the design of Alaskan structures.

The Municipality of Anchorage recently took a big step forward in reinstating the Uniform Building Code requirement that certain large buildings must have strong motion accelerographs installed when they are built. To assure that the data from these instruments are maximally useful, the Division of Geological and Geophysical Surveys has proposed to the Municipality a joint program for the maintenance and processing of data from these instruments. This proposal also calls for the installation of some additional instruments to augment those that will be installed under the new Municpal Building Code.

The $18 K sought here would support the states share of this joint program: $16 K is for the purchase of instruments and $1.6 K is for 1/2 the installation and maintenance costs of the first year of the program. The annual maintenance costs are expected to total about $5 K to $6 K with the state share being about half of this figure. The additional FY 85 funds shown would be to initiate similar programs in other municipalities such as Valdez, Kodiak, Seward, Whittier, Juneau, Palmer and Fairbanks, for examples.

Note that a major assumption in this program is that data from the various short period networks are available. These data will be important to pinpoint the specific fault which caused the strong ground motion and building response recorded by the strong motion accelerographs. Without this information much of the utility of these strong motion data will be lost.

5. Cook Inlet Volcano Observatory

Seismic stations are located on or nearby each of the four major volcanoes which line the western shore of Cook Inlet; viz., Augustine, Illiamna, Redoubt and Spurr. Potentially these stations could be used to warn the communities along the Inlet of an impending volcanic eruption - an event that is expected at least every 20 years from one of these four volcanoes. Such eruptions have posed serious hazards in the past, particularly to aviation and to tidewater communities.

These stations, however, are operated by three different agencies, are recorded at three different locations, for three different purposes. Since all of the stations and associated transmission equipment already exist, it is a relatively trivial matter to relocate the recording facility for some of these stations such that they are all recorded at a common place. Once this is done, then it is quite easy to monitor the activity of all of the volcanoes along Cook Inlet.

It has been proposed that the "Cook Inlet Volcano Observatory" be established at the USGS offices in Gould Hall on the Alaska Pacific University campus. A tentative agreement has been reached between all of the agencies involved: USGS, DGGS, ATWC, ADES, NWS and UAGI. Since the USGS already has assigned a person to monitor some of these volcanoes and since most of the facilities and equipment already exist, the incremental operational costs for establishing this "observatory" are minimal. The $5 K sought here should be reduced in future years to about $1 K or $2 K for the DGGS share of the annual maintenance.

6. Alaska Seismological Data Center

Seismic stations are operated in Alaska by 13 different agencies. The data from these stations are archived in 12 different locations

ranging from New York to California and from Colorado to Fairbanks. There is no agency in Alaska (or otherwise) which can provide ready access to all of this data. Consequently, when a specific project is proposed, as the State Office Building in Anchorage, e.g., one of the first tasks of the consultant hired to assess the seismic risks is to travel to a number of these different archival sites to collect the basic data needed for the study. Indeed, some studies simply have not been done because of the difficulties involved in assembling the data.

The total annual cost of the seismic monitoring effort in Alaska exceeds two million dollars. What we propose is to spend less than five percent of this amount to assure that the data collected is readily available in Alaska for all Alaskans to use. This is the only project in this package which requires the hiring of new personnel. The personnel service funds sought here would support 1 (full-time) geological assistant and 1 (two-thirds time) graduate student intern. The geological assistant would be charged with continously acquiring new data, maintaining the seismic data archive, and providing routine data products such as bulletins and maps. The student intern would provide special purpose analyses of the data on an as-requested basis. Supervision and facilities for the data center would be provided through existing DGGS and UAGI program support.

7. Engineering Geological Studies in Municipal Areas.

One of the questions most often asked of DGGS is a variation on "Is this site where I plan to build safe from earthquakes?" The answer to this question of course depends upon a detailed knowledge of the seismic history of the area, but it also depends, equally importantly upon an understanding of both the general geology and specific soil properties of the site in question.

This fact was dramatically demonstrated by the damage patterns of the 1964 Good Friday Earthquake in Anchorage. Most of the damage in Anchorage by that earthquake was not done as a direct result of the shaking, but as a result of the failure or liquifaction of sandy soils in the Bootlegger Clay Formation (a soil horizon found under most of the city of Anchorage). The importance of a detailed knowledge of the engineering geology of a given site was vividly illustrated by the contrast of homes which were unscathed by the 1964 earthqauke standing next to piles of rubble which previously had been neighboring dwellings.

It is not, in general, the province of DGGS to do site-specific geologic studies. What we propose is a series of area-wide studies in a number of municipalities to map soil horizons, do engineering studies to characterize the general seismic properties of these soils, and to integrate this type of information with other knowledge such as water table height, slope, and expected level of seismic shaking to arrive at area-wide, general maps of the potential for foundation soil failure during future earthquakes.

Priorities

It is difficult to assign priorities to these projects because they are all important for different reasons. Some level of support for the Cook Inlet-Kodiak seismic network is most urgent because without this support it will close this summer. Next, I would place the Alaska Seismological Data Center since it will help to utilize those data which are being collected. Third, I would place the strong motion accelerograph program in Anchorage. Fourth I would place the support for the Interior Network and the installation and maintenance of stations in SE and SW.

Last, would be the Cook Inlet Volcano Observatory and the Engineering Geological Studies, only because these are derivative operations which require the existence of data collected and made available through the projects listed above.

PROJECT	FY	100	200	300	400	500	TOTALS
1. Cook Inlet Kodiak Seismic Network	84			250			250
RSA to Support Existing UAGI Stations	85			262.5			262.5
2. Interior Alaska Seismic Network	84			50			50
RSA to Support Existing UAGI Stations	85			52.5			52.5
3. Stations in SE and SW Alaska	84		10	12.6	3.2	24.2	50
Install 2 and Maintain 2 DGGS Stations	85		10.5	13.2	3.4	25.4	52.5
4. Seismic Instrumentation in Anch. Bldg.	84		.6	1	0	16	17.6
And other Areas in '85	85		1.5	2	1.2	10	14.7
5. Cook Inlet Volcano Observatory	84		.6	2.4	1	1	5
Cooperate with USGS, UAGI, DES, NOAA	85		.6	2.5	1.1	1.1	5.3
6. Alaska Seismological Data Center	84	56.9	0	37	1.1	5	100
Cooperate with UAGI (Fairbanks)	85	59.7	0	38.8	1.2	5.3	105
7. Engineering Geological Studies in	84		6	22	1	1	30
Various Municipal Areas	85		6.3	23.0	1.1	1.1	31.5
TOTALS	84	56.9	17.2	375	6.3	47.2	502.6
	85	59.7	18.9	394.5	8.0	42.0	524.0

TABLE 1

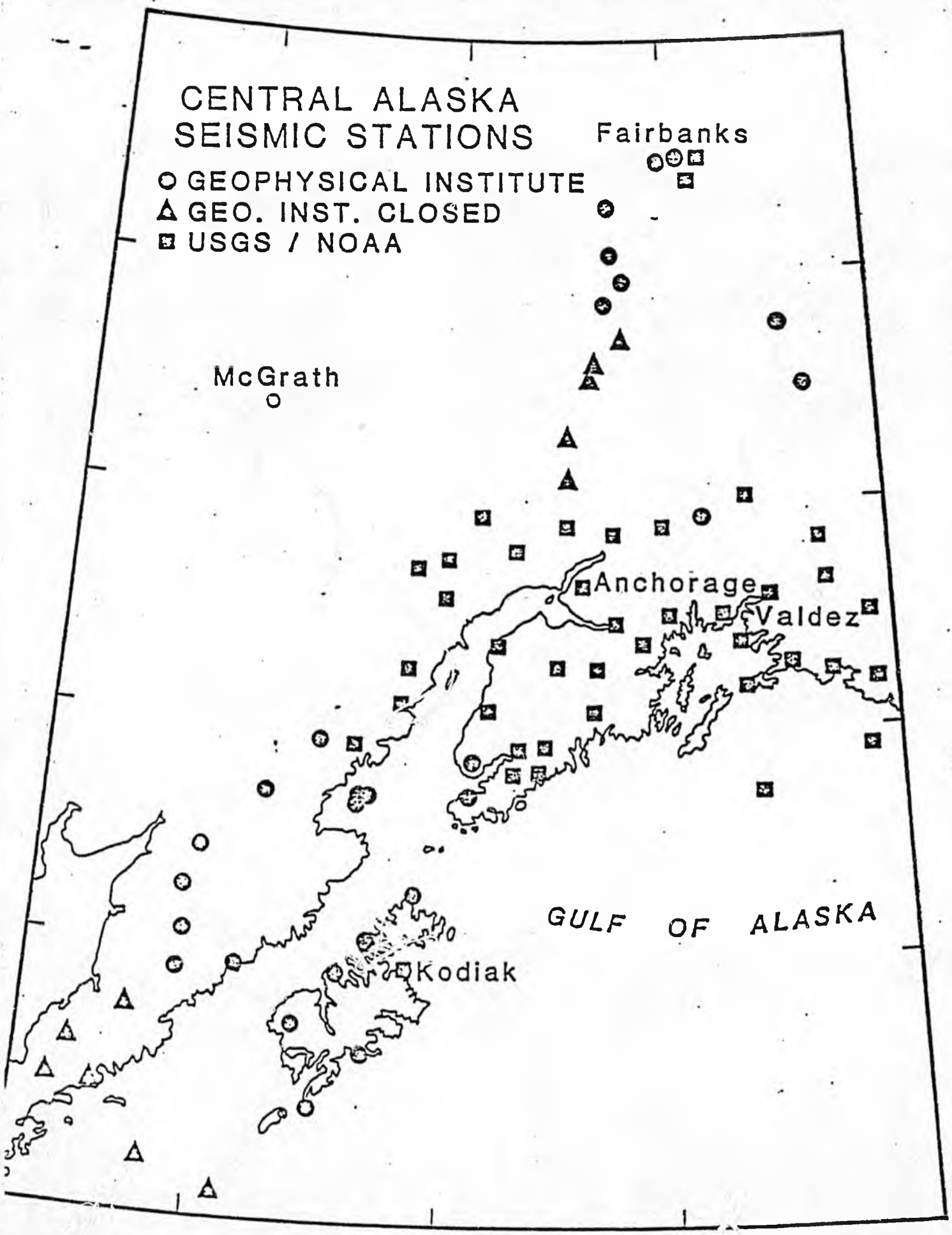
CENTRAL ALASKA
SEISMIC STATIONS
GEOPHYSICAL INSTITUTE
GEO. INST. CLOSED
USGS / NOAA
Fairbanks
McGrath
Anchorage
Valdez
GULF OF ALASKA
Kodiak

FIGURE 1

HOUSE RESOURCES COMMITTEE OBSERVER/WITNESS SIGN-UP SHEET

HB 379
HB 380

DATE: MAY 10, 1983 SPONSOR: FLOOD

SUBJECT(S): SEISMIC HAZARD PROGRAM

PLEASE FILL IN A COMPLETE ROW

NAME	REPRESENTING	ADDRESS	PHONE	Observer	Witness	For	Against
MARK JOHNSON	Rep Flood.		4977		X	X	
DAVID COLE	DOWL ENGR		562-2000				
John N. Daines	DNR / DGGS		474-6166		X	X	
ROSS SCHAFF	DNR / DGGS		272-9681				

HB

381

Sec. 43.76.040. Definition. In AS 43.76.010 — 43.76.040, unless the context otherwise requires, "buyer" means a person who acquires possession of salmon from the person who caught the salmon regardless of whether there is an actual sale of the salmon but excluding a transfer to a person engaged solely in interstate transportation of goods for hire. (§ 19 ch 117 SLA 1981)

Chapter 80. General Provisions.

Section

20—30. [Repealed]
35. Reporting of salmon prices

Sec. 43.80.020. Prosecution for failure to secure license.

Repealed by § 46 ch 113 SLA 1980.

Cross references. — For present provisions concerning carrying on a business without a required license, see AS 43.05.290(h).

Editor's notes. — The repealed section derived from § 35-1-41, ACLA 1949.

Sec. 43.80.030. Production of license.

Repealed by § 45 ch 113 SLA 1980.

Editor's notes. — The section derived from § 35-1-42, ACLA 1949.

Sec. 43.80.035. Reporting of salmon prices. (a) Except when the requirement is suspended under (d) of this section, the commissioner shall compute and report to the legislature not later than the 60th day of each regular session the average wholesale prices obtained for canned salmon by Alaska salmon canneries during the months of August, September, October, November, and December for the previous five years. In computing and reporting prices, the commissioner may require canneries to provide information on wholesale price by species of salmon.

(b) The commissioner may

(1) issue summons under AS 43.05.040 to compel the testimony of witnesses and the production of records and documents necessary to obtain and audit reports and information on wholesale prices of salmon when required under (a) of this section;

(2) levy and collect a civil penalty for failure to report information on wholesale prices of salmon under (a) of this section.

(c) A person who fails to file a report containing information on the wholesale prices of salmon required by the commissioner under this section is liable for a civil penalty of $5,000. The penalty shall be assessed and collected in the same manner as taxes are assessed and collected under AS 43.05.010 — 43.80.040.

(d) Computation and reporting of the average wholesale price of a species of salmon by the commissioner under (a) of this section is not required during a calendar year in which the commissioner does not receive at least one request jointly presented by a fish processor doing business in Alaska and an organization representing fishermen that they desire the report for a species of salmon under (a) of this section for purposes of price negotiation. If a joint request is not presented to the commissioner for a salmon species for a calendar year, information about the average wholesale price of that salmon species may not be collected by the commissioner for that calendar year, and the last report submitted by the commissioner under (a) of this section for that species is the final report of prices for that species required under this section.

(e) In this section,

(1) "commissioner" means the commissioner of revenue;

(2) "wholesale price" includes all receipts, whether in the form of money, credits or other consideration, received from the sale of the finished product without deduction for the cost of property sold, the cost of the material used, insurance costs, labor or service costs, label and labeling costs, transportation and storage cost, interest paid, taxes, losses, or any other expense except (A) cash discounts allowed on sales not to exceed one and one-half percent;

(B) commissions actually paid to independent brokers not to exceed five percent; and

(C) swell allowance not to exceed one-tenth of one percent. (§ 2 ch 66 SLA 1980; am § 94 ch 59 SLA 1982)

Cross references. — As to confidential nature of certain reports and records concerning the landings of fish, see AS 16.05.815.

Effect of amendments. — The 1982 amendment, effective May 28, 1982, substituted "summons" for "subpoenas" in subsection (b)(1).

STATE OF ALASKA
FISCAL NOTE

Revision Date , 1983

I. REQUEST

Bill/Resolution No: CS SS HB 381
Title: Wholesale Price - Canned Salmon
Sponsor: House Spec. Comm. on Fisheries
Requestor: House Spec Comm on Fisheries

II. FISCAL DETAIL

Agency Affected: Department of Revenue
Program Category Affected: Rev Coll & Mgmt
BRU, Program of Subprogram(s) Affected:
Audit Division

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES	-	25.5	28.0	30.8	33.9	37.3
200 TRAVEL	-	-	-	-	-	-
300 CONTRACTUAL	-	9.9	2.5	2.5	2.6	2.6
400 COMMODITIES	-	.8	1.0	1.0	1.0	1.0
500 EQUIPMENT	-	1.0	-	-	-	-
600 LANDS & STRUCTURES	-	-	-	-	-	-
700 GRANTS, CLAIMS, ETC.	-	-	-	-	-	-
TOTAL OPERATING	-	37.2	31.5	34.3	37.5	40.9
CAPITAL	-	-	-	-	-	-
REVENUE	-	-	-	-	-	-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	37.2	31.5	34.3	37.5	40.9
FEDERAL FUNDS	-	-	-	-	-	-
OTHER (Specify Source)	-	-	-	-	-	-
	-	-	-	-	-	-

POSITIONS:

FULL-TIME	-	1	1	1	1	1
PART-TIME	-	-	-	-	-	-
TEMPORARY	-	-	-	-	-	-
	-	-	-	-	-	-

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

None

IV. ANALYSIS: Attach a separate page for any Analysis.

Prepared By: Robert R. Kessel — Phone: 465-2320
Division: Audit Division — Date: May 11, 1983

Approved by Commissioner: Joseph K. Dorsey — Date: 5/12/83
Department: Revenue

Distribution:
Original to Legislative Finance
Copy to Office of Management and Budget (for Legislature introduced bills)
Copy to Department (for Governor introduced bills)
Copy to Sponsor
Copy to Requestor (if different from Sponsor)

IV. Analysis

This bill rewrites AS 43.80.035 pertaining to the reporting of average wholesale prices of canned salmon. The impact on the operation of the Division would be to hire a tax examiner to be responsible for the compiling of this information and to obtain a computer terminal on which to keypunch the data for various report forms.

The Department would like to recommend two amendments to the bill. Section 1(d) should be amended to show a reporting size for half-pound cans and quarter-pound cans of a forty-eight can case (as opposed to a forty-eight pound case). In addition, Section 43.80.060 needs to be changed. The report from the processor is not due until April 30. Therefore, it is impossible to submit to the legislature a report by the 15th day of session. The report could not be submitted until June 1.

STATE OF ALASKA
FISCAL NOTE

Revision Date , 1983

I. REQUEST

Bill/Resolution No.: SSHB 381
Title: Wholesale Prices for Salmon
Sponsor: House Special Comm. on Fisheries
Requestor:

II. FISCAL DETAIL

Agency Affected: Commerce & Econ. Develo
Program Category Affected:
BRU, Program of Subprogram(s) Affected:

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL		5.0				
300 CONTRACTUAL		55.0				
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL OPERATING		60.0				
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND		60.0				
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: Richard E. Reynolds
Phone: 465-2018
Division: Office of Commercial Fisheries Development
Date:

Approved by Commissioner: Richard A. Lyon
Date: 5/3/83
Department: Commerce & Economic Development

Distribution:
Original to Legislative Finance
Copy to Office of Management and Budget (for Legislature introduced bills)
Copy to Department (for Governor introduced bills)
Copy to Sponsor
Copy to Requestor (if different from Sponsor)

3/8/

SSHB 381 - Fiscal Note Analysis

The report requested of the Department of Commerce and Economic Development is an ambitious and complex undertaking. The fiscal note represents an estimate of the value of time and effort necessary to provide a useful level of accuracy and thoroughness. Major expenditures for Contractual Services are indicated, however, as much work as possible will be done in-house by employees of the DCED and CFEC.

Department of Commerce & Economic Development / POSITION PAPER

HB 381: An Act relating to wholesale prices for salmon; and providing for an effective date:

There are two key sections in HB 381. Section 1 discusses the reporting of wholesale canned salmon prices to the Department of Revenue. Section 3 requires the Department of Commerce & Economic Development, in conjunction with the Commercial Fisheries Entry Commission, to report to the Legislature on a plan for the development of a program to determine wholesale price averages in the State for fresh, frozen, canned, and cured salmon products. Specifically, the Department of Commerce and Economic Development is asked to address the benefits and costs to the State and industry of such a program, to set forth methodologies for reporting and to propose an organization structure. This report is due in February of 1984.

It is our understanding that there is no accurate source of wholesale fish prices either in terms of fish sold by fishermen to processors or by processors to wholesalers. The Department of Fish and Game's "fish ticket" - the receipt of sale between fisherman and processor - does not mandate disclosure of price. The National Marine Fisheries' pink sheets are compilations of wholesale prices but are generally considered "list prices" rather than "actual prices." It is only when one gets to Japan and Europe that fish auction and commodity prices are reported publicly. In fact, only when one gets to the retail shelf can one establish a fish price and by that time the product has incorporated significant value added. All this is not to say that fish tickets, pink sheets, annual reports of processors and the like are not valuable, it is simply to say that verification of wholesale prices is impossible.

Why should there be wholesale price reporting? Certainly good wholesale price averages can assist processors in investment, operating and pricing decisions; it can be used for post season price settlements between fishermen and processors; and where regulation exists with the stated objective of promoting a healthy industry, as is the case with the Commercial Fisheries Entry Commission, wholesale price information can assist in the regulator's efforts to promote an optimal system. In the broadest sense, reduction of price uncertainty carries with it an implicit reduction in costs.

There are, however, costs associated with wholesale data collection, verification, inventorying and dissemination. There are significant costs to both processors and government. In the area of canned salmon, as the bill indicates, there are a discrete number of products, say 20, for which wholesale data can be averaged without excessive administrative costs. But when one gets to fresh and frozen products one must consider method of catch, location, grade and other factors, easily over one hundred variations with all the implicit administrative costs and implications of confidentiality problems. In fact, we are dealing with a continuum of products and not clear differentiations. The challenge is to develop a method of collecting data in a manner that is simple, accurate, and yet in enough detail to be of value to the industry. In studying the issue and preparing a plan it will be critical for us to fully understand these benefits and costs and to address them objectively.

If enacted, the Department of Commerce and Economic Development will bring together the skills of its Office of Commercial Fisheries and Division of Finance and Economics, working in close concert with the research division of the Commercial Fisheries Entry Commission and in cooperation with the Department of Fish and Game, the Department of Revenue, and the Alaska Seafood Marketing Institute, and certainly in close cooperation with the industry. Rather than one plan, what we would like to do is clarify the issue and present optional approaches with the benefits and costs associated with each approach. We also hope to incorporate the findings of the Comprehensive Alaska Seafood Market Information System study under development within the Office of Commercial Fisheries, the expanded efforts into marketing by the Department of Commerce and Economic Development, and the development of a fisheries strategic development plan by the Office of Commercial Fisheries and the Division of Finance and Economics.

We support this bill and are prepared to provide our part in carrying the requirements of HB 381 in a comprehensive and objective manner. We also welcome your guidance.

Richard A. Lyon, Commissioner
Department of Commerce & Economic Development

DATE: 5/16/83

Cordova Aquatic Marketing Association, Inc.

Producers of Aquatic Products

(907) 424-3447
(907) 424-7473

P. O. Box 359
CORDOVA, ALASKA 99574

May 3, 1983

Representative Richard Shultz, Co-Chairman
House Resources Committee
Pouch V
Juneau, AK 99811

Dear Representative Shultz,

This letter is in support of Sponsor Substitute for House Bill 381 entitled "An Act relating to wholesale prices for salmon".

This proposed legislation is intended to improve the reporting of, quality and usefulness of wholesale canned salmon prices as they are reported now and in existing statutes. Presently by default, if you will, only canned pink salmon prices are reported and are available to only Prince William Sound processors and the Cordova Aquatic Marketing Association. This is because in order to compile the information, the Department of Revenue needed a request from a processor and a fishermen's group on an annual basis. Once a request for a particular species in a particular year was not submitted, the present statutes called for permanent abandonment of that area and species reporting.

Over a period of several years the majority of species and areas have been dropped leaving only Prince William Sound pinks left to qualify for reporting upon annual request.

The compilation of this information has been the basis for settling ex-vessel prices in Prince William Sound for many years and is the accepted source for resolving final contract payments. With the recent past and current market problems, more and more processors and fishermen around the State are looking at the Department of Revenue to compile the Alaska Wholesale Average canned salmon prices to assist them in negotiating contracts and for the final payment resolution.

Since the "raw fish tax" from which the State derives revenue is presently based on a percentage of the "ex-vessel" price rather than the value of the finished product, it is imperative to the State that fishermen's groups have this acceptable and reliable information base to negotiate from as well as to actually determine the final price if a sliding scale or formula agreement is used.

The present reporting system required by existing law does not fit the needs of the industry or the State under today's conditions.

Already there are a number of 1983 "ex-vessel" salmon contracts that call for a utilization of the "Alaska Wholesale Average" in Bristol Bay, and there are "ex-vessel" contracts being negotiated in several other major fishing areas of the State which also call for this information.

Again, we state that it is very important to the fishermen, the processors and the State of Alaska that this proposed legislation be adopted this session. Therefore, we urge its expeditious passage.

Thankyou for your consideration in this matter.

Sincerely,

Bob Blake

Bob Blake
President

cc: Cass Parsons, UFA

HOUSE RESOURCES COMMITTEE

JUN 20 REC'D

STATE OF ALASKA
FISCAL NOTE

Revision Date , 1983

I. REQUEST

Bill/Resolution No.: CSSSHB 381 (RES)amS
Title: Wholesale prices for salmon
Sponsor: House Special Committee on Fisheries
Requestor:

II. FISCAL DETAIL

Agency Affected: Commerce & Econ. Devel.
Program Category Affected: Development
BRU, Program of Subprogram(s) Affected:
Office of Commercial Fisheries Developmen

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL		5.0				
300 CONTRACTUAL		55.0				
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL OPERATING		60.0				
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND		60.0				
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: Richard E. Reynolds
Phone: 465-2018
Division: Office of Commercial Fisheries Development
Date:

Approved by Commissioner: Richard A. Lyon
Date: 6/15/83
Department: Commerce and Economic Development

Distribution:
Original to Legislative Finance
Copy to Office of Management and Budget (for Legislature introduced bills)
Copy to Department (for Governor introduced bills)
Copy to Sponsor
Copy to Requestor (if different from Sponsor)

3/8/83

HOUSE RESOURCES COMMITTEE OBSERVER/WITNESS SIGN-UP SHEET

HB 381

DATE: MAY 16, 1983 SPONSOR: SP. COMM. OF FISHERIES

SUBJECT(S): WHOLESALE SALMON PRICES

NAME	REPRESENTING	ADDRESS	PHONE	Observer	Witness	For	Against
NORMAN STATON	REVENUE		465-2300		X	X	
Rick Lauber	PSPA	120 W. 1st St	586-6366		X		X

STATE OF ALASKA
FISCAL NOTE

Revision Date _____, 1983

I. REQUEST
Bill/Resolution No: CS SS HB 381
Title: Wholesale Price - Canned Salmon
Sponsor: House Spec. Comm. on Fisheries
Requestor: House Spec Comm on Fisheries

II. FISCAL DETAIL
Agency Affected: Department of Revenue
Program Category Affected: Rev Coll & Mgmt
BRU, Program of Subprogram(s) Affected:
Audit Division

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES	-	25.5	28.0	30.8	33.9	37.3
200 TRAVEL	-	-	-	-	-	-
300 CONTRACTUAL	-	9.9	2.5	2.5	2.6	2.6
400 COMMODITIES	-	.8	1.0	1.0	1.0	1.0
500 EQUIPMENT	-	1.0	-	-	-	-
600 LANDS & STRUCTURES	-	-	-	-	-	-
700 GRANTS, CLAIMS, ETC.	-	-	-	-	-	-
TOTAL OPERATING	-	37.2	31.5	34.3	37.5	40.9
CAPITAL	-	-	-	-	-	-
REVENUE	-	-	-	-	-	-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	37.2	31.5	34.3	37.5	40.9
FEDERAL FUNDS	-	-	-	-	-	-
OTHER (Specify Source)	-	-	-	-	-	-
	-	-	-	-	-	-

POSITIONS:

FULL-TIME	-	1	1	1	1	1
PART-TIME	-	-	-	-	-	-
TEMPORARY	-	-	-	-	-	-
	-	-	-	-	-	-

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

None

IV. ANALYSIS: Attach a separate page for any Analysis.

Prepared By: Robert R. Kessel — Phone: 465-2320
Division: Audit Division — Date: May 11, 1983

Approved by Commissioner: Joseph K Dorsch — Date: 5/12/83
Department: Revenue

Distribution:
Original to Legislative Finance
Copy to Office of Management and Budget (for Legislature introduced bills)
Copy to Department (for Governor introduced bills)
Copy to Sponsor
Copy to Requestor (if different from Sponsor)

IV. Analysis

This bill rewrites AS 43.80.035 pertaining to the reporting of average wholesale prices of canned salmon. The impact on the operation of the Division would be to hire a tax examiner to be responsible for the compiling of this information and to obtain a computer terminal on which to keypunch the data for various report forms.

The Department would like to recommend two amendments to the bill. Section 1(d) should be amended to show a reporting size for half-pound cans and quarter-pound cans of a forty-eight can case (as opposed to a forty-eight pound case). In addition, Section 43.80.060 needs to be changed. The report from the processor is not due until April 30. Therefore, it is impossible to submit to the legislature a report by the 15th day of session. The report could not be submitted until June 1.

Department of Commerce & Economic Development / POSITION PAPER

HB 381: An Act relating to wholesale prices for salmon; and providing for an effective date:

There are two key sections in HB 381. Section 1 discusses the reporting of wholesale canned salmon prices to the Department of Revenue. Section 3 requires the Department of Commerce & Economic Development, in conjunction with the Commercial Fisheries Entry Commission, to report to the Legislature on a plan for the development of a program to determine wholesale price averages in the State for fresh, frozen, canned, and cured salmon products. Specifically, the Department of Commerce and Economic Development is asked to address the benefits and costs to the State and industry of such a program, to set forth methodologies for reporting and to propose an organization structure. This report is due in February of 1984.

It is our understanding that there is no accurate source of wholesale fish prices either in terms of fish sold by fishermen to processors or by processors to wholesalers. The Department of Fish and Game's "fish ticket" - the receipt of sale between fisherman and processor - does not mandate disclosure of price. The National Marine Fisheries' pink sheets are compilations of wholesale prices but are generally considered "list prices" rather than "actual prices." It is only when one gets to Japan and Europe that fish auction and commodity prices are reported publicly. In fact, only when one gets to the retail shelf can one establish a fish price and by that time the product has incorporated significant value added. All this is not to say that fish tickets, pink sheets, annual reports of processors and the like are not valuable, it is simply to say that verification of wholesale prices is impossible.

Why should there be wholesale price reporting? Certainly good wholesale price averages can assist processors in investment, operating and pricing decisions; it can be used for post season price settlements between fishermen and processors; and where regulation exists with the stated objective of promoting a healthy industry, as is the case with the Commercial Fisheries Entry Commission, wholesale price information can assist in the regulator's efforts to promote an optimal system. In the broadest sense, reduction of price uncertainty carries with it an implicit reduction in costs.

There are, however, costs associated with wholesale data collection, verification, inventorying and dissemination. There are significant costs to both processors and government. In the area of canned salmon, as the bill indicates, there are a discrete number of products, say 20, for which wholesale data can be averaged without excessive administrative costs. But when one gets to fresh and frozen products one must consider method of catch, location, grade and other factors, easily over one hundred variations with all the implicit administrative costs and implications of confidentiality problems. In fact, we are dealing with a continuum of products and not clear differentiations. The challenge is to develop a method of collecting data in a manner that is simple, accurate, and yet in enough detail to be of value to the industry. In studying the issue and preparing a plan it will be critical for us to fully understand these benefits and costs and to address them objectively.

If enacted, the Department of Commerce and Economic Development will bring together the skills of its Office of Commercial Fisheries and Division of Finance and Economics, working in close concert with the research division of the Commercial Fisheries Entry Commission and in cooperation with the Department of Fish and Game, the Department of Revenue, and the Alaska Seafood Marketing Institute, and certainly in close cooperation with the industry. Rather than one plan, what we would like to do is clarify the issue and present optional approaches with the benefits and costs associated with each approach. We also hope to incorporate the findings of the Comprehensive Alaska Seafood Market Information System study under development within the Office of Commercial Fisheries, the expanded efforts into marketing by the Department of Commerce and Economic Development, and the development of a fisheries strategic development plan by the Office of Commercial Fisheries and the Division of Finance and Economics.

We support this bill and are prepared to provide our part in carrying the requirements of HB 381 in a comprehensive and objective manner. We also welcome your guidance.

Richard A. Lyon, Commissioner
Department of Commerce & Economic Development

DATE: 5/16/83

BILL ANALYSIS - SS HB 381

Section 1 sets up a procedure for reporting of wholesale prices for canned salmon. Processors will report their monthly prices semi-annually and the Department of Revenue will compile the information for release to the public and inclusion in an annual report to the legislature.

Section 2 repeals the old statute on wholesale price reporting (43.80.035).

Section 3 directs the Department of Commerce in conjuction with the Commercial Fishery Entry Commission to complete a study on the feasibility of collection of wholesale information on all product forms of salmon. This report will be submitted to the legislature not later than the 30th day of next session.

Section 4 sets an immediate effective date.

BACKGROUND ON CSSS HB 381: "An Act relating to wholesale prices; and providing for an effective date."

The current form of HB 381 is a compromise between the fishermen's original request and the processor's objections to it. The bill now sets up a procedure for reporting of wholesale prices for canned salmon. Processors will report their monthly prices semi-annually and the Department of Revenue will compile the information for release to the public and inclusion in an annual report to the legislature. The bill also directs the Department of Commerce in conjunction with the Commercial Fisheries Entry Commission and the Department of Revenue to complete a study on the feasibility of collection of wholesale information on all product forms of salmon.

Fishermen intended that the legislation set up a procedure for monthly wholesale price reporting on all product forms of salmon. Among the reasons for this information, fishing groups have cited:

1. Fishermen would like to negotiate fish prices based on a figure which represents the true market value of the product and the current market situation and allows individuals and associations to "share the risk" with processors.

2. Fishermen feel that wholesale prices compiled by the department have proven to be the most credible information available short of an audit.

3. Canned salmon sales now comprise less than 50% of the total; other product form prices need to be considered to reflect the true scope of sales.

4. Fishermen want to develop a more sophisticated and less harmful (i.e., prolonged strikes) method of arriving at price settlements. Along with run forecasts, market projections and estimates of demand, the average wholesale value of fish sold during the previous 12, 6 or 3 months will assist fishermen and processors arriving at a price which truly reflects the market.

Processors have opposed the fishermen's broad ranging bill, citing excessive costs and unclear benefits. Comments were given which indicated that reporting on all product forms of salmon would be impractical considering all the species, gear types, processing stages, and size ranges which are sold on both the fresh and frozen markets.

The compromise included the most important data collection for fishermen and deleted the most objectionable for processors. Fishermen's groups are supporting this legislation while processors are not actively opposing it.

Attached are:

Fiscal Notes and Explanation
Fishermen's Letters
Procesor's Letters

For more information contact:

Mel Monsen 465-4924

AMENDMENT TO CS SS HB 381

Page 2, lines 6 & 7, are amended to read:

(2) 24-pound case of one-half-pound cans (48 cans);

(3) 12-pound case of one-quarter-pound cans (48 cans); and

Page 2, lines 17 & 18, delete:

[An annual average is for the calendar year.]

Sec. 43.76.040. Definition. In AS 43.76.010 — 43.76.040, unless the context otherwise requires, "buyer" means a person who acquires possession of salmon from the person who caught the salmon regardless of whether there is an actual sale of the salmon but excluding a transfer to a person engaged solely in interstate transportation of goods for hire. (§ 19 ch 117 SLA 1981)

Chapter 80. General Provisions.

Section

20—30. [Repealed]
35. Reporting of salmon prices

Sec. 43.80.020. Prosecution for failure to secure license.

Repealed by § 46 ch 113 SLA 1980.

Cross references. — For present provisions concerning carrying on a business without a required license, see AS 43.05.290(h).

Editor's notes. — The repealed section derived from § 35-1-41, ACLA 1949.

Sec. 43.80.030. Production of license.

Repealed by § 45 ch 113 SLA 1980.

Editor's notes. — The section derived from § 35-1-42, ACLA 1949.

Sec. 43.80.035. Reporting of salmon prices. (a) Except when the requirement is suspended under (d) of this section, the commissioner shall compute and report to the legislature not later than the 60th day of each regular session the average wholesale prices obtained for canned salmon by Alaska salmon canneries during the months of August, September, October, November, and December for the previous five years. In computing and reporting prices, the commissioner may require canneries to provide information on wholesale price by species of salmon.

(b) The commissioner may

(1) issue summons under AS 43.05.040 to compel the testimony of witnesses and the production of records and documents necessary to obtain and audit reports and information on wholesale prices of salmon when required under (a) of this section;

(2) levy and collect a civil penalty for failure to report information on wholesale prices of salmon under (a) of this section.

(c) A person who fails to file a report containing information on the wholesale prices of salmon required by the commissioner under this section is liable for a civil penalty of $5,000. The penalty shall be assessed and collected in the same manner as taxes are assessed and collected under AS 43.05.010 — 43.80.040.

(d) Computation and reporting of the average wholesale price of a species of salmon by the commissioner under (a) of this section is not required during a calendar year in which the commissioner does not receive at least one request jointly presented by a fish processor doing business in Alaska and an organization representing fishermen that they desire the report for a species of salmon under (a) of this section for purposes of price negotiation. If a joint request is not presented to the commissioner for a salmon species for a calendar year, information about the average wholesale price of that salmon species may not be collected by the commissioner for that calendar year, and the last report submitted by the commissioner under (a) of this section for that species is the final report of prices for that species required under this section.

(e) In this section,

(1) "commissioner" means the commissioner of revenue;

(2) "wholesale price" includes all receipts, whether in the form of money, credits or other consideration, received from the sale of the finished product without deduction for the cost of property sold, the cost of the material used, insurance costs, labor or service costs, label and labeling costs, transportation and storage cost, interest paid, taxes, losses, or any other expense except (A) cash discounts allowed on sales not to exceed one and one-half percent;

(B) commissions actually paid to independent brokers not to exceed five percent; and

(C) swell allowance not to exceed one-tenth of one percent. (§ 2 ch 66 SLA 1980; am § 94 ch 59 SLA 1982)

Cross references. — As to confidential nature of certain reports and records concerning the landings of fish, see AS 16.05.815.

Effect of amendments. — The 1982 amendment, effective May 28, 1982, substituted "summons" for "subpoenas" in subsection (b)(1).

STATE OF ALASKA
FISCAL NOTE

Revision Date , 1983

I. REQUEST

Bill/Resolution No.: CSSSHB 381
Title: Wholesale Prices for Salmon
Sponsor: House Special Comm. on Fisheries
Requestor:

II. FISCAL DETAIL

Agency Affected: Commerce & Econ. Develop.
Program Category Affected:
BRU, Program of Subprogram(s) Affected:

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL		5.0				
300 CONTRACTUAL		55.0				
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL OPERATING		60.0				
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND		60.0				
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: Richard E. Reynolds
Phone: 465-2018
Division: Office of Commercial Fisheries Development
Date:

Approved by Commissioner: Richard A. Lyon
Date: 6/1/83
Department: Commerce & Economic Development

Distribution:
Original to Legislative Finance
Copy to Office of Management and Budget (for Legislature introduced bills)
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Copy to Sponsor
Copy to Requestor (if different from Sponsor)

3/8/83

CSSSHB 381 - Fiscal Note Analysis

The report requested of the Department of Commerce and Economic Development is an ambitious and complex undertaking. The fiscal note represents an estimate of the value of time and effort necessary to provide a useful level of accuracy and thoroughness. Major expenditures for Contractual Services are indicated, however, as much work as possible will be done in-house by employees of the DCED and CFEC.

STATE OF ALASKA
FISCAL NOTE

Revision Date , 1983

I. REQUEST

Bill/Resolution No.: SSHB 381
Title: Wholesale Prices for Salmon
Sponsor: House Special Comm. on Fisheries
Requestor:

II. FISCAL DETAIL

Agency Affected: Commerce & Econ. Develo
Program Category Affected:
BRU, Program of Subprogram(s) Affected:

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL		5.0				
300 CONTRACTUAL		55.0				
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL OPERATING		60.0				
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND		60.0				
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: Richard E. Reynolds
Phone: 465-2018
Division: Office of Commercial Fisheries Development
Date:

Approved by Commissioner: Richard A. Lyon
Date: 5/3/83
Department: Commerce & Economic Development

Distribution:
Original to Legislative Finance
Copy to Office of Management and Budget (for Legislature introduced bills)
Copy to Department (for Governor introduced bills)
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3/8/

SSHB 381 - Fiscal Note Analysis

The report requested of the Department of Commerce and Economic Development is an ambitious and complex undertaking. The fiscal note represents an estimate of the value of time and effort necessary to provide a useful level of accuracy and thoroughness. Major expenditures for Contractual Services are indicated, however, as much work as possible will be done in-house by employees of the DCED and CFEC.

STATE OF ALASKA
FISCAL NOTE

Revision Date _____, 1983

I. REQUEST

Bill/Resolution No: CS SS HB 381
Title: Wholesale Price - Canned Salmon
Sponsor: House Spec. Comm. on Fisheries
Requestor: House Spec Comm on Fisheries

II. FISCAL DETAIL

Agency Affected: Department of Revenue
Program Category Affected: Rev Coll & Mgmt
BRU, Program of Subprogram(s) Affected:
Audit Division

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES	-	25.5	28.0	30.8	33.9	37.3
200 TRAVEL	-	-	-	-	-	-
300 CONTRACTUAL	-	9.9	2.5	2.5	2.6	2.6
400 COMMODITIES	-	.8	1.0	1.0	1.0	1.0
500 EQUIPMENT	-	1.0	-	-	-	-
600 LANDS & STRUCTURES	-	-	-	-	-	-
700 GRANTS, CLAIMS, ETC.	-	-	-	-	-	-
TOTAL OPERATING	-	37.2	31.5	34.3	37.5	40.9
CAPITAL	-	-	-	-	-	-
REVENUE	-	-	-	-	-	-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	37.2	31.5	34.3	37.5	40.9
FEDERAL FUNDS	-	-	-	-	-	-
OTHER (Specify Source)	-	-	-	-	-	-
	-	-	-	-	-	-

POSITIONS:

FULL-TIME	-	1	1	1	1	1
PART-TIME	-	-	-	-	-	-
TEMPORARY	-	-	-	-	-	-
	-	-	-	-	-	-

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

None

IV. ANALYSIS: Attach a separate page for any Analysis.

Prepared By: Robert R. Kessel — Phone: 465-2320
Division: Audit Division — Date: May 11, 1983

Approved by Commissioner: Joseph K Dorsch — Date: 5/12/83
Department: Revenue

Distribution:
Original to Legislative Finance
Copy to Office of Management and Budget (for Legislature introduced bills)
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IV. Analysis

This bill rewrites AS 43.80.035 pertaining to the reporting of average wholesale prices of canned salmon. The impact on the operation of the Division would be to hire a tax examiner to be responsible for the compiling of this information and to obtain a computer terminal on which to keypunch the data for various report forms.

The Department would like to recommend two amendments to the bill. Section 1(d) should be amended to show a reporting size for half-pound cans and quarter-pound cans of a forty-eight can case (as opposed to a forty-eight pound case). In addition, Section 43.80.060 needs to be changed. The report from the processor is not due until April 30. Therefore, it is impossible to submit to the legislature a report by the 15th day of session. The report could not be submitted until June 1.

FISCAL NOTE EXPLANATION - CSSS HB 381

CS SS HB 381 had two fiscal notes attached by the House Special Committee on Fisheries. The fiscal notes total $ 97,200.00.

The first fiscal note, by the Department of Revenue, covers operating costs required by section one of the bill. Section one directs the Department to determine wholesale prices for canned salmon. To do this the Department estimates they will need $ 37,200.00 in FY 84; this covers a new tax examiner and a computer terminal.

The second fiscal note, by the Department of Commerce and Economic Development, covers costs for compliance with section three of the bill. Section three sets ups a feasibility study to address the entire issue of wholesale price collection by the State. The Department projects spending $ 60,000.00 to complete the study.

Copies of both fiscal notes are attached for your information.

UNITED FISHERMEN OF ALASKA

319 Seward Street, Suite #203
Juneau, Alaska 99801-1188
(907) 586-2820

Cass M. Parsons
Executive Director

April 28 , 1983

ALASKA WHOLESALE AVERAGE

House Bill 381 and Senate Bill 279 are identical bills. They will repeal AS 43.80.035 and add a new section 43.80.050. The new section will add to or change the intent of the statute. Specifically, the new section:

1) requires average wholesale price reporting from processors for all species of canned salmon (now required only for pink salmon);

2) requires average wholesale price reporting semi-annually for each of the previous six months (now required annually for August through December only);

3) omits the necessity for a joint request for the department to require reporting from both a processor and a fishermen's organization;

4) changes the civil penalty clause for non-compliance from $5,000.00 per report to $50.00 per day;

5) adds that sales to affiliate companies will not be included in processor's wholesale price report but wholesale prices obtained by an affiliate shall be reported;

6) adds that the Department of Commerce and Economic Development in conjunction with the Commercial Fisheries Entry Commission will investigate developing a program to determine wholesale price averages for all product forms of seafood; investigation will include possible benefits, methodology, and cost estimates. The investigation will further include possible elimination of duplicative reporting requirements to state agencies by providing for information sharing.

Background & Original Intent:

The original intent of revising AS 43.80.035 was to expand the statutory authority of the Department of Revenue to require processors to report monthly wholesale prices for all species of canned, fresh, frozen and cured salmon. The department would, in turn, compile and publish a statewide average wholesale price for each month for all species and all product forms.

Fishing groups, cooperatives and marketing associations have come forward to request this information for several reasons:

1. Fishermen would like to negotiate fish prices based on a figure which represents the true market value of the product and the current market situation and allows individuals and associations to "share the risk" with processors.

2. Fishermen feel that wholesale prices compiled by the department have proven to be the most credible information available short of an audit.

3. Canned salmon sales now comprise less than 50% of the total; other product form prices need to be considered to reflect the true scope of sales.

4. Fishermen want to develop a more sophisticated and less harmful (i.e., prolonged strikes) method of arriving at price settlements. Along with run forecasts, market projections and estimates of demand, the average wholesale value of fish sold during the previous 12, 6 or 3 months will assist fishermen and processors arriving at a price which truly reflects the market.

Present Legislative Intent:

The present legislation is a compromise bill from the above intent in that it doesn't compile an average wholesale price for frozen, fresh or cured salmon products, but this legislation will assist the industry this year for two reasons:

1. Contracts have been signed between fishermen and processors which requires wholesale average prices for sockeye salmon from August through March annually. This bill will fulfill that requirement and any other contract settlements based on wholesale canned salmon prices for any species.

2. Language included in the bill will allow the Department of Commerce and Economic Development and the Commercial Fisheries Entry Commission to investigate developing a program to include compilation of wholesale prices for all product forms of salmon, including fresh, frozen and cured. The two agencies will investigate the benefits and costs to the state of a program such as this and the most appropriate methodology for collecting the information.

A compromise was necessary due to opposition from the processors to the intent of the legislation; that is, to require processors to make available prices paid them for sales of salmon, and specifically, fresh and frozen prices. Major opposition to the bill would have killed its chance of passage this legislative session. The processors have agreed that this bill is the least troublesome for them at the present and have agreed not to mount opposition.

State Involvement:

The state is and should continue to be involved in this effort for several reasons:

1. The citizens of the state have a right to know the value of the fishing industry to the state's economy. Any industry subsidized in full or in part should be accountable to the public. Are state monies benefitting the citizens of the state?

2. The state has spent hundreds of thousands of dollars on market studies which were designed to assist fishermen and processors engaged in pre-season price negotiations and to assist all participants develop a better understanding of the marketplace. However, all of these studies have cited inadequate data as being the major hindrance to a conclusive market analysis.

3. The state acts as mediator in strike situations. Prolonged strikes cost the state money in terms of decreased revenues from ex-vessel based taxes and in direct state participation during strikes.

AIFMA
COOPERATIVE

700 14TH STREET
BELLINGHAM, WASHINGTON 98225
(206) 734-1876

January 28, 1983

POSITION PAPER on legislation requiring the Alaska Department of Revenue to collect wholesale price data from Salmon Processors for canned slamon (and other processed forms of salmon) originating in Alaskan juristiction.

From: AIFMA COOP., of Naknek, Alaska.

As AIFMA is a Cooperative Marketing Group of Bristol Bay Gillnetters and comprise the single largest such group in Bristol Bay (probably the state); and that the size of the Bristol Bay Red Salmon Production is equal to or larger than the combined total production of red salmon in the rest of Alaska; the ex-vessel price in Bristol Bay will set the standard for red salmon prices elsewhere. Further, the economic value to the state is of such a magnitude that it is in the interest of the State to promote an orderly harvest of the resource. Additionally, because of the price disputes resulting from last minute bargaining tactics of the processors, Bristol Bay has been plagued, in recent years, by lengthy price disputes which have resulted in a under-harvest of the fish and thus an economic loss to the citizens of the State.

It is therefore, held by AIFMA COOP., that the State of Alaska should, in its' best interest, legislate to accommodate the conditions of the price settlement which AIFMA and Nelbro Packing Company arrived at on December 1, 1983 for the Red Salmon Seasons of 1983, 1984, 1985. This agreement appears to have set the standard for settlement with other processors in Bristol Bay and has generated interest in other Alaska Salmon Fisheries.

The key point is for a law to require the Alaska Fish Processors to report to the state their wholesale prices for canned salmon; for a period from August 1 of each year to March 15 of the following year. The length of time of this period is essential in order to obtain statistically significant data, which can be used to base the ex-vessel price. The reporting period under the old law only covered approximately 20% or so of the actual wholesale transactions and was subject to much speculation concerning manipulation of the price. The longer reporting period should, by historic standards cover approximately 55% of the wholesale sales and thus significantly reduce the possibility of market manipulation.

Assuming that the data generated by this legislation is the key to future price settlements throughout Alaska Salmon Fisheries, this

AIFMA
COOPERATIVE

700 14TH STREET
BELLINGHAM, WASHINGTON 98225
(206) 734-1876

data must be collected for all species of salmon (REDS, CHUMS, PINKS, COHO, KINGS). Further, for the purposes of the present price settlement the data must include one pound talls and one-half pound cans. Looking into the future, it would appear to be prudent to include the one-fourth pound cans as well.

Under the old system the discount allowed for promotion and brokerage (about 6.8%) should not be altered as they have already been accounted for in the completed settlement and changing them could disrupt this agreement.

An area that needs to be considered also is the frozen product. This product has grown rapidly in Bristol Bay and Alaska and now comprises near half of the total production. The market for frozen salmon is very volatile and numerous problems arise; but the State should have available the value of this product in its various forms. Given the inherent mistrust between fishermen and processors the area of the value of the frozen product desperately needs to be addressed.

For the sake of expediency the frozen reporting system should be dealt with in separate legislation.

AIFMA COOPERATIVE

Karl R Hellberg

KARL R. HELLBERG
PRESIDENT

KH:jk

United Southeast Alaska GILLNETTERS

P.O. BOX 1186 JUNEAU, ALASKA 99802

"DEDICATED TO THE PROFESSIONAL FISHERMAN"

May 6, 1983

Honorable Adelheid Herrmann
Pouch V
Juneau, Alaska 99811-3100

Dear Representative Herrmann:

Our association is in support of SSHB 381. Not only will this provide information for price settlements between processors and fishermen, but it will provide the public, including state officials, with more precise information about the value of the state's salmon resource. This information will be useful in aiding the development of an industry that is more profitable for the private sectors, and also extracting the highest value from the resource, building a broader and larger tax base, in the process.

Wholesale values are also important to consider in land planning, and development, especially where conflicting uses call for judgments about what particular, or mix, of uses is the best overall use.

It seems very important to us to move ahead on the development of a methodology for collecting wholesale values for fresh, frozen, and cured product forms. The trend in the salmon industry is to a higher and higher percentage of the catch to be processed and sold in these forms. According to industry sources, the 1982 pack saw only 32% going to canned product. Further, the greatest potential for growth in sales and increases in value, probably lies in the non-canned market.

Thank you very much for your interest in this important matter.

Sincerely,

Geron Bruce

Geron Bruce
Executive Director

Peter Pan SEAFOODS, INC. DEXTER HORTON BLDG., SEATTLE, WASHINGTON 98104 • (206) 624-4344 • TWX 910-444-1638

February 22, 1983

Ms. Adelheid Herrmann, Chm.
House Fisheries Subcommittee
Pouch V
Juneau, Alaska 99811

Dear Ms. Herrmann:

Peter Pan Seafoods, Inc. has recently signed a three year agreement with the Alaska Independent Fishermen's Marketing Association. This agreement provided for a base price on reds with an additional payment based on the net selling price.

The Alaska Department of Revenue figure would be used if it is available.

It is our understanding that there is no legislation on the books which would permit the Department to do this although such legislation is being considered.

We are currently negotiating with the Western Alaska Cooperative Marketing Association and it is possible we will have a similar type of agreement with them. We would then have approximately 200 boats under such an agreement.

At the present time we know of one other company that has such an agreement but it is likely that more agreements of this type are forthcoming.

We feel it would be a great service to the fishermen and processors in Bristol Bay if the Department of Revenue would compile such information for reds and we urgently request that you introduce and support the necessary legislation.

Very truly yours,

PETER PAN SEAFOODS, INC.

Don Rawlinson

Don Rawlinson, Vice-President
Bristol Bay Operations

NELBRO PACKING COMPANY
WE'VE MOVED
4242 22nd AVENUE WEST
SEATTLE, WASHINGTON 98199

(206) 285-3941

March 22nd, 1983

The Honorable Adalheid Herrmann,
Alaska State House of Representatives,
Pouch V,
Juneau, Alaska 99811.

Dear Adalheid:

I understand that legislation may be introduced providing for the accumulation and compilation of wholesale price information on Salmon.

I was alarmed at the scope of the proposed legislation and want to give you my views on it since I believe its genesis was brought about in part by the Bristol Bay Fishing Agreements which we have signed with the Alaska Independent Fishermens Marketing Association and other non-member fishermen.

Our Agreements call for the following information:

"the Industry average wholesale price, net of discounts, for sales of Canned Salmon between the dates of August 1 of the season involved, to March 15 of the year following the season involved."

This information applies to Talls and Halves cans only, and exactly parallels the information which the Department of Revenue compiled in previous years (and is still compiling on canned Pink Salmon) with the exception of the time period of sales, and we would respectfully request that provision be made to accumulate and report this limited amount of data.

My understanding of the proposed legislation is that it would require reporting every month - 12 months a year - for each of the following:

1. Sales by area of production,
2. Sales by species,
3. Sales of canned by four different can sizes,
4. Sales of fresh - in any number of different forms and differing markets,
5. Sales of frozen - in any number of different forms and differing markets,
6. Sales of cured,
7. Sales of any specialty [illegible]

For Industry the cost and time required to accomplish this reporting would be both tremendous and impractical, and for the Department of Revenue it would most certainly involve a significant additional workload and expense to compile and report this vast amount of data.

At a time when this Industry is fighting for its economic survival, while the State also has serious financial concerns, it seems inappropriate to burden either of us with this ill-advised and costly, expanded requirement which doesn't appear to serve any useful purpose.

I thank you for your consideration of my comments.

Respectfully yours,

NELBRO PACKING COMPANY.

T. K. Beeston

T. K. Beeston.

TKB:bb

c.c. Robert Heath,
Commissioner of Revenue,
Pouch S,
Juneau, AK 99811.

WHITNEY-FIDALGO
SEAFOODS, INC.
2360 WEST COMMODORE WAY
BOX 99308, SEATTLE, WA. 98199
PHONE (206) 285-0300 TELEX 32-8886

APR 22 1983

April 20, 1983

The Honorable Mae Tischer
House of Representatives
State of Alaska
Mail Stop 3100
Pouch V
Juneau, Alaska 99811

Which Bill to this please

RE: Average Wholesale Prices

Dear Representative Tischer:

The Legislature of the State of Alaska is considering a bill to require salmon processors to provide the State with information as to the wholesale price of salmon sold. The information used to be reported to the Department of Revenue for taxation purposes because that is how the State of Alaska determined the tax it would charge the various seafood processors. This method of taxation was changed to a simpler cents per pound method which is now used for taxation purposes. The sole purpose for obtaining an average wholesale price for salmon is to allow some of the fishermen and some of the processors to utilize that as a basis for determining what price will be paid to fishermen.

I respectfully submit that this is not a valid purpose for requiring all salmon processors to submit reports in significant detail for the amount of money they receive for the salmon they processed and sold. I further submit that it is none of the State of Alaska's business for a capitalistic and competitive company to reveal how much it obtained for the products that were harvested in Alaska. Without a taxing purpose or some other compelling reason to know, the State is not entitled to actual wholesale prices. Whitney-Fidalgo Seafoods not only objects on the basis that it appears to be unconstitutional, we further object upon the basis that it will be extremely expensive to compile

reports of the nature required by any of the acts being considered by the Legislature. One of the drafts submitted by the Honorable Jalmer Kerttula indicates that a particular processor should not be identified and the information "may be released only to the Commercial Fisheries Entry Commission for the purpose of carrying out the official business of the Commission." I cannot see anywhere in the Legislative Rules or Regulations indicating it is in the official business of the Commission to establish or assist in establishing fish prices between independent fishermen and processors. Any way you analyze the situation, you keep coming back to the sole issue that its purpose is to establish prices between some fishermen and some processors, which is not the business of the Commission nor the State Legislature, for that matter. The fishermen and processors are capable of establishing fish prices. It is not something for the State to legislate.

We would respectfully request you reconsider supporting this type of legislation and allow free enterprise to handle these problems in its own way.

Sincerely yours,

WHITNEY-FIDALGO SEAFOODS, INC.

G. Lawrence Salkield

G. LAWRENCE SALKIELD
President

GLS:dmo

May 11, 1983

Ms. Adelheid Herrmann
Representative
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Ms. Herrmann:

On behalf of Sealaska Corporation and its subsidiaries, I have had the opportunity to review proposed Senate Bill No. 279, "An Act relating to wholesale prices for canned salmon; and providing for an effective date." Sealaska Corporation agrees with the general intent of such legislation but it recommends the amendment of the following provisions:

Section 43.80.050. REPORTING OF WHOLESALE CANNED SALMON PRICES.

(a) "A fish processor engaged in the business of selling canned salmon products at wholesale shall submit to the department, on a form provided by the department, a semi-annual report of the prices received by the processor or an affiliate of the processor for the sale of canned salmon. Not later than April 30 of each year a processor shall submit a report for the period October 1 - March 31. Not later than October 31 of each year a processor shall submit a report for the period April 1 - September 30."

The aforementioned is recommended to be amended as the following:

(a) "A fish processor engaged in the business of selling canned salmon products at wholesale shall submit to the department, on a form provided by the department, an annual report of the prices received by the processor or an affiliate of the processor for the sale of canned salmon. Not later than April 30 of each year a processor shall submit a report for the period October 1 - march 31."

While as a matter of public policy we believe that this legislation would benefit all parties, the statutory

requirement of providing a report twice a year would be burdensome. Moreover, we do not see the necessity of providing such reports on a more than annual basis.

We recommend that Section 43.80.100 section (5) be amended to add a section "c."

(c) Promotional Discounts to Customers.

Promotional discounts are a regularly and ordinary part of sales to customers based upon supply and demand in the market place. These discounts vary from month-to-month and are generally characterized by a temporary reduction in price based upon a particular sales campaign. By accounting for the existence of promotional discounts the wholesale price under this Act would better reflect the actual receipts or other consideration received by fish processor during any given period.

I do hope that you will take these proposed amendments into serious consideration during your deliberations.

Sincerely,

Chris E. McNeil, Jr.
Vice-President Counsel,
Secretary

cc: Byron I. Mallott, Chairman & Chief Executive Officer
John Peterson, President, Ocean Beauty Seafoods, Inc.
Sam Kito, Kito & Associates

Cordova Aquatic Marketing Association, Inc.

Producers of Aquatic Products

(907) 424-3447
(907) 424-7473

P. O. Box 359
CORDOVA, ALASKA 99574

May 3, 1983

Representative Richard Shultz, Co-Chairman
House Resources Committee
Pouch V
Juneau, AK 99811

Dear Representative Shultz,

This letter is in support of Sponsor Substitute for House Bill 381 entitled "An Act relating to wholesale prices for salmon".

This proposed legislation is intended to improve the reporting of, quality and usefulness of wholesale canned salmon prices as they are reported now and in existing statutes. Presently by default, if you will, only canned pink salmon prices are reported and are available to only Prince William Sound processors and the Cordova Aquatic Marketing Association. This is because in order to compile the information, the Department of Revenue needed a request from a processor and a fishermen's group on an annual basis. Once a request for a particular species in a particular year was not submitted, the present statutes called for permanent abandonment of that area and species reporting.

Over a period of several years the majority of species and areas have been dropped leaving only Prince William Sound pinks left to qualify for reporting upon annual request.

The compilation of this information has been the basis for settling ex-vessel prices in Prince William Sound for many years and is the accepted source for resolving final contract payments. With the recent past and current market problems, more and more processors and fishermen around the State are looking at the Department of Revenue to compile the Alaska Wholesale Average canned salmon prices to assist them in negotiating contracts and for the final payment resolution.

Since the "raw fish tax" from which the State derives revenue is presently based on a percentage of the "ex-vessel" price rather than the value of the finished product, it is imperative to the State that fishermen's groups have this acceptable and reliable information base to negotiate from as well as to actually determine the final price if a sliding scale or formula agreement is used.

The present reporting system required by existing law does not fit the needs of the industry or the State under today's conditions.

Already there are a number of 1983 "ex-vessel" salmon contracts that call for a utilization of the "Alaska Wholesale Average" in Bristol Bay, and there are "ex-vessel" contracts being negotiated in several other major fishing areas of the State which also call for this information.

Again, we state that it is very important to the fishermen, the processors and the State of Alaska that this proposed legislation be adopted this session. Therefore, we urge its expeditious passage.

Thankyou for your consideration in this matter.

Sincerely,

Bob Blake

Bob Blake
President

cc: Cass Parsons, UFA

HB

386

HOUSE RESOURCES

Summary of
Previous Action on HB 386

To Date the resources committee has made the following changes to HB 386:

*Page 1, line 16, deleted directors, and after the words majority of the, added full membership.

*Page 4, line 8, added a new section 6 so as to conform identically with SB 168. All other sections remain the same.

Final discussion was on the topic of the "blackmail clause" and the validity of its retention in statute. At the close of the meeting the chairman indicated further discussion is necessary.

A M E N D M E N T

Offered in the HOUSE BY:

To: HCS CSSB 168 (Res)

Page 9, line 22: following the word "with",

insert the

Page 9, line 25: delete all material, and insert

finance power projects in the Energy Program for Alaska.

HOUSE LETTER OF INTENT

House CS for CS for Senate Bill No. 168 (Resources)

The Legislature, in enacting the Energy Program for Alaska, expressed its desire to provide the lowest reasonable power costs to consumers. To further achieve that end, it is the intent of the Legislature to take appropriate action to enhance the Alaska Power Authority's ability to obtain long-term bond financing at the lowest possible cost. It is for this purpose that we have amended the "Susitna equity clause."

Substantial equity has been invested in the Energy Program by the State of Alaska and declining state revenues will have an impact on the development of energy projects for other regions of the state. It is the intent of the Legislature that the balance of the financing needed for those projects under construction in the Program be raised by debt financing - thus reserving future revenues for future energy projects throughout the rest of the state. We support the intent of the Alaska Power Authority to go to the bond market in early 1984 for the necessary funds. However, in order to further facilitate the bonding capability of the Power Authority, it is imperative that utilities who will receive wholesale power from Solomon Gulch, Terror Lake, Tyee Lake and Swan Lake sign power sales contracts as soon as possible and no later than January 1, 1984. By taking this action, the utilities served will ensure long-term benefits to their consumers through stable power rates.

The Governor is requested to prepare a plan for providing the necessary equity for future projects in the Energy Program for Alaska. This plan must be constitutionally sound and provide for the proper administrative and Legislative approval for the various projects. This plan shall be submitted to the Legislature no later than January 15, 1984.

HOUSE RESOURCES COMMITTEE OBSERVER/WITNESS SIGN-UP SHEET

HB 386

DATE: MAY 16, 1983 SPONSOR: HSE. RESOURCES

SUBJECT(S): CHANGES IN ALASKA POWER AUTHORITY

NAME	REPRESENTING	ADDRESS	PHONE	Observer	Witness	For	Against

HOUSE RESOURCES COMMITTEE OBSERVER/WITNESS SIGN-UP SHEET

HB 386

DATE: MAY 10, 1983 SPONSOR: RESOURCES

SUBJECT(S): RE: ALASKA POWER AUTHORITY

PLEASE FILL IN A COMPLETE ROW

NAME	REPRESENTING	ADDRESS	PHONE	Observer	Witness	For	Against
[illegible]	John Nuveen & Co				X	X	

HB

393

STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

DEPARTMENT OF FISH AND GAME

P.O.BOX 3-2000
JUNEAU, ALASKA 99802
PHONE: (907) 465-4100

OFFICE OF THE COMMISSIONER

June 18, 1983

The Honorable John Ringstad
The Honorable Richard Shultz
Co-Chairmen
House Resources Committee
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Representatives Ringstad and Shultz:

Recently the Department provided testimony to the Resources Committee on HB 393, the hatchery transfer bill. During the discussions following the hearing, my staff called to my attention the Committee's desire for more information concerning production of the hatcheries.

Though much of the information is contained in the FRED Division annual reports, I will briefly summarize the information here. In order to lend perspective to the program, I have provided a brief overview of the FRED program and its progress to date.

Almost all the discussion that takes place concerning the rehabilitation and enhancement program centers on the State's 20 hatchery facilities. Of the FRED Division's budget ($13.2 million FY 83), operation of these 20 facilities account for 59%. The remainder of the program is comprised of rehabilitation, research, and technical services (26%), and management, administration, planning, and permitting (15%).

The FRED Division was created in 1971 and first funded in 1972 at $465,000. Attachment A gives a table that provides the funding history for the FRED Division. In the mid-1970's, a Fisheries Plan was developed that set the stage for the first major capital monies received. The capital appropriations are given in the table on Attachment A.

The fish plan called for an enhancement and rehabilitation effort to rebuild the State's salmon runs, and it was estimated to cost $300 million over an 18 year period. The Statewide goal for harvest was set at 100 million salmon. Seven million of these fish were to be provided by enhancement tactics, such as hatcheries, in the short-term (7 years), and 25 million salmon for harvest in the long-term (18 years).

Attachment B labeled as Figure 3 taken from the FRED Division 1982 annual report illustrates the difference between what was originally expected in the way of capital investment versus the actual capital funding for the enhancement and rehabilitation effort. The Fisheries Plan was used by

the Legislature as they approved $28 million to be placed before the voters in November of 1976 and $25.7 million in November of 1978 as Bond Issues. The combined bond issues ($53.7 million) represented slightly more than half of the originally planned for $100 million.

In the mid-1970's, the Department's former "Hatchery Section" (3 hatcheries) was combined with the FRED Division. Utilizing pre-planning monies, the FRED Division was able to design the hatcheries and was ready to go to bid as soon as the Bond Issues were sold in the spring of 1977 and 1979. Generally, two construction seasons were required to complete the hatcheries. In most cases, the Division had beneficial occupancy agreements with the contractors so that brood development work started before construction was completed.

Attachment C gives the status of the hatcheri and the year they were brought on line. As mentioned, the FRED Division inherited the State's three hatcheries in existence prior to 1971. These three facilities have been renovated and rebuilt, thus all of the State's 20 hatcheries have been rebuilt or newly constructed since 1977. In fact, 11 have been brought on line since FY 80, the most recent four being brought on line this past year.

Referring to Attachment D you will note that with the eggs taken this past fall, we expect to produce over 5 million fish. Recalling the short-term goal of 7 million fish in seven years, production of 5 million fish in seven years with half of the funds originally planned for, scores that program's performance relatively high, I believe.

Referring back to Attachment A, in the far right hand column, the FRED Division's operational budget is reflected in 1976 buying power. You will note that while the Division's operational budget remains nearly static, and the CIP dollars greatly reduced, the Division brought on line the 11 new facilities bonded, designed, and built since 1977. This is a key point often overlooked when criticizing FRED's program.

The mid-1970 planning efforts served as a departure point for the more comprehensive planning efforts now under way. Resource managers (the Department) and resource users (the fishermen), representing the resource owners (the public) are writing strategic and operational plans for several regions of the State. As a result of these recent and more formal planning efforts, several of the regional goals have been revised upward for most species. Also, the time frame for goal accomplishment have been revised to reflect more accurately the realities of funding.

The current goal is 146 million salmon for harvest annually statewide. We expect to be able to accomplish this goal around the turn of the century, with the assumption that 51 million salmon will be produced annually through enhancement. In my opinion, the current goals and objectives for the enhancement program are realistic and attainable. However, in view of the high years of natural production that we have experienced the past three years, the urgency for implementation of the enhancement strategies has seen less enthusiasm. Also, present financial conditions have altered funding priorities.

The Department is aware that the unusual marine survival witnessed the past three years cannot and will not be sustained. In future years, lower marine survival will be experienced again, and we will have below average years to "pay back" for the above average years. Even though enthusiasm for the enhancement and rehabilitation program falls during years of good natural production, we believe that we should keep building the program so that it will be in place to serve its intended functions during years of low natural production. Even in years of extremely high natural production, there are still certain segments of the public in certain locations that would like more fish. Current examples of such shortages are trollers in the Southeast region desiring more chinook salmon, and sports fishermen in the Cook Inlet area desiring more sport fish species.

In summary, I believe the present goals and objectives for the enhancement program are realistic and attainable. Reaching of these goals is dependent upon funding. The aquaculture program is long-term, and several years are required to realize the full benefits. But once on line, these hatchery projects will serve the state well into the future.

Aside from the long-term nature of the program, there is only one major difference from the many other State programs: the rehabilitation and enhancement effort is not a public service program, but rather an income producer. Although benefit/cost ratios vary throughout the 20 hatcheries, all of the ratios are positive. The legislative process will decide which programs are to be funded, and you have my assurance that we will utilize those dollars well, following the guidance of the Legislature.

The Department and I stand ready to assist you and the Governor's Task Force in developing the long-term direction and development of Alaska's fisheries resources.

Sincerely,

Don W. Collinsworth
Commissioner

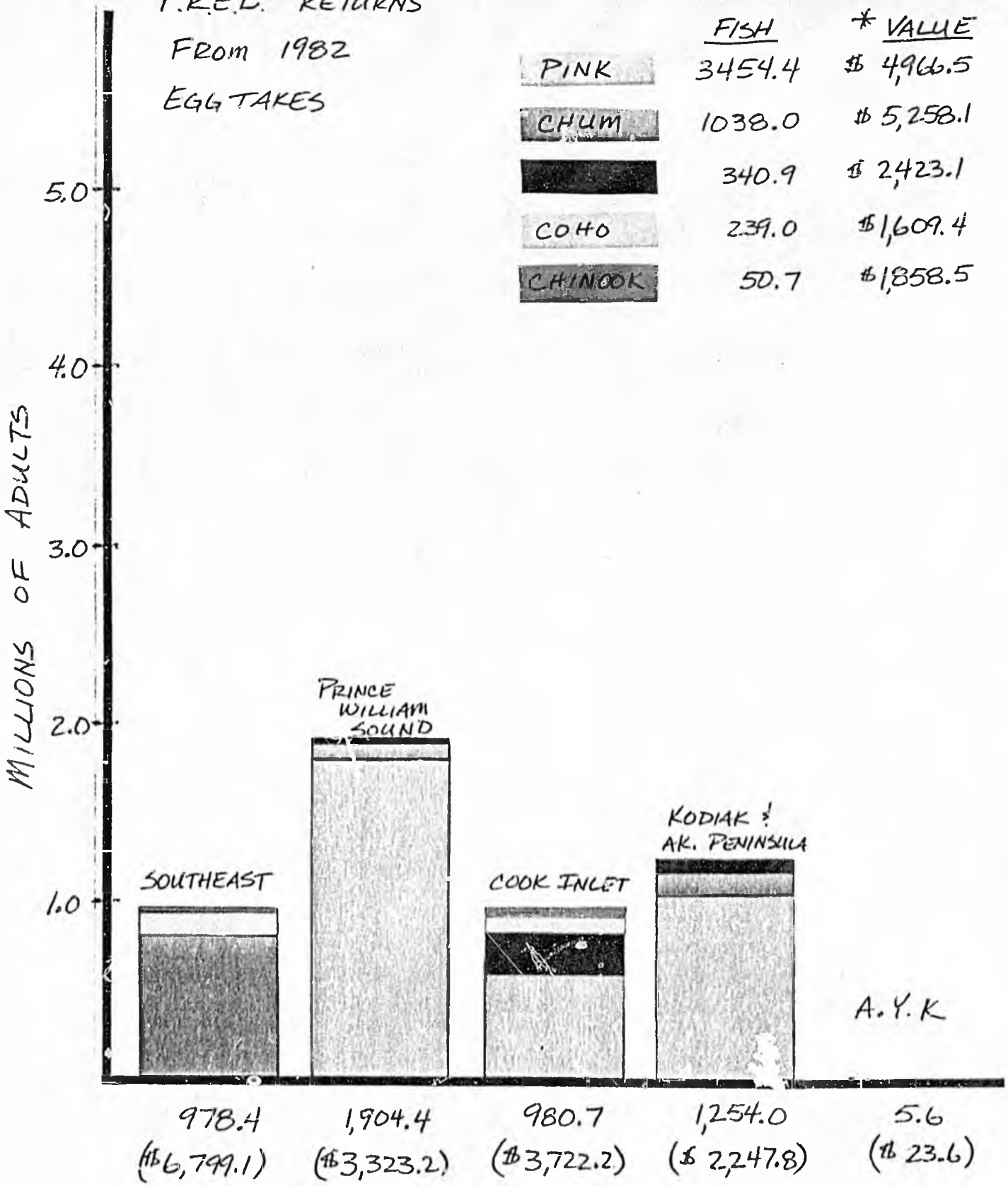
Enclosures

NOTE: ORIGINAL DOCUMENT IS COLOR-CODED. IF NECESSARY TO PROPER INTERPRETATION, REFER TO ORIGINAL DOCUMENT IN THE ALASKA STATE ARCHIVES

ATTACHMENT D

F.R.E.D. RETURNS
FROM 1982
EGG TAKES

	FISH	* VALUE
PINK	3454.4	$ 4,966.5
CHUM	1038.0	$ 5,258.1
[illegible]	340.9	$ 2,423.1
COHO	239.0	$1,609.4
CHINOOK	50.7	$1,858.5



TOTAL 5,123.1
* VALUE $16,115.8

* USING 1981 EX-VESSEL PRICES (ALL FIGURES IN THOUSANDS)

Table 20. FRED's operational budgets, capital spending, and egg capacities of hatcheries, FY 1971-1983.

Fiscal Year	Cumulative Egg Capacity (Millions)		Capital Funding for Hatcheries (Thousands $)			Annual Operational Budget (Thousands $)	
	Actual	Design	CIP	BOND	Cumulative Capital Funds	Actual Dollars	Adjusted to 1976 Dollars 3/
1971	8.6 1/	8.6 1/	0	-	0	-	-
1972	12.1	14.4	70.0	-	70.0	464.6	666.1
1973	22.1	24.4	349.8	-	419.8	749.8	1,015.1
1974	22.1	24.4	1,645.1	-	2,064.9	941.4	1,127.0
1975	22.1	24.4	1,763.5	6,099.4	9,927.8	1,407.9	1,499.1
1976	32.1	34.4	249.0	-	10,176.8	3,482.8	3,482.8
1977	107.6	109.9	2,575.1	28,040.0	40,791.9	3,217.3	3,041.3
1978	109.6	111.9	1,688.8	-	42,480.7	6,975.1	6,001.2
1979	139.6	141.9	1,712.5	25,743.0	69,936.2	9,267.8	7,333.7
1980	209.6	346.9	-	-	69,936.2	7,978.8	5,764.0
1981	347.1	550.1	3,075.0	3,500.0	76,511.2	9,673.4	6,503.5
1982	351.5	550.1	3,180.0	-	79,691.2	12,926.9	8,516.3
1983	458.5	672.1 2/	0	-	79,691.2	12,196.9	7,579.5
			16,308.8	63,382.4	79,691.2		

1/ Eggs in existing hatcheries prior to FRED legislation.
2/ Additional funding is required to enable several existing facilities to reach their design capacities.
3/ Adjusted using the Anchorage Consumer Price Index. The 1983 amount was adjusted assuming an annual CPI increase of 0.06.

A

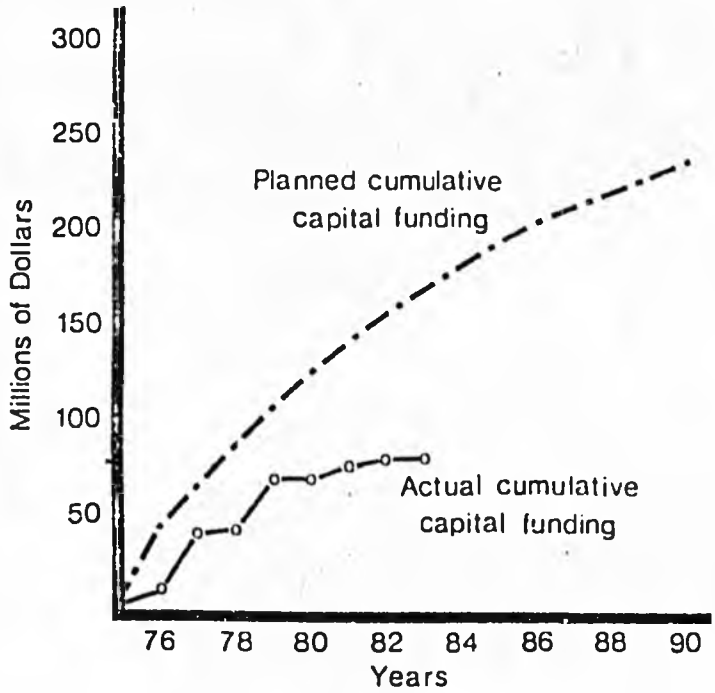


Figure 3. Planned versus actual cumulative capital funding for salmon rehabilitation and enhancement programs (Planned figures are derived from the Alaska Fisheries Plan, 1976).

STATUS OF STATE HATCHERIES 5/27/83

FACILITY	YEAR ON LINE	OPERATIONAL BUDGET FY 83	OPERATIONAL BUDGET GOV. FY84	PRIMARY SPECIES	*EGG CAPACITY (millions) 1982	*EGG CAPACITY (millions) PRESENT	*EGG CAPACITY (millions) DESIGN	STATUS AND COMMENTS
SOUTHEAST								
1 BEAVER FALLS	FY 76	193.7	249.0	Chum	7.9	20.0	20.0	Has greater potential - Funds limiting factor
2 CRYSTAL LAKE	FY 72	445.4	464.4	King/Coho	4.4	3.5	5.8	Equip. replacement & upgrade desired
3 DEER MOUNTAIN	FY 77	126.6	151.9	King/Coho	0.4	0.5	1.0	Could expand
4 HIDDEN FALLS	FY 80	498.1	537.5	Chum/King	23.3	30.0	65.0	Has greater potential - Funds limiting factor
5 KLAWOCK	FY 80	353.2	425.7	Chum/Coho	15.0	15.0	78.0	Has greater potential - Funds limiting factor
6 SNETTISHAM	FY 81	420.8	424.3	Chum/King	11.6	15.0	75.8	Has greater potential - Funds limiting factor
PRINCE WM. SOUND								
7 CANNERY CREEK	FY 81	393.0	420.3	Pink/Chum	23.9	54.0	80.0	Has greater potential - Funds limiting factor
8 GULKANA	FY 73	146.7	160.0	Sockeye	10.9	10.0	10.0	Could be expanded to 20 million - Funds limiting factor
9 MAIN BAY	FY 83	285.7	341.6	Chum/Pink	9.9	80.0	80.0	Complete - in broodstock development phase
COOK INLET								
10 BIG LAKE	FY 77	269.4	236.0	Sockeye/Coho	15.1	20.0	20.0	Could be expanded to 30 million - Funds limiting factor
11 CROOKED CREEK	FY 77	360.4	316.9	Sockeye	20.5	23.0	20.0	Fully operational
12 ELMENDORF	FY 78	551.6	450.0	RBT/King	6.8	2.5	2.5	Fully operational
13 FT. RICHARDSON	FY 83	281.5	450.0	RBT/Coho	0.0	7.5	7.5	Reconstructed-to be operational in 1983
14 TRAIL LAKES	FY 83	410.5	359.0	Sockeye/King	6.2	40.0	40.0	Complete - in broodstock development phase
15 TUTKA	FY 77	389.8	391.5	Pink/Chum	20.3	22.0	20.0	Has greater potential - Funds limiting factor
KODIAK & AK. PENINSULA								
16 KARLUK	FY 81	232.9	176.4	Sockeye	13.0	15.0	25.0	Operational - future based on results
17 KITOI BAY	FY 77	369.4	376.2	Pink/Chum	86.2	81.0	50.0	Has greater potential - Funds limiting factor
18 RUSSELL CREEK	FY [illegible]	462.2	153.0	Chum	8.8	14.0	52.0	Holding - litigation under appeal, reconstruction design being completed
ARCTIC-YUKON-KUSKOKWIM								
19 CLEAR	FY 81	299.7	292.1	Salmon/Grayling	0.4	2.5	2.5	Experimental - has expansion potential
20 EAST CREEK	FY 79	140.0	0.0	Sockeye	0.0	0.0	15.0	Facility closed FY 83 - Budget reductions
21 SIKUSUILAQ	FY 83	270.1	302.1	Chum	0.7	2.0	2.0	Experimental - brood development phase
		6900.6	6677.9		285.3	458.5	672.1	

* Assumes operational funds not a limiting factor and broodstock development complete. Actual eggs taken in FY83 are listed in column 1982.

ATTACHMENT C

Page 1 —

Line 15 - Delete sentence, insert:

Therefore, it is in the public interest to provide for the transfer of operation of certain hatcheries by lease to qualified private nonprofit corporations.

Page 1, line 18 Delete material on lines 18-25, insert new material

Sec. 2. AS 16.10 is amended by adding new sections to read:

Sec. 16.10.435. OPERATION OF STATE HATCHERIES. (a) The commissioner shall by lease transfer the operation of state-owned salmon hatcheries listed in AS 16.10.436 to qualified private nonprofit corporations that

(1) comply with the requirements for a permit under AS16.10.400 - 16.10.470, and

(2) apply for a transfer under (c) of this section.

Pg 2, line 5, delete material on lines 5-7 insert new material

(c) Application for the transfer of the operation of a state owned salmon hatchery shall be made on a form provided by the department. The application shall include a financial plan approved by the Dept. of Commerce and Economic Development, Division ~~of Fisheries Enhancement loans~~ Bus. loans. ?

Sec. 16.10.436.

Pg 2, line 16 add new material

(6) Russell Creek

Pg 2, line 17 add new section

Sec. 3. AS 16.10.400(a) The department ~~must~~ shall provide supportive information to the legislature on all permit requests denied under AS 16.10.400-470. This information shall be presented to the Legislature, in layman's terms, no later than the 15th day of each session.

Proposed amendment to CSHB 393 (Fisheries)

On page 2, line 7, following the period, add a new sentence:

An application shall include a financial plan approved by the Department of Commerce and Economic Development, Division of Business Loans and Veteran's Affairs.

On page 2, line 8: Insert a new subsection to read:

(d) Not later than the 15th day of each regular session of the legislature the department shall submit to the legislature a written statement of findings that support each denial of an application for transfer under this section.

On page 2, line 15: Insert a period following the words "Klawock hatchery" and add a sixth hatchery to read:

On page 2, line 15, following the words "East Creek Hatchery", delete the period (.) and insert the following:

; and

(6) Russell Creek hatchery.

Alaska State Legislature

POUCH V
JUNEAU, ALASKA 99811

REPRESENTATIVE
ROBERT H. "BOB" BETTISWORTH

P.O. BOX 80288
COLLEGE, ALASKA 99708

May 24, 1983

M E M O R A N D U M

To: Representatives Ringstad and Schultz, Co-Chairman, House Resources Committee and committee members.

From: Representative Bob Bettisworth

Subject: CS For HB 393 (Fisheries), "An Act relating to the operation of state-owned salmon hatcheries."

I want to take this opportunity to strongly endorse the House Special Committee on Fisheries' version of HB393 which I originally sponsored. This legislation is especially important in light of our continued revenue problems and the critical nature of Alaska hatchery operations and their continued viability both in the domestic and international sense.

We have already seen several instances of proposed state hatchery closures for reasons of economic viability, siting problems, improper planning and design, and other reasons. It seems abundantly clear that in order to keep the maximum number of hatcheries operating, some F.R.E.D. facilities should be turned over to private non-profit operators where such a transfer meets certain established public policy criteria and the applicant can demonstrate the necessary expertise.

In general, this bill seeks to provide a mechanism for transfer of existing F.R.E.D. hatcheries to private non-profits with the following stipulations:

1.) potential lessees must be qualified regional associations as set out in AS 16.10.380,

2.) lessees must comply with existing permit requirements contained in AS 16.10.400-470,

3.) lessees shall be required in the lease to:

a. operate within the stipulations contained in AS 16.10.420. dealing with egg takes, egg and fry placement, destruction of diseased stocks, sale of eggs and fry, segregation of natural stocks from hatchery stocks, etc.,

b. be solely responsible for operation and maintenance of leased facilities,

c. indemnify the state from harm or loss,

d. apply on a form provided by ADF&G.

Section 2 of the bill states that the Dept. of Fish & Game "shall by lease transfer" the facilities listed in the proposed new section on page 2, lines 11 through 15. The required transfer is only triggered by successful application,

Proposed CS
from Bettisworth

1. Adds new ss (d) on pg 2 line 10 requiring explanation of denials.
2. And adds Russell Creek ~~Gen~~ Hatchery as transferable on pg 2, line 22
3. Also amends sec. C on pg 2, line 7 to require a financial plan of applicants

Hein
5/23/83

Original sponsor: Bettisworth

IN THE HOUSE BY THE RESOURCES COMMITTEE

CS FOR HOUSE BILL NO. 393 (Resources)

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTEENTH LEGISLATURE - FIRST SESSION

A BILL

For an Act entitled: "An Act relating to the operation of state-owned salmon hatcheries."

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

* Section 1. FINDINGS. The legislature finds that declining state revenues and the newly imposed constitutional spending limit require a reduction in expenditures. This reduction may result in the closure of state hatcheries. State hatcheries play an important role in the conservation and management of the state's fisheries resources and benefit all fishermen - commercial, subsistence, and sport - who depend on salmon stocks. Therefore, it is in the public interest to provide for the transfer of operation of certain hatcheries by lease to regional aquaculture associations.

* Sec. 2. AS 16.10 is amended by adding new sections to read:

Sec. 16.10.435. OPERATION OF STATE HATCHERIES. (a) The commissioner shall by lease transfer the operation of state-owned salmon hatcheries listed in AS 16.10.436 to regional associations that

(1) are qualified under AS 16.10.380;

(2) apply for a transfer under (c) of this section; and

(3) comply with the requirements for a permit under AS 16.-10.400 - 16.10.470.

(b) A lease to operate a state-owned salmon hatchery shall provide that the lessee shall

(1) operate the hatchery in compliance with AS 16.10.420;

(2) be responsible for the maintenance and upkeep of the

hatchery; and

(3) indemnify the state against liability for harm or loss arising from the operation of the hatchery during the period of the lease.

(c) Application for the transfer of the operation of a state-owned salmon hatchery shall be made on a form provided by the department. An application shall include a financial plan approved by the Department of Commerce and Economic Development, Division of Business Loans and Veterans' Affairs.

(d) Not later than the 15th day of each regular session the department shall submit to the legislature a written statement of findings that support each denial of an application for transfer under this section.

Sec. 16.10.436. TRANSFER OF HATCHERY OPERATIONS. Operation of the following state-owned salmon hatcheries shall be transferred in accordance with AS 16.10.435:

(1) Beaver Falls hatchery;

(2) Cannery Creek hatchery;

(3) Main Bay hatchery;

(4) Klawock hatchery;

(5) East Creek hatchery; and

(6) Russell Creek hatchery.

NOTE REGARDING THE FOLLOWING FRAME(S) ON MICROFILM:
COMPLETE DOCUMENT IS AVAILABLE IN ORIGINAL FILES.
TITLE PAGE ONLY HAS BEEN FILMED.

FRED
1982 Annual Report
to the
Alaska State Legislature
FRED Report Series No. 2

Compiled and Edited

by

John C. McMullen
Jeffrey A. Hansen
Mark W. Kissel

Stanley A. Moberly
Director
Division of Fisheries Rehabilitation,
Enhancement and Development

Don W. Collinsworth
Acting Commissioner
Alaska Department of Fish and Game

February 1983

STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

DEPARTMENT OF FISH AND GAME

P.O. BOX 3-2000
JUNEAU, ALASKA 99802
PHONE: (907) 465-4160

DIVISION OF FISHERIES REHABILITATION,
ENHANCEMENT & DEVELOPMENT (FRED)

June 1, 1983

The Honorable John Ringstad
The Honorable Richard Shultz
Co-Chairmen
House Resources Committee
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Representatives Ringstad and Shultz:

In response to the Committee's request for additional detail, please find following this letter the FRED Division 1982 annual report. Representative Liska specifically requested more detail on the cost of operating the State's 20 hatcheries and the benefit (return) derived from this investment.

On page 20 (Table 5) the status of the hatcheries is summarized. I have expanded and provided further detail for this table. This additional detail is provided at the end of this letter (Attachment A). There are a few points that need emphasis to make the table easier to understand. Hatchery development schedules may take several years. If a hatchery is established on a site that is "ready to go" and only raise pink salmon (simple life cycle and the most available for brood), then this schedule may only take two to four years.

On the other hand, a new facility that is constructed on a remote site (Hidden Falls) and raises chum salmon (complicated life cycle and brood stock in short supply), then the production schedule could take six to eight years. Therefore, one should consider the site location, the species being cultured, and the year the facility was brought on line, i.e., the time the State took possession from the contractor when comparing one hatchery's performance to another.

The species chosen for culture in the State hatcheries are (almost without exception) those species that are in high demand, have high value, and are in short supply. The natural environment and the present management scheme does quite nicely raising pink salmon in Southeast Alaska. Therefore, it would not make much sense to raise that species in the State's hatcheries. The cost (overhead) to raise pink salmon is identical to that of raising chum salmon. Chum salmon are in high demand, short supply, and have a much higher value. Therefore, chum is the target species of four of the six hatcheries in the Southeast Region, while chinook is the main species at the other two facilities.

In selecting a site for a hatchery, one of the most important considerations is future potential for expanded production. All things being equal, a site with high potential is selected, even though it may be several years before this potential is fully realized. Also, the state of the art is constantly improving, so we raise more fish with the same amount of water than we did even five years ago.

In 1976, when we extensively reviewed the Japanese chum salmon hatchery system, we were amazed that they were handling chum salmon in lots of 500,000 eggs each. We now handle lots of chum salmon eggs of 900,000 each at the Hidden Falls Hatchery on Baranof Island in the large, round incubators (R-48). This year this hatchery incubated 23 million eggs in 27 incubators with 97% survival from eyed egg to the emergent fry stage, and 99% survival to release.

When we are making decisions on millions of fish we are handling, tenths of percents of improvement mean a lot more fish returning for harvest. The Hidden Falls Hatchery has sufficient water to raise 65-70 million chum salmon. We expect that by the time this hatchery fully utilizes the potential of the site, and the state of the art continues to improve, and we gain precision at this specific location on release timing, etc., that we could produce over a 100 million eggs at this facility.

This hatchery has only been completed three years, and 86,000 chum salmon are expected to return this year. At full production, that harvest will be nearly 1 million chum salmon annually. This hatchery also raises chinook salmon.

I have provided two histograms to give the Committee some feel for the type of investments the State has in its 20 facilities. At present, as mentioned in our recent testimony, the capital investment is just under $80 million. This information is detailed on page 55 (Table 20). I would also like to call your attention to Table 3 on page 54. Funding provided for the fisheries rehabilitation and enhancement program to date is far short of the amount anticipated to be spent in 1976, as illustrated by this line graph.

The first histogram (Attachment B) illustrates the number of adults by species by major geographical area that we expect to be produced from the eggs that we took this past year. Roughly, this will be 5 million salmon, worth $16 million (1981 dollars). The second histogram (Attachment C) assumes that we will continue to develop brood stocks to capacity and operating funds will not be a limiting factor. When the present capacity of the 20 facilities is reached, we expect to be producing 7.5 million fish for harvest annually, and for comparison purposes, these would be worth approximately $25 million annually (1981 ex-vessel value). If all the present facilities were completed to their design potential, we would have the ability to produce nearly 15 million adult salmon annually. Of course, this would take several years and millions of capital dollars, which in light of the present economic condition and high natural salmon returns, seems to be a low priority. However, any amount of CIP funds would start to close the gap between the present and

potential production which in turn increases the benefit/cost ratio of the program.

Alaska has the greatest and most productive aquatic resource in the world. It may be several years or even several decades before Alaskans chose to fully develop and reach full potential in farming and ranching this resource. Likewise, it may take several years before the present 20 State hatcheries reach their full potential. Also, Alaska is blessed with many more good hatchery sites, and I expect that these will be developed in the future as we move to more fully develop our fisheries resources. We expect that as we move into the future that technology (state of the art) will not be the deterrent, but rather how the FRED program competes (financially) with other programs that Alaskans want.

I hope this additional information proves helpful to the Committee in their deliberations on Committee Substitute for House Bill 393. If the FRED Division or the Department can be of further help, we stand ready to assist you.

Sincerely,

S.A. Moberly
Director

Enclosures

cc: The Honorable Charlie Bussell
The Honorable John Cowdery
The Honorable Peter Goll
The Honorable Ron Larson
The Honorable John Liska
The Honorable Rick Uehling, Vice Chairman
The Honorable Tony Vaska

STATUS OF STATE HATCHERIES 5/27/83

FACILITY	YEAR ON LINE	OPERATIONAL BUDGET FY 83	OPERATIONAL BUDGET GOV. FY84	PRIMARY SPECIES	*EGG CAPACITY (millions) 1982	*EGG CAPACITY (millions) PRESENT	*EGG CAPACITY (millions) DESIGN	STATUS AND COMMENTS
SOUTHEAST								
1 BEAVER FALLS	FY 76	193.7	249.0	Chum	7.9	20.0	20.0	Has greater potential - Funds limiting factor
2 CRYSTAL LAKE	FY 72	445.4	464.4	King/Coho	4.4	[illegible]	5.8	Equip. replacement & upgrade desired
3 DEER MOUNTAIN	FY 77	126.6	151.9	King/Coho	0.4	0.5	1.0	Could expand
4 HIDDEN FALLS	FY 80	498.1	537.5	Chum/King	23.3	30.0	65.0	Has greater potential - Funds limiting factor
5 KLAWOCK	FY 80	353.2	425.7	Chum/Coho	15.0	16.0	78.0	Has greater potential - Funds limiting factor
6 SNETTISHAM	FY 81	420.8	424.3	Chum/King	11.6	15.0	75.8	Has greater potential - Funds limiting factor
PRINCE WM. SOUND								
7 CANNERY CREEK	FY 81	393.0	420.3	Pink/Chum	23.9	54.0	80.0	Has greater potential - Funds limiting factor
8 GULKANA	FY 73	146.7	160.0	Sockeye	10.9	10.0	10.0	Could be expanded to 20 million - Funds limiting factor
9 MAIN BAY	FY 83	285.6	341.6	Chum/Pink	9.9	80.0	80.0	Complete - in broodstock development phase
COOK INLET								
10 BIG LAKE	FY 77	269.4	236.0	Sockeye/Coho	15.1	20.0	20.0	Could be expanded to 30 million - Funds limiting factor
11 CROOKED CREEK	FY 77	360.4	316.9	Sockeye	20.5	23.0	20.0	Fully operational
12 ELMENDORF	FY 78	551.6	450.0	RBT/King	6.8	2.5	2.5	Fully operational
13 FT. RICHARDSON	FY 83	281.5	450.0	RBT/Coho	0.0	7.5	7.5	Reconstructed-to be operational in 1983
14 TRAIL LAKES	FY 83	410.5	359.0	Sockeye/King	6.2	40.0	40.0	Complete - in broodstock development phase
15 TUTKA	FY 77	389.8	391.5	Pink/Chum	20.3	22.0	20.0	Has greater potential - Funds limiting factor
KODIAK & AK. PENINSULA								
16 KARLUK	FY 81	232.9	176.4	Sockeye	13.0	15.0	25.0	Operational future based on results
17 KITOI BAY	FY 77	369.4	376.2	Pink/Chum	86.2	81.0	50.0	Has greater potential - Funds limiting factor
18 RUSSELL CREEK	FY 80	462.2	153.0	Chum	8.8	14.0	52.0	Holding - litigation under appeal, reconstruction design being completed
ARCTIC-YUKON-KUSKOKWIM								
19 CLEAR	FY 81	299.7	292.1	Salmon/Grayla	0.4	2.5	2.5	Experimental - has expansion potential
20 EAST CREEK	FY 79	140.0	0.0	Sockeye	0.0	0.0	15.0	Facility closed FY 83 - Budget reductions
21 SIKUSUILAQ	FY 83	270.1	302.1	Chum	0.7	2.0	2.0	Experimental - brood development phase
		6900.6	6677.9		285.3	458.5	672.1	

* Assumes operational funds not a limiting factor and broodstock development complete. Actual eggs taken in FY83 are listed in column 1982.

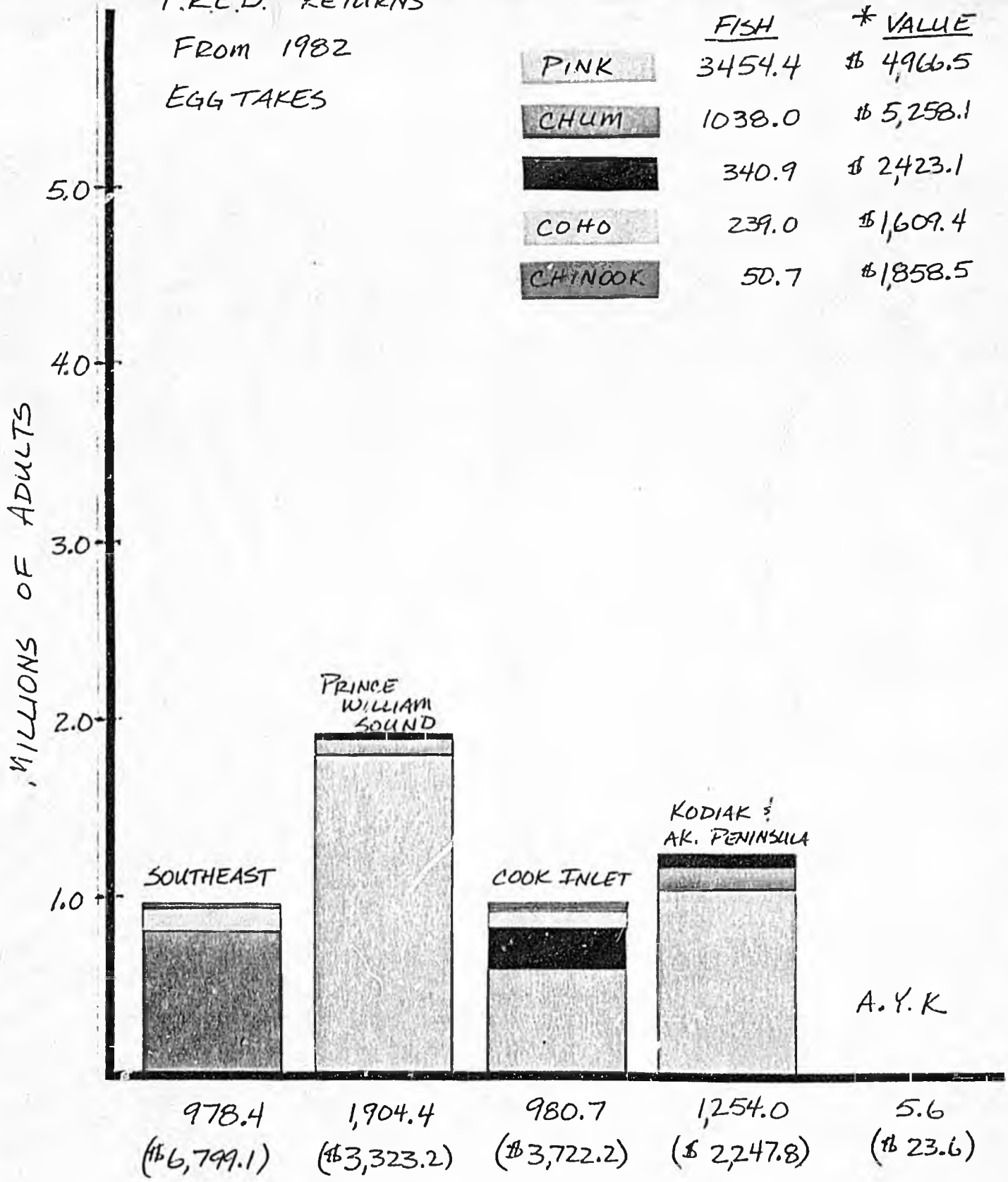
ATTACHMENT A

NOTE: ORIGINAL DOCUMENT IS COLOR-CODED. IF NECESSARY TO PROPER INTERPRETATION, REFER TO ORIGINAL DOCUMENT IN THE ALASKA STATE ARCHIVES

ATTACHMENT B

F.R.E.D. RETURNS
FROM 1982
EGG TAKES

	FISH	* VALUE
PINK	3454.4	$ 4,966.5
CHUM	1038.0	$ 5,258.1
	340.9	$ 2,423.1
COHO	239.0	$1,609.4
CHINOOK	50.7	$1,858.5



TOTAL 5,123.1
* VALUE $16,115.8

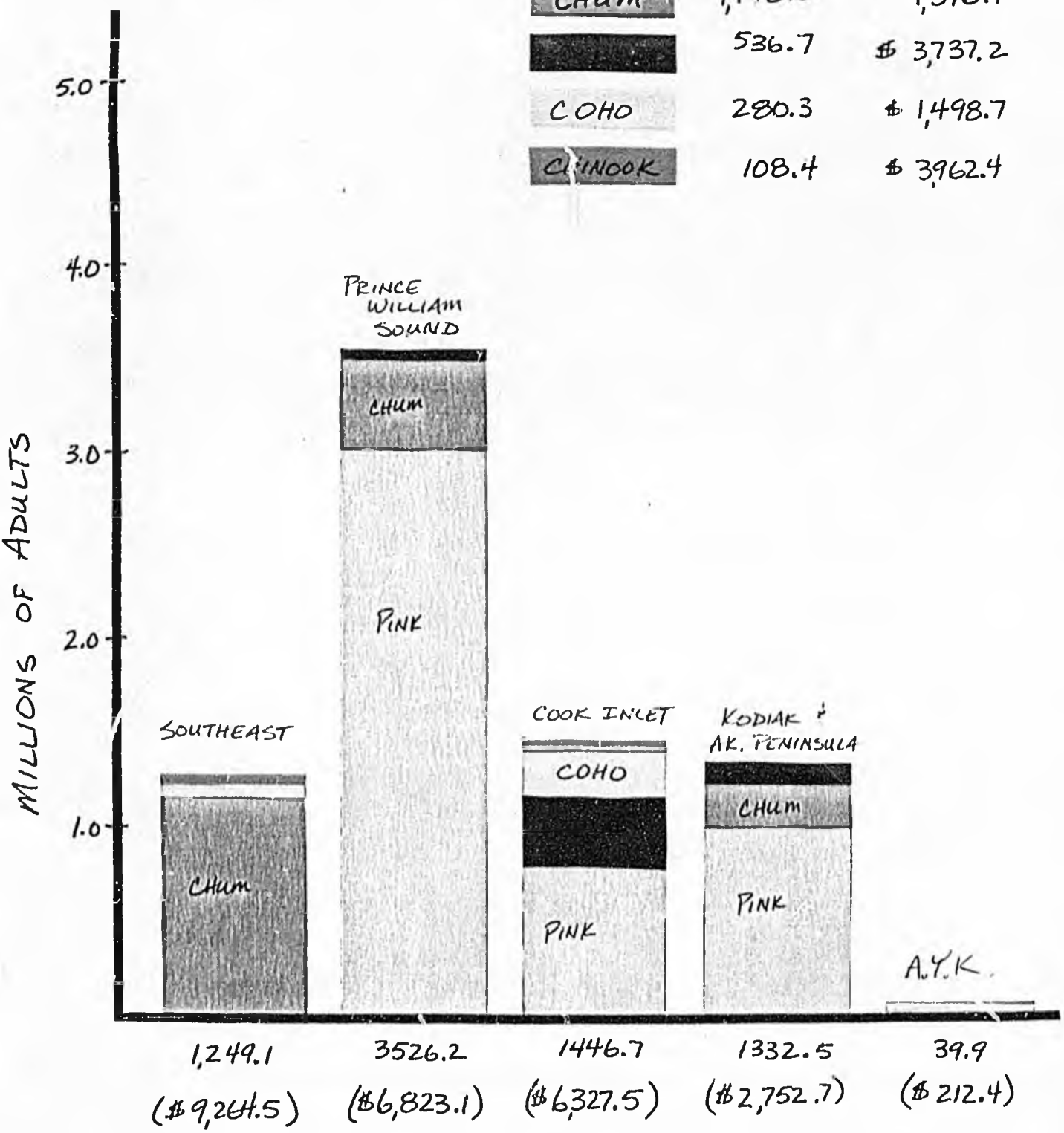
* USING 1981 EX-VESSEL PRICES (ALL FIGURES IN THOUSANDS)

NOTE: ORIGINAL DOCUMENT IS COLOR-CODED. IF NECESSARY TO PROPER INTERPRETATION, REFER TO ORIGINAL DOCUMENT IN THE ALASKA STATE ARCHIVES

ATTACHMENT C

CURRENT CAPACITY

	FISH	* VALUE
PINK	4,720.4	$ 6,805.0
CHUM	1,943.6	$ 9,376.9
	536.7	$ 3,737.2
COHO	280.3	$ 1,498.7
CHINOOK	108.4	$ 3,962.4



TOTAL 7,594.4

* VALUE $25,380.2

* USING 1981 EX-VESSEL PRICES (ALL FIGURES IN THOUSANDS)

STATE OF ALASKA
FISCAL NOTE

Revision Date , 1983

(Page 1 of 2)

I. REQUEST

Bill/Resolution No.: CSHB 393 (Fish)
Title: State-owned hatcheries
Sponsor: House Fisheries Committee
Requestor: House Fisheries Committee

II. FISCAL DETAIL

Agency Affected: Fish and Game
Program Category Affected: FRED
BRU, Program of Subprogram(s) Affected:

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES		138.6	145.5			
200 TRAVEL		42.1	44.2			
300 CONTRACTUAL		17.5	1.6			
400 COMMODITIES		.7	.9			
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL OPERATING		198.9	192.2			
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND		198.9	192.2			
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

Not Identified

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: Beverly Pearce
Phone: 465-4120
Division: Administration
Date:

Approved by Commissioner: Denis D. Kelleher for Dick
Date: 5/17/83
Department: Fish and Game

Distribution:
Original to Legislative Finance
Copy to Office of Management and Budget (for Legislature introduced bills)
Copy to Department (for Governor introduced bills)
Copy to Sponsor
Copy to Requestor (if different from Sponsor)

3/8/83

This analysis assumes that all six hatcheries in the Committee Substitute are transferred to Regional Aquaculture Associations. Since current law requires a Private Non-Profit (PNP) Hatchery permit to operate a hatchery, the fiscal requirements are based on a transfer through the presently established PNP salmon hatchery permitting process.

This process includes a series of technical reviews of the applications by Department of Fish and Game staff and the Regional Planning Teams: development and finalization of Basic Management Plans; public hearings; coordination of technical assistance meetings; and a review, analysis, and summation of all information resulting in a recommendation to the Commissioner of the Department of Fish and Game on the application.

The services of a fisheries biologist, professional planner, program coordinator, and associated clerical staff are included in the projected fiscal requirements.

Additionally, 15.0 has been included in contractual for FY 84 to finance an independent appraisal of the hatcheries.

COMMITTEE REPORT

HOUSE

RESOURCES

FINANCE

FURTHER:

((7)

5/2/83

Date: May 13, 1983

Mr. Speaker:
HOUSE SPECIAL COMMITTEE ON FISHERIES
The Committee on _____ has had HB 393

"An Act relating to the operation of state-owned salmon hatcheries."

under consideration and reports it back as follows:

[ ] do pass [ ] do not pass

[ ] do pass with attached amendments(s)

[✓] replace with CS for HB 393 (Cmte) [✓] same title [ ] new title

and recommends DO PASS

[ ] AND attaches a "Letter of Intent" [ ] Fiscal Note
[ ] Zero Fiscal Note Attached

[ ] reports it back without recommendation

[ ] referred to the _____ Committee

MEMBERS SIGNING DO PASS

Adelheid Herrmann

Ted Burnett

MEMBERS HAVING OTHER RECOMMENDATIONS:

Jack McBride - Do not Pass

Peter Joce - Do not PASS unless AMENDED

Rep. Adelheid Herrmann
CHAIRMAN

H 60

TO Earnest Greek
Contracts & Facilities Officer
Division of Administration
Department of Fish & Game

DATE September 9, 1982

FILE NO. 366-086-83

TELEPHONE NO. 465-3600

FROM WILSON L. CONDON
ATTORNEY GENERAL

By:
John B. Gaguine
Assistant Attorney General
Department of Law

SUBJECT Authority to Transfer Hatcheries

RECEIVED
SEP 14 1982
DIVISION OF FRED

You have asked several questions regarding Fish and Game's proposed transfer of three state hatcheries to non-profit regional aquaculture associations. Specifically, you wish to know whether there is any bar to a negotiated transfer to a selected transferee, and what types of transfer are permissible. We conclude that Fish and Game currently may not undertake any type of transfer, since no statutory authority for a transfer now exists. If the legislature does grant the necessary power to Fish and Game, it will be able to do a negotiated transfer, but will not be able to give up ownership without receiving fair value for the facilities.

Lack of statutory authority. Fish and Game has no specific authority to dispose of property. AS 16.05.050(3) authorizes the commissioner to "design and construct" hatcheries, but not to lease or sell them. Similarly, both AS 16.05.020, the statute listing the commissioner's broad functions, and AS 16.-05.092, the statute broadly defining the powers of the FRED division (which runs the hatcheries), are silent as to Fish and Game's and/or FRED's power to dispose of them. There is no Alaska constitutional provision or judicial decision expressly requiring that an executive department have explicit statutory authority before it may dispose of state property. But this is the general rule of law followed elsewhere, and one must presume that the rule applies in Alaska, too.

This general rule is reflected in the myriad of cases concerning disposition of state property (generally land) by sale or lease, virtually all of which discuss the statutory basis for the transfer. Many of these cases can be found under West's Key Number States 89. "It is a well settled principle of law that title to government property may pass only in the manner prescribed by the duly constituted legislative body and that title to any such property may not be forfeited through the oversight, carelessness, negligence or even intentional conduct of any of the agents of the government." State v. West, 229 S.E.2d 826, 831-32 (N.C. App. 1976), aff'd, 235 S.E.2d 150 (N.C. 1977). See also Finch v. State, 124 So.2d 825, 827 (Ala. 1960) (within

constitutional limitations, legislature has power to provide for leasing of state property, and may set limits on length of leases and determine general policy concerning them); State Land Board v. Heuber, 548 P.2d 1323, 1328 (Or. App. 1976) (conveyance by state is valid only if done with proper statutory authority); 5B G. Thompson, Real Property § 2720 (1978 repl. ed.) (state may dispose of lands through the legislature; state officers may act only in accordance with constitution and statutes); 72 Am. Jur.2d States §§ 66, 67 (1974).

The necessary statutory authority to sell or lease cannot be found in general grants of power made by the legislature to state officials. Samsell v State Line Development Co., Inc., 174 S.E.2d 318 (W.Va. 1970), invalidated a mineral lease made in 1962 by the state director of natural resources. The legislature had in 1961 vested title to state land in the Public Land Corporation, of which the natural resources director was secretary, and the corporation had not ratified the lease. The court declined an invitation to uphold the lease on the basis of a general statute allowing the director to execute contracts and agreements in the name of the state.

Another instructive case is Central Advertising Co. v. Michigan State Highway Commission, 172 N.W.2d 432 (Mich. 1969). There the highway commission attempted to place a restrictive covenant banning roadside advertising on some excess land it was selling. In the absence of any statutory authority for this covenant, the court found, its inclusion was beyond the commission's power. Again the court declined to find the requisite authority for the covenant in the statute conferring general powers on the commission.

We would conclude, then, that before Fish and Game can transfer operation of its hatcheries to an aquaculture association, either by sale or lease, the legislature must specifically authorize Fish and Game to make such a transfer. Perhaps an amendment could be proposed to AS 16.05.050(3), which would allow the commissioner to lease or sell the "hatcheries, pipe lines, rearing ponds, fishways, and other projects beneficial for the fish and game resources of the state" that the subsection now empowers him to construct.

Incidentally, if the hatcheries could be regarded as surplus property, then the Department of Administration currently has the power to dispose of them, by sale or lease, under AS 44.71.010. If, say, the FRED division were unable to operate them because of manpower shortages caused by budget constraints, the hatcheries might be properly regarded as surplus property,

and disposition under AS 44.71.010 might be appropriate. When, however, the decision to transfer operations to the aquaculture associations reflects a department policy determination, invocation of AS 44.71.010 would not in our opinion be proper.

Negotiated transfer. On this question, we refer you to a May 28, 1980 informal opinion of this office, which is attached to this memorandum. While that opinion is directly concerned with disposal of surplus property under AS 44.71.010 (discussed above), the principle is the same. Competitive bidding is required only when specified by statute. Since there is no statute here mandating such bidding, a negotiated transfer is permissible. We would repeat the observation contained in the 1980 informal opinion, though: any transfer agreement (assuming that the requisite statutory authority is obtained) should state why Fish and Game believes the transfer to be in the state's best interest.

Permissible types of transfer. On this question, too, we refer you to another recent informal opinion, this one dated March 30, 1982, and dealing with the very issue of hatchery transfers. That opinion is also attached to this memorandum, and we believe answers the question you pose. In addition, we note that any transfer without compensation of the hatcheries, either as an outright grant or under a "performance purchase" agreement (automatic transfer after a number of years of successful operation by the aquaculture association), would seem to be inconsistent with AS 16.10.500-.620, the fisheries enhancement loan program. AS 16.10.510 authorizes loans (not grants) to certified aquaculture associations to construct hatcheries (under AS 16.10.375-.475). It would be difficult to square this legislative directive with a Fish and Game decision to turn over gratis to the associations hatcheries that Fish and Game built with its own funds. While the legislature has made direct appropriations to aquaculture associations (e.g., § 3, ch. 42, SLA 1982), these grants have not been specifically for the purpose of constructing hatcheries. Of course, the legislature (subject only to constitutional public interest requirements) could authorize a transfer at less than fair market value.

To sum up, then, we believe that the three hatcheries cannot at present be either sold or leased by Fish and Game, because of the lack of statutory authority for hatchery transfer. If the legislature sees fit to confer such authority, then Fish and Game will be able to lease the hatcheries or sell them for fair value to an aquaculture association with which Fish and Game

has negotiated an agreement. However, the department will not be able to transfer the hatcheries at less than fair market value in the absence of specific legislative authority to do so.

Please feel free to contact us if you have additional questions.

JBG:dlm

Attachments

Frederick Muller
Deputy Commissioner
Personnel Management
Department of Administration

DATE: January 28, 1982

FILE NO:

Appendix #VI

TELEPHONE NO: 465-2250

FROM: George Elgee
Director
Division of General Services & Supply
Department of Administration

SUBJECT: Fish and Game

Relating to the Fish and Game budget problem, you have asked if it is possible to sell or lease, to a non-profit organization, the State of Alaska's fish hatcheries and if so what problems could follow and is it possible to have hatcheries constructed, operated and maintained by persons or firms other than state employees?

> Alaska statutes 16.05.050 Powers and Duties of Commissioner. The Commissioner has, but not by way of limitation, the following powers and duties:
>
> (2) through the appropriate state agency, acquire by gift, purchase or lease, or other lawful means, lands, building, water, right of way, or other necessary or proper real or personal property when the acquisition is in the interest of furthering an objective or purpose of the department and the state;
>
> (3) design and construct hatcheries, pipe lines, rearing ponds, fishways, and other projects beneficial for the fish and game resources of the state;
>
> (4) accept money from any person under conditions requiring the use of money for specific purposes in the furtherance of the protection, rehabilitation, propagation, preservation, or investigation of the fish and game resources of the state or in settlement of claims for damages to fish and game resources;

In general, AS 16 gives broad powers to the Commissioner of Fish and Game to manage the state's fish and game resources. It allows both public and private hatcheries, regional corporations to construct and own hatcheries and even states that Fish and Game must cooperate in the design, construction and operation of hatcheries. AS 16.10.500 even allows grants to non-profit organizations for the construction and operation of hatcheries.

You can see from the above, we can do almost anything we want to do with a hatchery.

I would suggest that we do not [illegible] Department of Natural Resources, by statute, sells all state lands. We do not want to get them involved. Department of Transportation and Public Facilities normally sells all state buildings, we don't want to get them involved either. That leaves us with lease and/or operational agreements.

Operational agreements are not new. We currently have such an agreement in Anchorage at the Pioneers' Home where the kitchens are operated by others, yet we retain full ownership. In effect, we could contract with outside groups (profit or non-profit) to allow them to use our facilities and charge them a fee and also have management oversite. We could cancel this contract if we thought they were not doing a good job, etc.

One major problem will have to be faced if we are talking about current facilities and that is the union problem of displacing APEA employees with the contractor's employees. I also believe we may have the same problem with any new hatcheries that are not staffed by APEA types. You should check this with Sandra Withers.

Another concern of mine is our Housing Program. At this time I have several million dollars of replacement houses on the drawing boards, in construction or in planning stages. If we are not to retain ownership of these units, I certainly do not want to expend the funds.

All hatcheries have living space that is substandard and needs to be replaced yet I have other pressing needs for that money.

Fred, I guess the bottom line is we can do what every it is we want to do. Keep me advised.

GE/AMS/mm
3/GSSB/A

MEMORANDUM State of Alaska

TO: The Honorable William R. Hudson
Commissioner
Department of Administration

DATE: May 28, 1980

FILE NO: J-66-737-80

TELEPHONE NO:

FROM: AVRUM M. GROSS
ATTORNEY GENERAL

By:
Rodger W. Pegues
Assistant Attorney General

SUBJECT: Negotiated sale of exces or surplus housing

You have asked whether you may dispose of surplus housing to employee-residents by negotiation.

No statute requires disposal by bid, and the applicable statute, AS 44.71.010, expressly allows for disposition "on the terms [you] consider for the best interests of the state." Some record of how the chosen terms serve the best interests of the state should be a part of the file. Otherwise, there are no other requirements.

The applicable regulations, 2 AAC 20.010(a)(1), allows either a negotiated or competitive sale.

There is no constitutional requirement for a competitive sale. Such requirements as exist are to be found in the statute. Libby v. City of Dillingham, ____ P.2d ____ (Alaska Sup. Ct. Op. No. 2097, May 23, 1980). Here, it is the best interests of the state which must be served.

RWP:cb

April 15, 1982

Alaska State Legislature

POUCH V
JUNEAU, ALASKA 99811

REPRESENTATIVE
ROBERT H. "BOB" BETTISWORTH

P.O. BOX 80288
COLLEGE, ALASKA 99708

F.R.E.D. Position Paper

About 10 years ago, Alaskans mandated the state to use oil revenues for the purpose of rehabilitating and enhancing the fisheries of Alaska, concentrating on the salmon fisheries. This was to encompass the construction and operation of hatcheries around the state, and the initiation and growth of aquaculture research. Now a decade later, it's past time we assessed the progress made by F.R.E.D. (Fisheries Rehabilitation and Enhancement Division).

In the past, prevailing philosophies such as "turf protection" and the use of political patronage have deterred the true rehabilitation and enhancement of Alaskan fisheries. Turf protection being an inordinate concern for the environment, and political patronage resulting in several unsatisfactory hatchery locations. These tactics were allowed due to the lack of monitoring on the part of the previous House majority leadership. I believe they abdicated their responsibility to the public by not following through and seeing that the public was getting their money's worth.

Now, with a new direction set by this Legislature, as to the goals and functions of F.R.E.D the fisheries will truly be enhanced and rehabilitated. There are no doubts that fisheries enhancement is a viable program. As a matter of fact, it's the only way we can insure Alaska s maintenance and growth in the world market for salmon. There are several policy changes that must be made regarding hatcheries. The State of Alaska needs four strong components to attain its fisheries enhancement goals.

1) F.R.E.D. as the research component.
2) PNP's (Private Nonprofit Hatcheries) as the production component.
   a) PNP regional aquaculture associations, which are quite large, will have

the largest production operations.

b) PNP mom and pops, small independents, will fill in the gaps. This will afford those Alaskans with an independent lifestyle, an opportunity to live this way, and at the same time make a contribution to one of Alaska's greatest renewable resources.

3) A strong stream rehabilitation and restocking program for wild stocks.

4) A legislature that understands the issue, and is willing to support it for all of Alaska.

To fully implement these new policies, statute and regulation changes must be made. Currently the laws and regulations governing fishery enhancement discriminate against the small independents. The small operators not only answer to F.R.E.D., but also to the regional aquaculture associations. Thereby subjecting small independents to more of a managerial hierarchy, than the regional associations and F.R.E.D. These policies, which again actually discriminate against the small independent, are contrary to what I've always believed Alaska and Alaskans stood for.

When the F.R.E.D. Division began, a goal was set to have a 2.5 billion egg capacity by the year 1990. Therefore, one might presume by 1980 we would be halfway to this goal. However, we're just over one-fifth of the way there, or close to 700 million. Not only are we running short of the 2.5 billion goal, but we're only operating at 40% of current capacity, or 280 million. Regardless of the operating level, the expenses remain the same; on the average $370,000 annually per hatchery. Though Alaska does enjoy the distinction of being the forerunner in aquaculture research, Japan is leading in production with Russia not far behind.

What's truly distressing are the projections made by both the Japanese and Russians. Japan plans to dump 2 billion fry into the ocean by 1990, and Russia 1 billion by that time. F.R.E.D's original goal of 2.5 billion must be adhered to in order to compete with these countries. However, if major philosophy and management changes are not made immediately, Alaska will not be able to reach this goal and compete in the long-term world market for salmon production.

Experts state that by no later than the year 2000, we will have an international harvest agreement--similar to the 200 mile limit--which will allocate salmon harvests. The allocation basis will be determined by the percentage of fry a given country dumps into the ocean. The problem is that the ocean's threshold can only tolerate a certain number of salmon while sustaining an environment suitable for rearing salmon. Alaska is fortunate, in that salmon originating in Alaskan fresh waters travel much greater distances, and therefore have a greater food supply. This is not so in Washington and Oregon, where salmon are now returning undersized because of over pasturing, or over grazing, their rearing area. If it seems we are in a race against time, we are.

The State of Alaska, through the F.R.E.D. Division, has spent a great deal of money--$200 million to date, with $73 million in general obligation bonds, which we are still paying for. The concern is not so much the amount of money spent, but that the return on this money has been minimal, at best.

I contend that Alaskans are not getting the maximum return on their investment. By what comparison? PNP's, those hatcheries run by private associations and individuals. PNP's were initiated about five years ago, versus F.R.E.D.'s 10; to date they've borrowed $21 million from the state versus F.R.E.D.'s expenditure of $200 million, with another $50 million anticipated to bring existing F.R.E.D. facilities to full operating capacity. PNP's egg take in '81 was 223.6 million; versus F.R.E.D.'s 225 million. Returns to PNP's in '81 were 2.2 million; versus F.R.E.D.'s 2.0 million. From these returns, 1.3 million were to a single PNP hatchery, the Prince Williams Sound Regional Aquaculture Association, which is the most productive hatchery in the Western hemisphere. So after 10 years and $200 million, we see F.R.E.D.'s returns as only 2% of the total salmon harvest in 1981.

These figures prove PNP's are more capable of mass producing fish than F.R.E.D. However,

PNP's capacity is only half that of F.R.E.D. If we are to utilize the superior management capabilities of the PNP's, and do so in an expedient manner, we must transfer those viable state hatcheries to the PNP's. Not all F.R.E.D. facilities can be transferred. For instance, those hatcheries used to enhance the sportfishing industry would not be attractive to PNP's. Basically, those with the potential to increase commercial fishing harvests are the most attractive. Four hatcheries, Beaver Falls in Ketchikan, Cannery Creek and Main Bay located in Prince Williams Sound, and Tutka in Kachemak Bay are being considered for transfer to the regional aquaculture associations in those areas. These hatcheries have good potential to enhance the salmon fisheries. Tutka is an exceptional hatchery; operating above capacity. The other three are currently operating at less than 50% of capacity.

Other hatcheries we are optimistic of transferring are Klawock, East Creek in Dillingham, Russell Creek in Cold Bay, Sikusuilaq near Noatak, and Deer Mountain in Ketchikan. These hatcheries, due to the fact that returns have been minimal, and the Deer Mountain hatchery being tourism oriented, do not warrent state operation. The economic impact from these hatcheries is also minimal, at least on a statewide basis. It's my belief that if the local economic or social impact is great enough, a community will takeover operations.

These policies will take some time to fully implement. We should start this year by transferring several hatcheries, and continue this transfer process over the next year or two. It is essential to follow through on this plan if Alaska is to maintain and expand its worldwide salmon market.

Intent language in the FY'83 F.R.E.D. budget

DEPARTMENT OF FISH & GAME

FISHERIES REHABILITATION ENHANCEMENT DEVELOPMENT

ADMINISTRATION & SUPPORT

INTENT LANGUAGE: The legislature finds that substantial merit exists for the orderly transfer of state-operated fish hatcheries to statutorily qualified private non-profit regional associations. The legislature supports and would encourage the transfer of three (3) facilities during FY 83: the Main Bay, Cannery Creek and Beaver Falls hatcheries. It is the intent of the legislature that the Administration do everything possible to work out the intricacies of such transfers. Furthermore, the legislature finds that an overall re-evaluation of the relationship of state-operated hatcheries and private non-profit hatcheries is in order. It is the intent of the legislature that the Administration coordinate such a review and propose an overall state policy to the 1983 legislative session.

FRED Annual Reports--'81 and '82

		F.R.E.D.	P.N.P.'s
RETURNS:	'81	2.1 million	2.2 million
	'82	1.6 million	5.2 million
EGG TAKE:	'81	225 million	223.0 million
	'82	288 million	235.0 million
RELEASES:	'81	130 million	101.6 million
	'82	196 million	125.7 million

THE FOLLOWING DOCUMENT(S) MAY NOT FILM LEGIBLY BECAUSE OF POOR QUALITY OF THE ORIGINAL.

Inarpik Regional Aquaculture Corporation

"Big Boy Aquaculture Corporation"

P.O. Box [illegible] / Dillingham, Alaska 99576 / (907) 842-5333

March 22, 1983

[illegible] Bellmann
Pouch F
Juneau, Alaska 99811

Dear Adolphed,

Inarpik Regional Aquaculture Corp. would like to formerly propose to take over the East Creek Hatcherie at Snake Lake. We would accept from the State on a grant basis all buildings and machinery to be used as a reasearch facility at present. It might be in the future that it would be used as a full hatcherie. We hate to see the facilitie dismantled and hauled off. Also in the transaction we are requesting operating funds as outlined in our proposed budget. (enclosed). We feel this has great potential for the future. After all the State has spent over 3 million dollars on this facility and it would seem a great waste to let it go. Also enclosed is a resolution from Bristol Bay supporting our efforts.

Regards,

Freeman

Freeman Roberts

cc. Senator Bob Malcolm 3716
Senator Bob Bettisworth 4967
Senator Arliss Sturgulewski 3818
Rep. Jack McBride 4914
Rep. Ben Grussendorf 3824

BRISTOL BAY NATIVE ASSOCIATION

P.O. BOX 189

DILLINGHAM, ALASKA 99576
by Executive Committee

East Creek Fish Hatchery

Resolution No. 83 - 10

WHEREAS, the Inupik Regional Aquaculture Corporation (IRAC) is actively seeking funding to keep the East Creek Fish Hatchery as an ACTIVE fish hatchery; and

WHEREAS, the Inupik Regional Aquaculture Corporation is actively seeking a Science/Educational Permit to study King and Coho Salmon.

NOW THEREFORE BE IT RESOLVED by the Bristol Bay Native Association, that BBNA supports such efforts by Inupik Regional Aquaculture Corporation.

SIGNED: _____
PRESIDENT

CERTIFICATION:

I, the undersigned secretary of said Association, do hereby certify that the Executive Committee is composed of ten (10) members, of whom 6 were present at a meeting this 1st day of March, 1983, and that the foregoing resolution was adopted by the affirmative vote of 6 members.

SIGNED: _____
SECRETARY

Proposed Budget
For
East Creek Hatchery

Aquaculturists (2)	$70,000.00
Fringe @10%	$7,000.00
Imarpik Manager @ 1/3	$8250.00
Secratary @1/3	$6000.00
Fringe for above	$1425.00
Travel and per diem	$6000.00
Lease fees	$2772.00
Telephone and Postage	$1200.00
Office supplies	$1200.00
General expense*	$52,000.00
Total	$155,847.00

To include;

Diesel fuel
Spare parts
Mechenic (part time as needed)
Frieght
Misscel.

THE PRECEDING DOCUMENT(S) MAY NOT FILM
LEGIBLY BECAUSE OF POOR QUALITY OF THE
ORIGINAL.

REPRESENTATIVE
ADELHEID HERRMANN
P.O. BOX 63
NAKNEK, ALASKA 99633
(907) 246-4495

While in Juneau
POUCH V
JUNEAU, ALASKA 99811
(907) 465-4942, 465-4943

Alaska State Legislature

CHAIRMAN
SPECIAL COMMITTEE
ON FISHERIES

MEMBER
TRANSPORTATION
COMMITTEE

House of Representatives

DISTRICT 26

ADAK
AKUTAN
ALEKNAGIK
ATKA
BELKOFSKI
CLARK'S POINT
COLD BAY
DILLINGHAM
DUTCH HARBOR
EGEGIK
EKUK
EKWOK
FALSE PASS
IGIUGIG
ILIAMNA
KING COVE
KING SALMON
KOKHANOK
KOLIGANEK
LEVELOCK
MANOKOTAK
NAKNEK
NELSON LAGOON
NEWHALEN
NEW STUYAHOK
NIKOLSKI
NONDALTON
PEDRO BAY
PILOT POINT
PORT ALSWORTH
PORT HEIDEN
PORT MOLLER
PORTAGE CREEK
SAND POINT
SOUTH NAKNEK
SQUAW HARBOR
ST. GEORGE
ST. PAUL
TOGIAK
TWIN HILLS
UGASHIK
UNALASKA

MEMORANDUM DATE: March 20, 1983

TO: Rep. Bob Bettisworth

FROM: Rep. Adelheid Herrmann

RECEIVED 3-22

SUBJECT: Snake Lake (East Creek) Hatchery

I have recently been informed that the F.R.E.D. Division of ADF&G is dismantling the Snake Lake Hatchery. Apparently, this includes everything except one small generator. They plan to have the building empty by April 12, 1983.

The regional aquaculture association, Imarpik, and the local school district have expressed interest in using the hatchery for education and research. If we allow F.R.E.D. to completely strip the facility, this will not be possible.

If we collectively apply our efforts perhaps we can be successful in maintaining an operational facility even if only at reduced levels. I would appreciate all the help you can give me with regard to keeping the facility open and operating even at reduced capacity.

Also, any information you can provide me regarding the bill you plan on introducing about hatcheries would be welcome.

cc: Rep. Jack McBride
Rep. Ben Grussendorf
Rep. Fred Zharoff
Sen. Bob Mulcahy

Alaska State Legislature

REPRESENTATIVE
JACK MCBRIDE

COMMITTEES
COMMUNITY & REGIONAL AFFAIRS
TRANSPORTATION
SPECIAL COMMITTEE ON FISHERIES

BOX 7563
KETCHIKAN, ALASKA 99901

WHILE IN JUNEAU
POUCH V
JUNEAU, ALASKA 99811
(907) 465-4919

House of Representatives

MEMORANDUM

TO: Representative Bob Bettisworth Date: March 31, 1983

FROM: Representative Jack McBride Jack Re: Snake Creek Hatchery

I am writing in support of using the Snake Creek Hatchery in conjunction with the Imarpik Regional Aquaculture Corporation as a facility for education and research.

I spent two years in Bristol Bay as the Manager of the Imarpik Regional Aquaculture Corporation and can assure you of the need for this facility, if even at reduced levels. It would be a shame to dismantle a facility that is now worth close to $10 million dollars and that may be utilized in a different manner.

If you would like to discuss this in any detail, please don't hesitate to call and I would appreciate any comments you may have.

JM/rb

RECEIVED
4-5-83

Alaska State Legislature

REPRESENTATIVE
ROBERT H. "BOB" BETTISWORTH

POUCH V
JUNEAU, ALASKA 99811

P.O. BOX 80288
COLLEGE, ALASKA 99708

Mr. Freeman Roberts
Imarpik Regional Aquaculture Corporation
P.O. Box 189
Dillingham, AK 99576

March 28, 1983

Dear Mr. Roberts,

Thank you for your letter of intent to operate the East Creek hatchery facility in Dillingham.

I'm afraid, however, that we have a misunderstanding. I believe that legally, the state cannot "grant" a public facility to an individual, or company. My intent is that the state make the hatchery available to you in a lease agreement, at a nominal fee.

Your letter included a proposed budget for the hatchery. First off let me say, that it is a realistic operating budget. However, your letter seemed to imply that Imarpik was also seeking grant funding for operation of the hatchery. This too, is not my intent. If Imarpik needs operating funds, the Fisheries Enhancement Loan Fund is available for this purpose.

I realize your intent in operating the facility is in an educational and research capacity, and therefore your request for a grant, but I do not believe a grant is in the best interest of the state. In essence, we've been giving the F.R.E.D. Division grants for the last 10 years, with very little return on the state's investment. The main purpose of getting the hatcheries into private management is to finally see a return.

I do support the Imarpik Regional Aquaculture Corporation operating the Dillingham hatchery, but I do not support any hatchery transfer with a blanket check from the state. I stand ready and willing to assist you in this matter. Please contact me if I can be of further assistance.

Sincerely,

Bob Bettisworth

Rep. Bob Bettisworth
RHB/mjk

SOUTHERN SOUTHEAST REGIONAL
AQUACULTURE ASSOCIATION, INC.

P.O. Box 6916 Ketchikan, Alaska 99901
(907)225-9605

April 3, 1982

Representative Bob Bettisworth
House Finance Committee
Pouch V
Juneau, Alaska 99811

Dear Representative Bettisworth:

The concerns I expressed during our conversations earlier in the session have been discussed at length by the Board of Directors of Southern Southeast Regional Aquaculture. Within our region and statewide, SSRAA has generally been supportive of the productive programs of the Fisheries Rehabilitation Enhancement and Development Division and we have worked cooperatively to urge improvements in their program and assisted them in doing so. To date, the dual efforts of FRED and SSRAA have been directed toward achieving the objectives set out in the regional comprehensive plan that targets the very depressed species in southeast.

In the long run, the private non-profit corporations can provide significant relief in the operational costs of the FRED Division if selected facilities are transferred into the private sector. However, this must be done based upon a review of the operational, management, and economic characteristics of each individual facility on a case by case basis. Within the southern southeast region, there are four hatcheries operated by the FRED Division, and SSRAA is initiating just such a full review of each of these facilities. This will take a period of time to complete, however, these points can be made about each facility:

Deer Mountain Hatchery is located in Ketchikan. This is a small, essentially demonstration hatchery which is a significant tourist attraction in Ketchikan but to date has not contributed much to the fishery. This facility does not have a guaranteed water supply due to priority allocation to the city's domestic water system and has a record of major mortalities due to water problems. The FRED Division operates this facility on contract with the City of Ketchikan which owns the facility. Any involvement by SSRAA would have to be negotiated with the City of Ketchikan should the FRED Division withdraw.

Crystal Lake Hatchery is located just outside Petersburg. This facility concentrates on chinook and coho salmon and is a well developed program supplying brood stock to other facilities as well as resupplying its own program. Although it has had operational and pathological problems in the past it has a documented record of contributions to the commercial and sport fisheries. Significant problems may exist in operating a terminal harvest under their existing operation plan but alternatives may be possible to conform with private non-profit operation of this hatchery. SSPAA would need to review this situation in the interim and would not be in a position to operate Crystal Lake in FY83.

Klawock Hatchery is located in Klawock on Prince of Wales Island. This facility is designed as a large capacity chum and coho hatchery. Although operating for a few years, this hatchery has not had any significant production to date. It is our understanding that to operate at capacity, additional improvements would be needed, brood stock development has been very disappointing, adult mortalities on coho have been significant, water supply problems may exist, and terminal harvest problems may exist. The hatchery has recently taken pink eggs against the recommendations of the Regional Planning Team and the Comprehensive Plan primarily for political reasons. SSRAA would not be in a position to operate Klawock by FY83 and would need the interim to study the operations of Klawock to respond next session.

Beaver Falls Hatchery is located just south of Ketchikan near the SSRAA Whitman Lake Hatchery. It is an expanding chum program for which SSRAA has conducted wild eggtakes for two years to compliment the returns back to the facility. Additional improvements are essential to properly operate this facility by providing for short term rearing and release of fed fry similar to the SSRAA Whitman Lake chum program. Faced with closure of this production facility, SSRAA would be able and willing to operate this facility in FY83 should the facility be transferred with the operating funds provided by contract and with the transfer of already-appropriated capital funds including $400,000 approved in FY82. It would be our intent to make the necessary improvements, bring this facility up to full capacity, and be self supporting by FY85 with no further state funding after that.

As stated in our earlier conversations, many details will need to be worked out for the transfer of any FRED facility into the private sector. We recommend that the legislature identify a few facilities and target them for transfer in FY83 as "pilot projects". Further, we recommend that an appropriation of $50,000 be made to ADF&G for the Regional Planning Team similar to the FY82 appropriation for that purpose but specifically intended for use to prepare recommendations on the applicability of FRED facilities being transferred into the private sector.

This does not detract from or replace SSRAA's stated intentions to develop an extremely valuable new project planned for co-development with the Tyee Power Project near Wrangell. We strongly urge this session to provide the needed additional loan fund to develop this hatchery due to the benefits to be derived from it and the time schedule of construction in conjunction with the power project.

As you are aware, SSRAA has conducted a demonstration lake fertilization project jointly with the FRED Division for three years. This project is an extremely well supported program in and out of the legislature to develop natural enhancement techniques for our valuable sockeye stocks. The continuation of lake fertilization projects around the state depends on documenting the lake fertilization technique by completing this southeast project. I respectfully request that an appropriation at last years level of $229,000 be appropriated for SSRAA's portion of this project with specifically stated intent that ADF&G contract with SSRAA to continue this project.

I am pleased to respond to your request for this information and state our willingness to provide any additional information or position that would be of assistance to you in your deliberations.

Sincerely,

Ronald W. Wendte

Ronald W. Wendte
Executive Director

cc: Representative Ernie Haugen

JUNEAU, AK 99801

02021 TDA CORDOVA ALASKA 681 04-05 1115A AST

PMS REP ROBERT BETTISWORTH (PHONE AND DELIVER)

0525

JUNEAU AK

DEAR REPRESENTATIVE BETTISWORTH

SATURDAY, APRIL 3RD, THE EXECUTIVE COMMITTEE OF THE BOARD OF DIRECTORS OF THE PRINCE WILLIAM SOUND AQUACULTURE CORPORATION PASSED THE FOLLOWING MOTION. PWSAC BOARD IS WILLING TO TAKE OVER THE OPERATIONS AND MAINTENANCE OF CANNERY CREEK AND MAIN BAY HATCHERY FACILITIES PROVIDED THAT PWSAC HAS FULL AUTHORITY AND RESPONSIBILITY TO OPERATE AND MAINTAIN THEM AND THAT FUNDS BE PROVIDED IN THE ENHANCEMENT LOAN FUND FOR OPERATION AND MAINTENANCE FOR FY-83 AND FY-84 AT DLRS400,000 PER YEAR PER FACILITY AND THAT CAPITAL FUNDS FOR CONSTRUCTION COMPLETION OF BOTH FACILITIES OF A MINIMUM OF DLRS5 MILLION BE PROVIDED THROUGH THE ENHANCEMENT LOAN FUND. IN CONJUNCTION WITH THE ABOVE MOTION THE FOLLOWING WAS DISCUSSED.

A. OPERATION FUND. PWSAC WOULD STOCK BOTH HATCHERIES IN 1982 TO MAXIMUM POSSIBLE CAPACITY IN ANTICIPATION OF SUBSEQUENT HIGH ADULT RETURN TO ACHIEVE FINANCIAL SELF-SUFFICIENCY FOR BOTH FACILITIES AS SOON AS POSSIBLE WHICH WOULD BE IN FY-85 OR FALL OF 1984.

PRESENTLY A HIGH INSECURITY PREVAILS IN THE SALMON FISHERY AS TO LEVEL OF SALES AND PRICE FOR 1982 ADULT SALMON RETURN TO PRINCE WILLIAM SOUND CAUSED BY PROCESSOR AND MARKET INSTABILITY DUE TO CURRENT ADVERSE MARKET CONDITIONS AND FDA RECALL OF CANNED SALMON WHICH MAY REFLECT ON FY-83 INCOME TO PWSAC FROM SAN JUAN FISH SALES AND ASSESSMENTS. TO PROVIDE OPERATIONAL SECURITY PWSAC WOULD REQUIRE TO BORROW FUNDS FROM THE ENHANCEMENT LOAN FUND TO OPERATE MAIN BAY AND CANNERY CREEK FOR FY-83 AND FY-84 IN THE AMOUNT OF UP TO DLRS400,000 FOR EACH FACILITY.

B. CAPITAL FUNDS. CANNERY CREEK. THIS FACILITY ALTHOUGH BASICALLY COMPLETE LACKS COMPONENT VITAL TO ADDITION AND FULL CAPACITY OPERATION. FOR EXAMPLE: ADULT MATURING, EGG TAKE, FRY-OUT MIGRATION AND SALT WATER REARING FACILITIES. AN ESTIMATED TOTAL OF DLRS2 MILLION IN CAPITAL INVESTMENT WOULD BE NEEDED. PWSAC WOULD BORROW THESE FUNDS FROM THE ENHANCEMENT LOAN FUND.

MAIN BAY. THIS FACILITY IS CURRENTLY UNDER CONSTRUCTION AND SCHEDULED TO BE TURNED OVER TO THE STATE BY THE CONTRACTOR IN MAY 1982. ADF AND G ENGINEERS ESTIMATE THAT ABOUT DLRS3 MILLION ARE NEEDED IN CAPITAL CONSTRUCTION TO COMPLETE THIS SITE TO DESIGN SPECIFICATIONS. THIS AMOUNT WOULD BE BORROWED BY PWSAC FROM THE ENHANCEMENT LOAN FUND.

C. A CONTRACTUAL AGREEMENT BETWEEN THE STATE AND PWSAC WHICH WOULD TRANSFER AUTHORITY AND RESPONSIBILITY FOR OPERATIONS AND MAINTENANCE FOR BOTH STATE-OWNED FACILITIES TO PWSAC AT A NOMINAL LEASE FEE WOULD BE ACCEPTABLE. POSSIBLE FUTURE TRANSFER OF TITLE TO PWSAC IS DESIREABLE PENDING ON FUTURE DETERMINATION OF LEGALITIES AND RESOLUTIONS OF THESE FINANCIAL OBLIGATIONS OF THE STATE TO PAY BACK G.O. BONDS.

IN GENERAL PWSAC(S) INTENT AND GOAL IS TO PURSUE ALL AVENUES ACCEPTABLE TO MEMBERS OF THE FISHING INDUSTRY AND THE GENERAL PUBLIC OF THE STATE WHICH WILL LEAD TO CONSISTENT AND HIGH PRODUCTION OF SALMON IN OUR REGION FOR THE BENEFIT OF ALL USER GROUPS, MAINTAINING A HIGH LEVEL OF COOPERATION BETWEEN THE SALMON INDUSTRY, FISHERMEN, ADF AND G AND OTHER STATE AGENCIES.

TAKING CARE OF OPERATIONAL AND MAINTENANCE COSTS FOR HATCHERIES THAT CAN BE OPERATED BY THE PRIVATE SECTOR ON A COST RECOVERY SYSTEM BASED ON FISH SALES AND FUTURE CAPITAL COSTS VIA THE LOAN FUND MAY HELP TO INCREASE THE FRED DIVISION ACTIVITIY IN NEEDED RESEARCH, PLANNING, SUPERVISION AND EXECUTING OF SALMON

ENHANCEMENT PROJECTS WHICH DO NOT LEND THEMSELVES FOR COST RECOVERY VIA FISH SALES. FOR EXAMPLE, INLAND AND SPORT FISH HATCHERIES, LAKE AND STREAM STOCKING, ETC.

PWSAC(S) OFFER TO OPERATE THESE BASE FACILITIES IS BASED ON RECOGNITION OF FUNDING LIMITATIONS OF THE STATE, A DESIRE TO PURSUE EXPANSION OF THE PRINCE WILLIAM SOUND ENHANCEMENT SYSTEM AND THE COMMITMENT OF THE FISHING INDUSTRY TO CARRY ITS SHARE IN ACHIEVEING CONSISTENT HIGH LEVEL OF SALMON RUNS TO PROVIDE ECONOMIC STABILITY TO OUR REGION IN HIGH COMPETITIVE FUTURE MARKET AND FOR A GROWING DEMAND AND THE BENEFIT OF PERSONAL-USE FISHERMEN.

THE DIRECTORS OF THE PRINCE WILLIAM SOUND AQUACULTURE CORPORATION BOARD EXPRESS THEIR APPRECIATION FOR THE CONSIDERATION AND RECOGNITION BY THE ALASKAN STATE LEGISLATURE OF OUR EFFORTS AND NEEDS, AND THANK YOU FOR THE OPPORTUNITY TO PROVIDE THIS INPUT TO YOU. SINCERELY,

ARMIN F KOERNIG, PRESIDENT

PRINCE WILLIAM SOUND AQUACULTURE CORPORATION

NANA REGIONAL CORPORATION, INC.
POST OFFICE BOX 49 / KOTZEBUE, ALASKA 99752 / TELEPHONE (907) 442-3301

March 30, 1982

Representative Bob Bettisworth
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Bob:

We are interested in acquiring the Sikusuilaq Hatchery. I hope that we can prepare a proposal in the short time that you have requested. Your accessment of the State hatchery program corresponds with our own exactly and we will do our best to assist in the proper development of this hatchery because of its importance to the people of our region.

Sincerely Yours,

John V. Schaeffer
President

pa

cc: John Shively, V.P. Operations, Anchorage
Herman Reich, General Manager, Kotzebue
Calvin Moto, Manager, NANA Seafoods
NANA Board

Encl. Bob Bettisworth Letter

JAY S. HAMMOND
GOVERNOR

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

MEMORANDUM

To: Members
Hatchery Funding Steering Committee
Office of the Governor

From: W.I. "Bob" Palmer
Special Projects Coordinator
Office of the Governor

Date: April 1, 1982

Re: Workgroup Interim Report

1.0 INTRODUCTION

1.1 MEMBERSHIP

W.I. "Bob" Palmer, Chairman
Fred Muller, Department of Administration
Tom Chester, Budget and Management
Eric Laschever, Budget and Management
Mark Siegars, Budget and Management
John McMullen, FRED Division, ADF&G
Pete Froehlich, Department of Law

Resource Persons:

Curt Kerns, Alaska Fisheries Council
Armin Koernig, Prince William Sound Aquaculture Corporation
Ron Wendte, Southern Southeast Regional Aquaculture Association
Ladd MaCauley, Douglas Island Pink and Chum
Richard Matthews, Armstrong-Keta
Ken Parker, CommFish, ADF&G
Pete Bushre, Department of Revenue
Bob Clasby, CommFish, ADF&G

APPENDIX 8

ELECTIVE TRANSFER OF FRED DIVISION SALMON HATCHERIES:
DVANTAGES AND DISADVANTAGES

1.0 Arguments Supporting Selective Transfer of State Hatcheries to Qualified Regional Associations

1.1 Philosophical Concerns

1.11 User groups pay the costs for hatchery O&M and CIP improvements and completions instead of the general public.

1.12 It is in keeping with the basic philosophy that "government should only do for the people what the people cannot do for themselves."

1.13 Avoids potential conflict of interest by at least a partial separation of production role from regulatory role.

1.14 Stronger user group input and control via elected board members, therefore, more actual public control vs. state agency control by, at times, entrenched bureaucrats.

1.15 Encourages interested user group members to volunteer to help themselves more than a state operation would and provides jobs for young people at less than minimum state wages.

1.16 Encourages cooperation between sports, subsistance and the various gear groups of commercial fishermen working for a common cause.

1.17 Allows for faster overall program development thus enabling Alaska to establish a claim to its fair share of of the ocean pasture.

1.18 Encourages longer term view point by user groups as opposed to "3 R's" so prevalent throughout the history of Alaska.

1.2 Economic Considerations

1.21 Eases spending limit problems while not adversely impacting other ADF&G programs or missions.

1.22 Saves state O&M and CIP improvements and completion costs over project life. This savings will be in excess of $100 million of General Funds monies. Although O&M loans will be necessary for the first two years of private operation while hatchery production is reaching full capacity -- such loans will be repaid and are an investment of non-renewable oil monies in the development of a healthy renewable resource economy.

1.23 Strong incentive to quickly bring facilities up to

full production thus the user groups are able to harvest fish sooner. Secondary benefits also accrue at an earlier date.

1.24 State purchasing and personnel regulations and statutes, while written to protect public funds, may not be flexible enough to react in a timely manner when a quick operational response is necessary.

1.25 Stronger incentives for cost effectiveness due to scrutiny by selected board members, salmon enhancement tax payers or voluntary assessment contributors.

1.26 As oil revenues decline some Legislators may be tempted to close FRED hatcheries. Selected takeover allows for a more stable funding base. Hatcheries, being long term projects, require a long term. relatively stable financial base.

1.27 The private sector has a stronger incentive to sell fish, therefore a stronger incentive for the full utilization of the fishery resource.

1.3 Legal/Political

1.31 Avoids severe political controversy that will result if state attempts to sell fish. Resulting controversy could severly damage enhancement program -- public and private.

1.32 ADF&G has authority under general powers to sell fish. Explicit statutory authorization is preferred, however. A new statute is unlikely to pass due to strong opposition of the present limited entry permit holders objecting to new class of entry permits being created.

1.33 State fish sales of large blocks of fish could result in market dislocations by upsetting the delicate balance between sellers and buyers.

1.34 State fish sales may be considered program receipts. However, the legislature is under no obligation to appropriate those program receipts unless they go into a dedicated fund. If a defacto dedicated fund is created, other state agencies may be encouraged to attempt to set up their own. In the long run, uncertain oil revenues could result in FRED hatchery closings even if all of the very severe problems of state fish sales could be worked out.

1.35 By user groups bearing costs of some of the hatcheries, more public support is generated for the overall program in that benefits accruing to a readily identifiable special interest group are paid for by that group.

2.0 Arguments Against Selective Transfer Of State Hatcheries To Qualified Regional Associations

2.1 Philosophical Concerns

2.11 If hatcheries are transferred the State will lose some of its control over the facility and its management.

2.12 Large runs of adult fish returning to Regional Association hatcheries may motivate the operators to attempt to influence State management decisions.

2.13 In the near term, hatchery transfers will reduce FRED Division employee morale.

2.14 In the near term, hatchery transfers may lessen the degree of cooperation between the Department of Fish and Game, especially the FRED Division, and the Regional Associations.

2.15 Removing hatcheries from State operation may result in either reducing the supply or increasing the cost of salmon eggs or fry required for other rehabilitation or enhancement projects run by the State.

2.16 The FRED Division has more fish culture experience than the Regional Associations.

2.17 At those hatcheries transferred, the FRED Division hatchery personnel will be terminated from State employment. These personnel may or may not be hired by the Associations, at the Associations discretion.

2.3 Economic Considerations

2.21 The fishermen harvesting hatchery fish will catch a smaller portion of the run returning to a hatchery. With hatchery operation costs paid for out of the general fund for state operated hatcheries the fishermen can harvest the entire adult return less broodstock. If the facilities are operated by Regional Associations, the fishermen will have to forgo catching "cost recovery" fish.

2.22 As no Regional Association loan payments are due, it is as yet uncertain whether the corporations will be able able to repay the loans they have secured from the State.

2.23 There is no economic advantage to transferring facilities because the State could either sell fish or levy extra taxes to support the costs of its hatchery operation.

2.24 Financial stability of the hatchery program will not be increased because revenues to the Regional Association hatcheries will vary annually with fish survival rates, fish prices and harvest rates in the common property fisheries.

2.25 The cost of facility operation by the Regional Associations may be no less than the cost of operations by the State.

2.26 The composite "overhead" costs of the Regional Associations may be greater than that of the FRED Division. The four regionals each maintain an office, the FRED Division has only one central office.

2.27 An analysis of economic feasibility will be required for each facility proposed for transfer.

2.3 Political/Legal Uncertainties

There are many legal questions relating to any transfer--some are of a general nature, some are site specific.

2.31 The legality of transferring state property to Regional Asssociations is questionable.

2.32 Contractual lease arrangements which would provide for operation of state owned hatcheries by the Regional Associations need to be developed.

2.33 Contractual rights of State employees currently operating facilities to be transferred need to be examined.

2.34 The ability of the Regional Associations to borrow monies to operate the facilites need to be guaranteed until sufficient adult returns make cost recovery possible.

2.35 The ownership of any capital improvements which may be made by the Regional corporations during the term of any lease agreement needs to be defined.

2.36 Transferability of any contractual agreements, permits, permits or authorizations relating to hatchery siting or operations, which the State has obtained need to be confirmed.

2.37 The State Board of Fisheries must promulgate regulations establishing "special harvest areas defining gear and time for hatchery harvest.

2.38 The Commissioner must issue an ADF&G Private-Non-Profit hatchery permit for each facility transfered, specifying species, capacities, egg take and fish release sites, Basic Harvest Management plans, etc.

osts Associated with State Salmon Hatcheries in Alaska, 1981.

		Operating costs (thousands)			Capital cost (millions)		
acility	Primary Species	FY 82	Full Production	Admin. and Evaluation	Present	Future	Total
eaver Falls	chum	268.0	300.0	60.0	0.79	3.686	4.476
eer Mountain	king-steelhead	205.0	250.0	50.0	0.86	0.071	0.931
lawock	chum	382.0	500.0	100.0	5.32	5.175	10.495
rystal Lake	king-coho	422.0	450.0	90.0	3.50	1.219	4.719
idden Falls	chum-king	445.0	600.0	120.0	5.32	5.175	10.495
nettisham	chum-king-coho	371.0	450.0	90.0	7.10	3.098	10.198
annery Creek	pink-chum	349.0	450.0	90.0	4.14	0.925	5.065
ain Bay	pink-chum	136.0	500.0	100.0	8.34	2.00	10.34
ig Lake	sockeye-coho	205.0	250.0	50.0	1.00	0.60	1.60
hip Creek	rainbow-coho	569.0	650.0	130.0	12.70	6.793	19.493
rail Lakes	sockeye-king-coho	52.0	800.0	160.0	6.30	2.35	8.65
asilof	sockeye	217.0	300.0	60.0	1.50	---	1.50
utka	pink	311.0	350.0	70.0	1.37	1.45	2.82
itoi	pink-king	321.0	400.0	80.0	1.11	4.20	5.31
arluk	sockeye	171.0	250.0	50.0	1.60	---	1.60
ussell Creek	chum-pink	533.0	500.0	100.0	10.57	7.25	17.82
ast Creek	sockeye	326.0	350.0	70.0	3.00	1.87	4.87
lear	king-rainbow-sheefish	274.0	325.0	65.0	1.13	6.00	7.13
ikusuilaq Springs	chum	139.0	350.0	70.0	1.43	1.00	2.43
ulkana	sockeye	141.0	175.0	35.0	0.05	---	0.05
	TOTALS	5837.0	8200.0	1640.0	77.13	52.682	129.992

APPENDIX 3

Classification of Other FRED Facilities

1.0 Sport or Tourism

Region	Hatchery	FY 82 O&M costs Thousands	Completion Capital required-Millions	Full production yearly O&M cost Thousands
SE	Deer Mt.	246.0	0.071	330.0
CI	Ship Creek	682.8	6.793	840.0
FBX	Clear	328.8	6.000	420.0
Total		1,257.6	12.864	1,590.0

2.0 Research

Kotzebue	Sikusuilaq	166.8	1.000	480.0
Dillingham	East Cr.	391.2	1.870	480.0
Kodiak	Karluk	205.2	———	330.0
Paxton	Gulkana	205.2	———	240.0
Totals		932.4	2.870	1,530.0

3.0 Cost Recovery Not Practical or Not Significant

SE	Crystal Lake	506.4	1.219	660.0
CI	Crooked Creek	260.4	-----	420.0
CI	Trail Lakes	62.4*	2.350	960.0
CI	Big Lake	246.0	0.600	360.0
Totals		1,396.8	7.855	2,820.0

4.0 Cost Recovery Possible, No Active Regional Associations

Kodiak	Kitoi	385.2	4.200	480.0
Cold Bay	Russell Cr.†	639.6	7.250	720.0

*not fully staffed
†law suit filed

in the area at least 14 days before the [illegible] meeting to give those who did not vote by written ballot at the initial public meeting an opportunity to vote. These votes shall be counted with the votes counted at the initial meeting. A majority vote for the assessment is required from the combined total of the returned ballots and the votes by ballot cast at both public meetings, before an assessment may be imposed. No person may vote twice.

(f) The qualified regional association shall establish standard registration procedures for voting on assessments under this section.

* Sec. 17. AS 16.10 is amended by adding new sections to read:

Sec. 16.10.600. CREATION OF AUTHORITIES. (a) An association qualified under sec. 380 of this chapter as a regional association is given the authority to form a regional salmon enhancement authority. There is created with respect to each of the associations qualified under sec. 380 of this chapter a public body corporate and politic as a political subdivision of the state to function in the operating areas of the individual associations. Each authority may exercise all powers conferred by secs. 600 - 620 of this chapter.

(b) A regional salmon enhancement authority may not transact business or exercise powers granted to it until the governing body of the association has, by resolution, declared there is a need for the authority to function, given it the authority to function and appointed persons to serve as the board of commissioners of the authority. The number of members of the board of commissioners, their terms of office and the filling of vacancies in office shall be determined by resolution of the governing body of the association.

(c) The regional salmon enhancement authority has jurisdiction to operate in all or part of the operating area of the individual association as determined by resolution of the governing body of the association.

Sec. 16.10.610. TAX EXEMPTION. (a) A salmon enhancement authority is exempt from payment of taxes or assessments for a period of 20 years from the effective date of this Act on property owned by the authority which is used for salmon enhancement purposes.

(b) All obligations or liabilities of a regional salmon enhancement authority remain its own and are not obligations or liabilities of the state.

Sec. 16.10.620. POWERS OF THE AUTHORITY. A salmon enhancement authority has the general power to

(1) adopt, alter and use a corporate seal;

(2) prescribe, adopt, amend and repeal bylaws;

(3) sue and be sued in its own name;

(4) appoint officers, agents and employees and vest them with powers and duties and to fix, change and pay compensation for their services as the authority may determine;

(5) borrow money, make and issue notes and other evidences of indebtedness of the authority for any of its corporate purposes and to secure payment of its obligations by pledge of or lien on all or any of its assets, contracts, revenue and income;

(6) make and execute agreements, contracts and other instruments necessary or convenient in the exercise of its powers and functions, including contracts with any person, firm, corporation, government agency or other entity;

(7) receive, administer and comply with the conditions and requirements of an appropriation, gift, grant or donation of property or money;

(8) invest or reinvest money or funds held by the authority in obligations or other securities or investments in which banks or trust companies in the state may legally invest funds held in reserves or sinking funds or funds not required for immediate disbursement, and in certificates of deposits or time deposits;

(9) acquire, hold, use, lease, sell or otherwise dispose of property of any kind, real, personal or mixed or any interest in it;

(10) do all acts and things necessary, convenient or desirable to carry out the powers granted or implied in secs. 600 - 690 of this chapter;

(11) adopt, amend and repeal rules and regulations necessary.

* Sec. 18. Notification, public meeting and voting procedures instituted before the effective date of this Act that are substantially in compliance with AS 16.10.530(e) shall be considered to constitute compliance with this Act, and are ratified upon the effective date of this Act.

* Sec. 19. AS 16.10.400(d) and 16.10.530(b) are repealed.

* Sec. 20. This Act takes effect immediately in accordance with AS 01.10.070(c).

Approved by the Governor: June 23, 1977
Actual Effective Date: June 24, 1977

Fish Tax

The following table presents the value of the salmon harvest to the fisherman for each year from 1970-1980 and shows the amount of funds which would have been generated by a tax of 2.5%, 5% and 10% respectively. A comparison of these revenues to the present and planned costs of the hatchery program is instructive.

The FRED Division was appropriated almost nine million dollars to operate and evaluate State hatcheries in FY 83. This level of operation would have been covered by the revenues generated by the 5% tax starting in 1977. The 2.5% rate wouuld not have generated sufficient funds for the 1983 program, although the 1979 revenues would have almost been enough. An expanded hatchery program, capable of producing 50 million adult fish as called for in the Alaska Salmon Plan, would require an additional $18 million, or a total of $27 million, in annual operating funds. these funds would have been generated by the 10% rate in 1979 and 1980.

It should be noted that if the tax is applied statewide, the regions with small hatchery programs may be subsidizing those regions with larger, more expensive programs. A tax on processors would generate an = amount, but would lessen international competitiveness by an unknown amount.

OPTION: PROGRAM ABANDONMENT

The harvesting and marketing of salmon is the most important segment of Alaska's fishing industry, in terms of both employment and value. If the salmon enhancement program is abolished, this segment will suffer. We can expect two general catagories of long-term adverse responses: 1) Continued economic inefficiency in the processing and marketing sectors; and 2) reduction in industry revenues over the long-term.

Economic Inefficiency

Despite extreme and progressive fisheries management efforts, salmon populations are characterized by large environmentally-produced fluxuations in numbers. For example, the 1974 salmon harvest was 21.9 million fish; severe catch restrictions were imposed in several regions. The 1981 harvest was 111.4 million fish, with frequent reports of under-utilized catches and instances of poor product quality.

Extreme catch fluxations result in markedly lower accrual of sociatal benefits, due basically to undercapitalization of the processing and marketing sectors. At any given investment level, a minimum number of fish must be acquired in order to meet fixed and variable operating costs, as product prices are typically set internationally. If that minimum number is not handled, whether by a single harvester or a large corporate entity, capital will flow out of the endeaver, and the individual or firm will eventually cease operations. Harvesters protect themselves by entering other fisheries, or by outside employment; processors protect themselves by gearing for production levels that approximate average harvest levels, and by inter-regional transporting of fish. Fish brokers deal with additional fish species, thus reducing emphasis on salmon. Consequently, larger than average runs are inefficiently dealt with in terms of both product quality and production costs.

The Alaska salmon processing sector requires additional investment. Alaska needs not so much additional processing capacity, but rather modernization and updating of existing plants, if Alaskan salmon products are to remain competitive. In many locations, canning methods in particular have changed little since the turn of the century, and have not benefited from more recent developments in mechanization and management common to other areas of the food processing industry. Many plants require complete replacement. They have been fully depreciated by a series of owners, and cannot be used as loan collateral at levels above a fraction of their replacement costs.

If other enhancement program options are pursued, and increased numbers of enhanced salmon result, a base quantity of production can be maintained. Poor years-periods of total closure on naturally spawning stocks, with fishing allowed on just hatchery stocks, may never provide profits, but can cover the fixed and variable costs of production, even at higher investment levels. Processors and marketers can then justify the increased investments that are necessary.

Industry Revenues

The carrying capacity of the sub-Arctic Pacific is unknown with regards to salmon. It is, however, finite-- The enhancement efforts of Japan and

Russia are programmed to approximately double over the next decade. The ocean pastures shall be filled. As it will require several decades to occupy a significant share of salmon pastures, we cannot falter. If insufficient determination is displayed, the Alaskan salmon industry will hold an ever decreasing market share. As other North Pacific rim countries increase their salmon production, the price increases of salmon products can be expected to slow in comparison with the rise of costs associated with goods and services that go into harvesting, processing, and distribution of the product. Market-share and net revenues will subsequently fall, thus additionally discouraging investment.

BILL SHEFFIELD, GOVERNOR

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

MEMORANDUM

To: The Honorable Bill Sheffield
Governor

From: Curt Kerns, Chairman
Alaska Fisheries Council
Office of the Governor

Subject: AFC Resolution of November 23, 1982

Date: January 3, 1983

The Alaska Fisheries Council respectfully requests your consideration of the enclosed resolution and accompanying draft legislation.

The resolution and legislation are the cumulation of work first begun in July of 1981 when Budget and Management first flagged FRED Division operating and maintenance funding as an area of potential problems, given the imposition of the spending limit. A cabinet-level steering committee and then a working group were formed. A number of options were reviewed; the steering committee narrowed the list to five. After additional study, the Alaska Fisheries Council met to review the options. Four have significant constitutional or political problems. The remaining option -- selected transfer -- while not free of objections, was judged worthy of your consideration.

Should your administration make the decision to introduce the enclosed legislation, passage of the bill and subsequent transfer of selected FRED production facilities to the private sector will not be a panacea in that FRED budgetary requirements will not be reduced. Future increases, however, will not grow as rapidly without transfer. If Alaska is to have a competitive and healthy salmon industry on into the future, FRED will need to be funded at a rate commensurate with other A.D.F.& G. divisions.

A plethora of background materials are available. If your office requires further input, please contact us.

Enclosures

RESOLUTION
OF THE
ALASKA FISHERIES COUNCIL
November 23, 1982

WHEREAS, the Fisheries Rehabilitation, Enhancement & Development Division of the Alaska Department of Fish and Game has played a vital role in the State of Alaska's Salmon Enhancement Program; and

WHEREAS, the Fisheries Rehabilitation, Enhancement & Development Division shall continue to play a vital role in the support of the Salmon Enhancement Program by providing technical services such as pathology, genetics, and limnology, as well as to produce fish in areas not suited for cost recovery for the benefit of all Alaskans, be they subsistence, sport, or commercial users, and continue to develop new biotechnology; and

WHEREAS, the People of the State of Alasks have expressed their edict by imposing a spending limit as an amendment to the Constitution of the State of Alaska; and

WHEREAS, the provisions of the spending limit may cause funding problems that jeopardize the statutorily required and other vital contributions of the Fisheries Rehabilitation, Development & and Enhancement Division to the Alaska Salmon Enhancement Program; and

WHEREAS, the policy of the State is to promote enhancement of the State's salmon fisheries through private, non-profit regional aquaculture associations comprised of all of the various user groups, thereby furthering a valid public purpose; and

WHEREAS, the search for viable options has be exhaustive and but one found; NOW THEREFORE BE IT

RESOLVED that the Alaska Fisheries Council respectfully recommends to the Governor of the State of Alaska that legislation be introduced by his hand to grant authority to the Commissioner of the Department of Fish and Game to sell or lease State-owned salmon hatcheries to Qualified Regional Aquaculture Associations, and further be it

RESOLVED that the Alaska Fisheries Council respectfully recommends to the Legislature of the State of Alaska that said legislation be enacted into law and further be it

RESOLVED that the Commissioner of the Department of Fish and Game initiate sincere negotiations with those Qualified Regional Aquaculture Associations who apply to lease or buy state-owned salmon hatcheries within their respective regions and that said negotiations be concluded in a timely fashion.

Signed,

Curt Kerns, Chairman
Alaska Fisheries Council

ALASKA STATE LEGISLATURE
HOUSE OF REPRESENTATIVES
RESEARCH AGENCY

Pouch Y, State Capitol
Juneau, Alaska 99811
(907) 465-3991

March 17, 1982

MEMORANDUM

TO: Representative Ken Fanning

FROM: David Teal
Research Staff

RE: Disposal of State-Owned Fish Hatcheries
Research Request Number 82-79

John Manly of your staff requested information on procedures for disposing of surplus State property, specifically fish hatcheries. Our research indicates that transfer of State hatcheries to the private sector would be possible, but may require legislative action to pay off outstanding general obligation bonds, revise the laws governing the Fisheries Enhancement Revolving Loan Fund, and/or give State property away. Additional action would be required by executive branch agencies.

AS 44.71.010 (attached) places responsibility for disposal of obsolete or surplus State property on the Department of Administration, but the law does not specify the terms of disposal or the types of property that are covered by the section. The Property Management Section of the Department of Administration stated that the Department deals only with personal or non-real assets; the Department of Natural Resources has reponsibility for disposal of land.

Hatchery Sites

According to Lowell Barrick of the Department of Fish and Game, the State owns only two of the 20 sites on which State hatchery facilities are located. Two hatchery sites are on military reservations, one is owned by the city of Ketchikan, one is owned by an individual and rented to the State, and three or four are owned by Native corporations. The remaining ten or 11 are available through special use permits issued by the United States Forest Service. Ownership is not clear in some cases where hatchery sites are included in Native land selections that have not yet been transferred from the federal government to the corporations.

Forest Service permits are issued at the discretion of individual forest managers, but spokemen said that the Forest Service has a general policy of support for hatcheries and they did not expect any problems with permits for private sector hatchery operators. Although they did not think the permit fee of five percent of appraised value of the land could be waived for private users, they said that attempts to make transfer of permits as smooth as possible would probably be made. The permits are usually for five or ten years and can be issued in "guaranteed renewable" form.

Chapter 38 of Alaska statutes governs disposal of State lands. The Department of Natural Resources can dispose of State lands only through auction, lottery, or negotiated sale or lease. Conveyances to nonprofit corporations according to rules specified in AS 38.05.315 (attached) may allow private use of hatchery sites at a lease rate of one percent of fair market value, but a department spokesman said that only the Legislature could give away State land. A legal opinion may be required to determine whether hatchery sites meet the "social welfare" and "public use" restrictions of AS 38.05.315.

Military and non-government owners were not contacted to determine whether transfer of hatchery ownership would result in loss of land use privileges. If you would like the agency to check with these owners, please give us a call.

Non-Real Property

According to the Division of Legal Services, bonded indebtedness is the major problem with transfer of hatchery facilities. Because the hatcheries were funded by general obligation bonds, transfer of hatcheries probably could not occur unless the bonds were paid off first. According to the Department of Fish and Game, all hatchery facilities have bonded debt outstanding. Total capital cost as of December 31, 1982 was over $73 million, and expenditures of over $52 million on existing facilities are anticipated. Tamara Cook, from Legal Services, said that if the financing issues could be resolved, transfer of facilities to the private sector would not be a serious problem.

The Department of Administration is responsible for disposal of non-real property. A department spokesman said that once the question of bonds is resolved, sale of hatchery facilities would not be difficult. He said that giving the facilities away could present some problem, but noted that non-real property can be (and has been) donated to recognized nonprofit aquaculture associations. Tamara Cook stated that the "public purpose" statute is very broad and that if the Legislature wants to give hatchery facilities away to private nonprofit corporations, it can probably do it.

Fisheries Enhancement Revolving Loan Fund

The attached description of the Fisheries Enhancement Revolving Loan Fund is from House Research Agency Report Number 81-14. Marty Lentz, from the Division of Business Loans, stated that the Division would probably not be able to lend funds for purchase of an existing hatchery. AS 16.10.500 specifies that funds may be loaned for planning, constructing or operating a hatchery, but it does not mention loans for purchasing an existing facility.

In addition, Mr. Lentz pointed out that the current limits on maximum loan amounts and current level of appropriations would prevent the Fund from making loans of the size required to purchase most State facilities at fair market value. Unless the Legislature revises laws governing the Loan Fund, private financing may have to be obtained in order to purchase hatcheries. It is unlikely that private financing would offer terms similar to those available through the State program.

* * *

I hope this information is helpful. If additional information is desired, please call.

Attachments

Sec. 44.68.030. Exemptions. AS 44.68.010 — 44.68.040 do not apply to the use of vehicles by the governor. (§ 3 ch 178 SLA 1959)

Sec. 44.68.040. Violations. A state officer or employee who violates AS 44.68.010 — 44.68.040 or a rule adopted under AS 44.68.010 — 44.68.040 is subject to dismissal from state employment upon hearing as provided for other dismissals for cause. (§ 4 ch 178 SLA 1959)

Chapter 71. Surplus Property.

Article
1. Disposition of Surplus State Property (§ 44.71.010)
2. Acquisition of Federal Surplus Property (§§ 44.71.020 — 44.71.040)

Article 1. Disposition of Surplus State Property.

Section
10. Disposition of obsolete or surplus state property

Sec. 44.71.010. Disposition of obsolete or surplus state property. The Department of Administration shall take possession of obsolete or surplus property of the state for which there is no immediate or prospective use, except abandoned or obsolete school buildings and other school property. It shall also take possession of property remaining in the control of a commission or board of the state government after the commission or board stops functioning. The Department of Administration shall sell, lease, license, or dispose of the property on the terms it considers for the best interests of the state. (§ 13-1-4 ACLA 1949)

Revisor's note. — Section 13-1-4 ACLA 1949 was repealed by § 48 ch 133 SLA 1951. Section 1 ch 24 SLA 1953 repealed ch 133 SLA 1951 and § 2 ch 24 SLA 1953 reenacted § 13-1-4 ACLA 1949 as it appeared in ACLA 1949.

Am. Jur. 2d references. — 1 and 2 Am. Jur. 2d, Administrative Law, § 1 et seq.; 63 Am. Jur. 2d, Public Officers and Employees, § 22.

Article 2. Acquisition of Federal Surplus Property.

Section
20. Authority and duty of Department of Administration
30. Financing surplus property service
40. Authorization to accept property

Sec. 44.71.020. Authority and duty of Department of Administration. (a) The Department of Administration may

(1) acquire from the United States under The Federal Property and Administrative Services Act of 1949 as amended, referred to in AS 44.71.020 — 44.71.040 as the "Federal Act," and other applicable Federal statutes and regulations, (63 Stat. 377 et seq., 40 U.S.C.A. 471

Effect of amendments. — The 1978 amendment, in present subsection (a), deleted "without public notice" following "renewal lease issued" and substituted "120 days" for "90 days" in the first sentence, and substituted "§§ 75 — 85 and § 97" for "and §§ 75 — 85" in the fourth sentence.

The 1979 amendment added the subsection (a) designation, substituted "AS 38.05.315, 38.05.320, 38.05.057, 38.05.075 — 38.05.085 and 38.05.097" for "AS 38.05.315 and AS 38.05.320, 38.05.075 — 38.05.085 and 38.05.097" in the last sentence of subsection (a), and added subsection (b).

Sec. 38.05.315. Public and charitable use. (a) The lease, sale, or other disposal of state land or resources may be made to a state or federal agency or political subdivision, or the lease, sale, or disposal of coal deposits suitable for mining may be made to a utility owned and operated by a government agency or nonprofit cooperative association organized to participate under the Federal Rural Electrification Act for the purpose of generating electric power and energy or the production of process steam, or both, for less than the appraised value as determined by the director and approved by the commissioner to be fair and proper and in the best interests of the public, with due consideration given to the nature of the public services or function rendered by the agency, subdivision, or utility making application, and of the terms of the grant under which the land was acquired by the state.

(b) Notwithstanding AS 38.05.070 — 38.05.080 and 38.05.095, the director, upon application filed by an applicant eligible under (b) — (d) of this section, may, by negotiation and without public auction in the manner prescribed in (b) — (d) of this section, lease state land for a term of not more than 55 years. Before leasing, the director shall prepare a land use plan and a land classification to insure that the proposed use is compatible with area utilization. Before the land may be leased under (b) — (d) of this section, it must be shown to the satisfaction of the director that the land is to be used for an established or definitely proposed project, and that the eligible applicant has the financial ability to carry out the project. The commissioner may establish limitations on the acreage which may be leased under (b) — (d) of this section to an applicant.

(c) Eligible applicants under (b) — (d) of this section are limited to nonprofit corporations, associations, clubs, or societies organized and operated exclusively for charitable, religious, scientific, or educational purposes, or for the promotion of social welfare, if the project for which the land is desired conforms to those objectives and not commercial development. No lease of land may be granted under this section for a project closed to the use and enjoyment of the general public. In every case the applicant shall submit evidence that it is exempt from payment of federal income tax. As a condition of and in consideration of the rights acquired under a lease granted under (b) — (d) of this section, each eligible organization and its parent or subsidiary organizations shall (1) maintain and preserve books, accounts, and records that the director prescribes by regulation as necessary and appropriate;

and (2) accord at all reasonable times to the state and its authorized agents and auditors the right of access to those books, accounts and records for the purpose of inspecting, examining and copying them. Any information provided the state in the course of an audit becomes a matter of public record.

(d) The director may lease the land to an eligible applicant at a reasonable annual rental, taking into consideration the purposes for which the land is to be used and the financial resources of the applicant. The rental may not be less than one percent of the fair market value on lands acquired primarily for development, or less than five percent of the fair market value on university or acquired lands. Rent may not be charged for state land leased for a youth encampment. For the purposes of this subsection, "youth encampment" shall be defined by the commissioner by regulation. Renewal leases may be issued at the discretion of the director upon the expiration of a primary or renewal term. Each lease shall contain a provision for its termination as to all or part of the lands upon a finding by the director that the land or a part of it has not been used by the lessee for the purpose specified in the lease for a period of two years. No lease may be assigned or subleased except with the consent of the director, and in any case may only be transferred to an applicant eligible under (b) — (d) of this section. A lessee may not change the use specified in the lease to another or additional use except with the consent of the director. If, at any time after the land is leased, the lessee attempts assign the lease or transfer control over the land to another, or if the land is devoted to a use other than that for which the land was leased without the consent of the director, the lease automatically terminates.

(e) The lease, sale, or other disposal of state land at appraised fair market value may be negotiated with a licensed public utility or a licensed common carrier by the director with the approval of the commissioner if the utility or carrier reasonably requires the land for the conduct of its business under its license.

(f) The commissioner shall lease state land for telephone or electric transmission and distribution lines for less than the appraised value of the land if the lessee is a nonprofit cooperative association organized under AS 10.25.010 — 10.25.650. Before he determines the annual rental, the commissioner shall consider the nature of the public service rendered by the nonprofit cooperative association and the terms of the grant under which the land was acquired by the state. A nonprofit cooperative association may not construct improvements other than transmission or distribution lines and substations on land leased under this subsection. (§ 4 art III ch 169 SLA 1959; am § 1 ch 155 SLA 1960; am § 1 ch 137 SLA 1962; am § 1 ch 36 SLA 1976; am § 12 ch 257 SLA 1976; am § 1 ch 76 SLA 1980; am §§ 34, 35 ch 113 SLA 1981)

FISHERIES ENHANCEMENT REVOLVING LOAN FUND

LOAN PROGRAM

This loan program is administered by the Department of Commerce and Economic Development, Division of Business Loans.

AS 16.10.500 - 16.10.620; enacted in 1976; amended in 1977, 1979, and 1980

Purpose

To provide long-term, low-interest loans to regional associations for hatchery planning, construction, and operation.

Method

Applicant must obtain a salmon hatchery permit (some loans and grants are available for preconstruction activities necessary to obtain a permit) and then apply to the Division of Business Loans, Department of Commerce and Economic Development, whose Loan Committee reviews the application. Loans are purchased from Commerce and Economic Development by the Department of Revenue.

Eligibility

The borrower must be either a nonprofit corporation formed by a regional aquaculture association, or a local nonprofit corporation approved by the regional association, or any nonprofit hatchery corporation with a State permit.

Terms

Maximum Amount:	$6,000,000, to a nonprofit regional association or its designate; $1,000,000, to any other nonprofit hatchery corporation
Collateral:	Determined by the Commissioner; some collateral required by statute
Maximum Term:	30 years
Interest Rate:	9.5%

Funding Sources

- General Fund appropriation
- Interest earned on loans

- FY 80 was the first year for which the program received an appropriation; the only funding before that time came from loan pre-purchases by the Department of Revenue.

Reporting Requirements

AS 37.05.035 requires that each State agency which makes or purchases a loan prepare a report by January 30 of each year on the total loans, by type, made or purchased during the preceding fiscal year. The report must include:

- the estimated rate of interest that would have been charged if the loan had been made or purchased at the prevailing market rate;
- the difference between 1) the return which would have been realized had the loan been made at the prevailing rate, and 2) the return on the loans at the interest rate actually charged by the State; and
- an analysis of the income groups that benefit directly from the loan program.

REPORT SUMMARY

The Department of Commerce and Economic Development issued its FY 80 report for the Fisheries Enhancement Loan Program on January 29, 1981.

The report provides, for each month, the dollar amount of the loans approved, the interest rate given, and the projected income from the loans, assuming they go to full term. The market interest rate for each month is also given, as well as the difference between the projected interest income to the State from the lower State rate and the total interest income that the prevailing market rate would have yielded.

From 16 applications, the program made 11 loans during FY 80. These loans totaled $4,541,000, and carried an interest rate of 9.5%; the projected interest income from these loans is $7,362,600. Had the loans been made at the prevailing interest rate, which ranged from 12.5% to 18% during those 12 months, the loans would have had a projected total interest income of $10,877,029, or $3,514,429 more.

HB

404

DEPARTMENT OF PUBLIC SAFETY

POSITION PAPER - HB 404

Neutral

January 16, 1984

HB 404, An Act Amending Portions of the Fish and Game Code.

The Department is neutral on this piece of legislation. The bill primarily proposes to make administrative changes that are expected to have little or no program effects on the Department's operation.

Robert J. Sundberg
Commissioner

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: January 11, 1984

REQUEST
Bill/Resolution No.: SSHB 404
Title: Miscellaneous amendments to AS 16: Fish and Game
Sponsor: Governor Sheffield
Requestor: House Resources Comm.
Date of Request: January 11, 1984

FISCAL DETAIL
Agency Affected: Fish and Game
Program Category Affected: NRMEC
BRU, Program or Subprogram(s) Affected: All

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: Beverly Reaume Phone: 465-4120
Division: Administration Date: January 11, 1984

Approved by Commissioner: Date: 1-11-84
Agency: Fish and Game

Distribution (by Agency preparing fiscal note):
- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

12/1/83

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date:

REQUEST
Bill/Resolution No.: HB 404
Title: Misc. amendments to Fish & Game Code.
Sponsor: Rules
Requestor: Resources
Date of Request: 1-18-84

FISCAL DETAIL
Agency Affected: Public Safety
Program Category Affected: FWP

BRU, Program or Subprogram(s) Affected:
FWP Enforcement

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: Captain Wayne A. Fleek
Phone: 269-5541
Division: Fish & Wildlife Protection
Date: 1/16/84

Approved by Commissioner: RB.
Date: 1-17-84
Agency: Public Safety

Distribution (by Agency preparing fiscal note):
- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

12/1/83

SPONSOR SUBSTITUTE FOR HOUSE BILL 404

AN ACT MAKING MISCELLANEOUS AMENDMENTS
REGARDING FISH AND GAME

SECTION-BY-SECTION ANALYSIS

Sections 1, 3, 4, 5, 6, 19, and 21 would change the word "chapter" to refer to the appropriate chapters of AS 16 so that the powers and duties of the boards, commissioner and department, and definitions, apply to the appropriate chapters of that title. The Legislature enacted AS 16.05 in 1959. Some other old provisions were apparently overlooked, and, when new provisions were added, the various powers or obligations established in AS 16.05 should have been, but were not, amended to cover other chapters. This oversight has left gaps in the statutes which need to be corrected.

Section 2 would expressly authorize the Commissioner of Fish and Game to conduct research and enter into cooperative agreements and contracts.

In addition to cooperative agreements, it is also appropriate for the department to enter into contracts or to make grants for specific projects. Section 2 also would require the commissioner to establish criteria governing department grants and contracts to ensure that those expenditures are a wise use of public money.

Sections 4 and 5 would authorize peace officers to enforce the provisions of AS 16 except AS 16.51 and AS 16.52, and to arrest persons violating the fish and game title. Section 6 would permit the officers to execute warrants. The word "chapter" is changed to refer to AS 16 except AS 16.51 and AS 16.52, which relate to the Alaska Seafood Marketing Institute and the Fishery Industrial Technology Center, respectively, so that uniform enforcement procedures will apply to almost all of Title 16. Also, the requirement that offenders be brought before a magistrate "immediately" is dropped. This would delete an unnecessary burden imposed on protection officers. Finally, the mandatory requirement that deputies arrest all offenders is stricken because an arrest for certain minor violations may not be appropriate and could result in unnecessary expenditures for enforcement and prosecution.

Sections 7 and 9 set out the authority of the Board of Fisheries and the Board of Game, respectively, to set quota and bag limits. No express authorizations exist for harvest levels or sex and size limitations, even though regulations of this nature are basic to resource management and have been adopted based on interpretations of other board powers. That authority is made express in sections 7 and 9, as a legal safeguard.

Sections 8 and 11 would remove the authority of the boards to adopt regulations for engaging in biological research, since biological research is a departmental function.

Section 10 would amend existing law to reflect the true function of the Board of Game. Despite the current language of AS 16.05.255(a)(6), the board does not adopt regulations regarding investigation of predators, which is an administrative function of the department. The board does, however, establish methods and means and harvest levels for the taking of predators or other competitors through regulations.

Sections 12 and 14 would eliminate the burden upon sport fishing license vendors who must distinguish between long-term nonresidents and short-term sojourners when issuing 14-day and three-day licenses. The problem arose because the definition of "visitor" included only temporary nonresidents and did not include long-term nonresidents or those awaiting residency status. Thus a person who had not yet lived here for one year was required to pay the higher nonresident license fee, even if only a few days remained in a fishing season. The proposed change is fair and will be more efficient to administer.

Section 13 would make minor technical amendments to AS 16.05.340(a)(9), to clarify the meaning of existing law.

In section 15, language in AS 16.05.685(c)(2) which describes areas no longer used in the management of king crab would be deleted.

Section 16 would clarify AS 16.05.831(a) which was enacted in 1975 to prohibit the waste of salmon. That section now contains language that could be considered ambiguous, and thus reduce the law's effectiveness. The clarification expressly provides that no salmon intended for sale, whether to a private individual or a commercial buyer, may be wasted.

Section 17 would make gramatical changes in the anadromous fish protection statute to correct an apparent deficiency. Currently, only a person or agency desiring to use, divert, obstruct, pollute or change the flow or bed of an anadromous fish stream must first notify the commissioner. In order to make AS 16.05.870 more enforceable, notification would be required before beginning any activity which may change the stream or pollute the stream.

Section 18 would restrict the criminal sanctions in AS 16.05.900 to apply only to AS 16.05.870--16.05.895, relating to anadromous fish protection. The basic penalty section

for Title 16 would be moved to a new section (AS 16.05.925, contained in section 20 of the bill) under the "general provisions" article, where it more logically belongs.

Sections 19 and 20 deal with the basic prohibition of Title 16 that it is unlawful to possess fish and game unless permitted by a statute or a board regulation. This prohibition and the accompanying penalty are AS 16.05.920(a) and 16.05.900(a), respectively. Section 20 would set out the general penalty section separately in AS 16.05.920(a). Through apparent oversight which resulted from enactment of AS 16.20 well after enactment of AS 16.05, certain prohibitions were created by regulation without an enforceable penalty. The new AS 16.05.925 would provide a uniform penalty for the violation of a regulation adopted under AS 16.05 or AS 16.20. The penalty is made a class A misdemeanor, to conform with sentencing under AS 12.55.035 and 12.55.135. Also, sec. 19 of the bill changes "made" to "adopted," with regard to regulations, for the sake of consistent terminology.

Section 21 amends AS 16.05.940 which is the basic definition section for AS 16.05--AS 16.40. Four of the definitions contained in this section would be amended as follows:

(9) the definition of "fish" would be amended to include parts of the fish; this would affect enforcement, for example, when salmon roe is sold separately from the carcass;

(13) the definition of "fur dealing" would be rewritten for clarity and to correct punctuation errors;

(14) the definition of "game" would be amended to include reptiles; this would provide regulatory authority to control the importation of undesirable snakes and other reptiles into the state; and

(28) the definition of "visitor" would be repealed, which only appears in Title 16 in conjunction with the "visitor's special sport fishing license" in AS 16.05.340(a)(6); that designation would be changed by section 12 of this bill to "nonresident special sport fishing license."

Section 22 would add a criminal sanction for wasting herring. Existing law prohibits this waste but does not clearly specify a criminal penalty.

Section 23 would amend AS 16.10.280 to allow the department's determination of a price dispute to be based on an estimate of the number of fishermen involved. During a recent Bristol Bay price dispute, the department's role in setting up mediation was hampered by the need to actually

"certify" that one-third of the registered fishermen were involved in a price dispute, as provided under existing law. Given the information available, this is not always possible.

Section 24 would correct a technical error in the land description of the Susitna Flats State Game Refuge, established by ch. 140, SLA 1976.

Section 25 would amend AS 16.35.200 to require that the use of poison to kill an animal be governed by regulations adopted by the Board of Fisheries or Board of Game as appropriate. Currently only written consent of the appropriate board is required. The requirement of regulation will provide for full public comment. The use of poison within a building, or to kill rodents at dumps or landfills, is exempt from board regulation.

Section 26 would repeal the following laws:

(a) AS 16.05.251(a)(9) and 16.05.255 (a)(8). These provisions empower the boards to adopt regulations for cooperative agreements to promote research and education and to train persons for management. These are administrative functions and do not require board regulations. The repeal of these sections will permit the separation of the rulemaking functions of the boards from the administrative functions of the commissioner of fish and game.

(b) AS 16.05.903. This section, which created the Alaska Big Game Photo Contest, was enacted in 1975. The original intent was that the revenues from entry fees and the sale of a published volume of the winning photographs would generate enough money to pay for cash prizes and operating expenses. Unfortunately, the revenues from the sale fell far short--less than 20 percent of the costs were recovered during the first year. The 1975 legislation created public criticism of the department with respect to spending priorities and proper use of taxpayer's money. The repeal will not affect the continuation of the department's annual Wildlife Photo Contest.

(c) AS 16.10.230(1). This section provides exemptions to the unlawful taking of migratory fish and shellfish in high seas areas designated by the International Pacific Salmon Fisheries Commission. That commission no longer exists and enactment of the federal Fisheries Conservation and Management Act (P.L. 94-265) makes the other exemptions set out in the statute obsolete. Therefore, this subsection should be repealed.

(d) AS 16.15.010-16.15.090. This chapter created the Alaska Fisheries Experimental Laboratory, which no longer exists.

(e) AS 16.35.010--16.35.180. These sections relate to bounties which are no longer paid. The bounties on seals are in conflict with the Marine Mammal Protection Act of 1972, which preempted these state laws. In addition, AS 16.05.255 provides that the Board of Game may establish bounties through the adoption of regulations. The remainder these sections pertain to employment of trappers and hunters for predator control, and have become obsolete.

Hein
2/3/84 ✓

* Pg 9, line 6
change to
game

STANCLIFF

Original sponsor: Rules/Governor

IN THE HOUSE BY THE RESOURCES COMMITTEE

CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 404 (Resources)

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTEENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act making miscellaneous amendments regarding fish and game."

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

* Section 1. AS 12.25.190(c) is amended to read:

(c) The person cited for the crime shall give a [HIS] written promise to appear in court by signing at least one copy of the written citation prepared by the peace officer and the officer shall deliver a copy of the citation to the person. The written promise requirement of this subsection does not apply to motor vehicle and traffic citations under AS 28.05.151 and fish and game citations for which a bail schedule has been established under AS 16.05.165.

* Sec. 2. AS 16.05.050 is amended to read:

Sec. 16.05.050. POWERS AND DUTIES OF COMMISSIONER. The commissioner has, but not by way of limitation, the following powers and duties:

(1) assist the United States Fish and Wildlife Service in the enforcement of federal laws and regulations pertaining to fish and game;

(2) through the appropriate state agency, acquire by gift, purchase, or lease, or other lawful means, land, buildings, water, rights-of-way, or other necessary or proper real or personal property when the acquisition is in the interest of furthering an objective or purpose of the department and the state;

(3) design and construct hatcheries, pipelines, rearing

ponds, fishways, and other projects beneficial for the fish and game resources of the state;

(4) accept money from any person under conditions requiring the use of the money for specific purposes in the furtherance of the protection, rehabilitation, propagation, preservation, or investigation of the fish and game resources of the state or in settlement of claims for damages to fish or game resources;

(5) collect, classify, and disseminate statistics, data and information that, in the commissioner's discretion, will tend to promote the purposes [OBJECTS] of AS 16 except AS 16.51 and AS 16.52 [THIS CHAPTER];

(6) capture, propagate, transport, buy, sell, or exchange fish or game or eggs for propagating, scientific or stocking purposes;

[(7) Repealed]

(7) [(8)] provide public facilities where necessary or proper to facilitate the taking of fish or game, and enter into cooperative agreements with any person to effect them;

(8) [(9)] exercise administrative, budgeting, and fiscal powers;

(9) [(10) construct, operate, supervise, and maintain vessels used by the Department of Fish and Game;

(10) [(11)] authorize the holder of an interim-use permit under AS 16.43 to engage on an experimental basis in commercial taking of a fishery resource with vessel, gear, and techniques not presently qualifying for licensing under this chapter in conformity with standards established by the Alaska Commercial Fisheries Entry Commission.

(11) [(12)] not later than January 31 of each year, provide to the commissioner of revenue the names of those fish and shellfish

species which the commissioner of fish and game designates as developing commercial fish species for that calendar year; a fish or shellfish species is a developing commercial fish species if, within a specified geographical region,

(A) the optimum yield from the harvest of the species has not been reached;

(B) a substantial portion of the allowable harvest of the species has been allocated to fishing vessels of a foreign nation; or

(C) a commercial harvest of the fish species has recently developed;

(12) initiate or conduct research necessary or advisable to carry out the purposes of AS 16 except AS 16.51 and AS 16.52;

(13) enter into cooperative agreements with agencies of the federal government, educational institutions, or other agencies or organizations, when in the public interest, to carry out the purposes of AS 16 except AS 16.51 and AS 16.52;

(14) contract with and make grants to agencies, organizations, and individuals under terms, established by the commissioner, which make certain that the grants and contracts made are in the best interests of the public and further the purposes of AS 16 except AS 16.51 and AS 16.52.

* Sec. 3. AS 16.05.100 is amended to read:

Sec. 16.05.100. FISH AND GAME FUND ESTABLISHED. There is created a revolving "Fish and Game Fund," which shall be used exclusively for the following: (1) to carry out the purposes and provisions of AS 16, except AS 16.51 and AS 16.52, [THIS CHAPTER] or other duties that may be delegated by the legislature to the commissioner or the department; and (2) to carry out such purposes and objectives within

the scope of AS 16 except AS 16.51 and AS 16.52 [THE CHAPTER] as may be directed by the donor of any such funds.

* Sec. 4. AS 16.05.150 is amended to read:

Sec. 16.05.150. ENFORCEMENT AUTHORITY. The following persons are peace officers of the state and they shall enforce AS 16 except AS 16.51 and AS 16.52 [THIS CHAPTER]:

(1) an employee of the department authorized by the commissioner;

(2) a police officer in the state;

(3) any other person authorized by the commissioner.

* Sec. 5. AS 16.05.160 is amended to read:

Sec. 16.05.160. DUTY TO ARREST. Each peace officer designated in AS 16.05.150 shall arrest a person violating a provision of AS 16 except AS 16.51 and AS 16.52 [THIS CHAPTER], or any regulation adopted [MADE] under AS 16 except AS 16.51 and AS 16.52 [THIS CHAPTER], in the peace officer's presence or view, and shall take the person [IMMEDIATELY] for examination or trial before an officer or court of competent jurisdiction unless in the judgment of the peace officer it would be in the state's best interest to issue a warning or a citation under AS 16.05.165.

* Sec. 6. AS 16.05 is amended by adding a new section to read:

Sec. 16.05.165. FORM AND ISSUANCE OF CITATION. (a) Notwithstanding AS 16.05.160, when a peace officer stops or contacts a person concerning a violation of this chapter or of a regulation adopted under this chapter that is a misdemeanor, the peace officer may, in the officer's discretion, issue a citation to the person as provided in AS 12.25.180.

(b) After consultation with the division of fish and wildlife protection of the Department of Public Safety, the supreme court shall

1 specify by rule or order those misdemeanors that are appropriate for
2 disposition without court appearance, and shall establish a schedule
3 of bail amounts. The maximum bail amount for an offense may not ex-
4 ceed the maximum fine specified by law for that offense. If the mis-
5 demeanor for which the citation is issued may be disposed of without
6 court appearance, the issuing peace officer shall write on the cita-
7 tion the amount of bail applicable to the violation.
8 (c) A person cited for a misdemeanor for which a bail amount has
9 been established under (b) of this section may, within 15 days after
10 the date of the citation, mail or personally deliver to the clerk of
11 the court in which the citation is filed by the peace officer
12 (1) the amount of bail indicated on the citation for that
13 offense; and
14 (2) a copy of the citation indicating that the right to an
15 appearance is waived, a plea of no contest is entered and the bail is
16 forfeited.
17 (d When bail has been forfeited under (c) of this section, a
18 judgment of conviction shall be entered. Forfeiture of bail and all
19 seized items is a complete satisfaction for the misdemeanor. The
20 clerk of the court accepting the bail shall provide the offender with
21 a receipt stating that fact.
22 (e) If the person cited fails to pay the bail amount established
23 under (b) of this section or to appear in court as required, the cita-
24 tion is considered a summons for a misdemeanor.
25 (f) Notwithstanding other provisions of law, if a person cited
26 for a misdemeanor for which a bail amount has been established under
27 (b) of this section appears in court and is found guilty, the penalty
28 that is imposed for the offense may not exceed the bail amount for
29 that offense established under (b) of this section.

* Sec. 7. AS 16.05.170 is amended to read:

Sec. 16.05.170. POWER TO EXECUTE WARRANT. Each peace officer designated in AS 16.05.150 may execute a warrant or other process issued by an officer or court of competent jurisdiction for the enforcement of AS 16 except AS 16.51 and AS 16.52 [THIS CHAPTER], and may, with a search warrant, search any place at any time. The judge of a court having jurisdiction may, upon proper oath or affirmation showing probable cause, issue a warrant in all cases.

* Sec. 8. AS 16.05.251(a) is amended to read:

Sec. 16.05.251. REGULATIONS OF THE BOARD OF FISHERIES. (a) The Board of Fisheries may adopt regulations it considers advisable in accordance with the Administrative Procedure Act (AS 44.62) for

(1) setting apart fish reserve areas, refuges and sanctuaries in the waters of the state over which it has jurisdiction, subject to the approval of the legislature;

(2) establishing open and closed seasons and areas for the taking of fish;

(3) setting quotas, [AND] bag limits, harvest levels, and sex and size limitations on the taking of fish;

(4) establishing the means and methods employed in the pursuit, capture and transport of fish;

(5) establishing marking and identification requirements for means used in pursuit, capture and transport of fish;

(6) classifying as commercial fish, sport fish or predators or other categories essential for regulatory purposes;

(7) [ENGAGING IN BIOLOGICAL RESEARCH,] watershed and habitat protection [IMPROVEMENT], and [FISH] management, conservation, protection, use, disposal, propagation and stocking of fish;

(8) investigating and determining the extent and effect of

disease, predation, and competition among fish in the state, exercising control measures considered necessary to the resources of the state;

[(9) ENTERING INTO COOPERATIVE AGREEMENTS WITH EDUCATIONAL INSTITUTIONS AND STATE, FEDERAL, OR OTHER AGENCIES TO PROMOTE FISH RESEARCH, MANAGEMENT, EDUCATION AND INFORMATION AND TO TRAIN PERSONS FOR FISH MANAGEMENT;]

(9) [(10)] prohibiting and regulating the live capture, possession, transport, or release of native or exotic fish or their eggs;

(10) [(11)] establishing seasons, areas, quotas and methods of harvest for aquatic plants;

(11) [(12)] establishing the times and dates during which the issuance of fishing licenses, permits and registrations and the transfer of permits and registrations between registration areas is allowed; however, this paragraph does not apply to permits issued or transferred under AS 16.43.

* Sec. 9. AS 16.05.251 is amended by adding a new subsection to read:

(c) If the Board of Fisheries denies a petition or proposal to amend, adopt, or repeal a regulation, the board, upon receiving a written request from the sponsor of the petition or proposal, shall in addition to the requirements of AS 44.62.230 provide a written explanation for the denial to the sponsor not later than 30 days after the board has officially met and denied the sponsor's petition or proposal, or 30 days after receiving the request for an explanation, whichever is later.

* Sec. 10. AS 16.05.255(a) is amended to read:

(a) The Board of Game may adopt regulations it considers advisable in accordance with the Administrative Procedure Act (AS

(AS 44.62) for

(1) setting apart game reserve areas, refuges and sanctuaries in the water [WATERS] or on the land [LANDS] of the state over which it has jurisdiction, subject to the approval of the legislature;

(2) establishing open and closed seasons and areas for the taking of game;

(3) establishing the means and methods employed in the pursuit, capture and transport of game;

(4) setting quotas, [AND] bag limits, harvest levels, and sex, age, and size limitations on the taking of game;

(5) classifying game as game birds, song birds, big game animals, fur bearing animals, predators or other categories;

(6) methods, means, and harvest levels necessary to control predation and competition among game in the state [INVESTIGATING AND DETERMINING THE EXTENT AND EFFECT OF PREDATION AND COMPETITION AMONG GAME IN THE STATE, EXERCISING CONTROL MEASURES CONSIDERED NECESSARY TO THE RESOURCES OF THE STATE AND DESIGNATING GAME MANAGEMENT UNITS OR PARTS OF GAME MANAGEMENT UNITS IN WHICH BOUNTIES FOR PREDATORY ANIMALS SHALL BE PAID];

(7) [ENGAGING IN BIOLOGICAL RESEARCH,] watershed and habitat protection [IMPROVEMENT], and [GAME] management, conservation, protection, use, disposal, propagation and stocking of game;

[(8) ENTERING INTO COOPERATIVE AGREEMENTS WITH EDUCATIONAL INSTITUTIONS AND STATE, FEDERAL, OR OTHER AGENCIES TO PROMOTE GAME RESEARCH, MANAGEMENT, EDUCATION, AND INFORMATION AND TO TRAIN PERSONS FOR GAME MANAGEMENT;]

(8) [(9)] prohibiting the live capture, possession, transport, or release of native or exotic game or their eggs;

(9) [(10)] establishing the times and dates during which the issuance of game licenses, permits and registrations and the transfer of permits and registrations between registration areas and game management units or subunits is allowed.

* Sec. 11. AS 16.05.255 is amended by adding a new subsection to read:

(c) If the Board of GAME Fisheries denies a petition or proposal to amend, adopt, or repeal a regulation, the board, upon receiving a written request from the sponsor of the petition or proposal, shall in addition to the requirements of AS 44.62.230 provide a written explanation for the denial to the sponsor not later than 30 days after the board has officially met and denied the sponsor's petition or proposal, or 30 days after receiving the request for an explanation, whichever is later.

* Sec. 12. AS 16.05.340(a)(7) is amended to read:

(7) Nonresident [VISITOR'S] special sport fishing license -- valid for the period inscribed on the license

(A) For 14-day license.....$20

(B) For three-day license..... 10

* Sec. 13. AS 16.05.340(a)(10) is amended to read:

(10) Nonresident hunting and sport fishing license..... 96

A nonresident may not take a big game animal without previously purchasing a numbered, nontransferable, appropriate tag, issued under [TO THE NONRESIDENT AS PROVIDED IN] (15) of this subsection. The tag must [SHALL] be affixed to the animal immediately upon capture and must [SHALL] remain affixed until the animal is prepared for storage, consumed, or exported. A tag issued but not used for an animal may be used to satisfy the tagging requirement for an [ANY OTHER] animal of any other [THE] species [NAMED] for which the tag fee is of equal or less value.

* Sec. 14. AS 16.05.350 is amended to read:

Sec. 16.05.350. EXPIRATION OF LICENSES AND TAGS. Licenses and tags required under AS 16.05.330 - 16.05.430, except the nonresident [VISITOR'S] special sport fishing license and the resident trapping license, expire at the close of December 31 following issuance. The resident trapping license expires at the close of September 30 of the year following the year in which the license is issued.

* Sec. 15. AS 16.05.410 is amended by adding new subsections to read:

(f) Except as provided in (g) of this section, the provisions of (a) - (c) of this section do not apply when the offense for which the person is convicted is a misdemeanor for which a forfeitable bail amount has been set under AS 16.05.165.

(g) When a person has been convicted during a two year period of two or more misdemeanor offenses for which a forfeitable bail amount has been set under AS 16.05.165, a peace officer may file a civil action in the district court to revoke the person's license. Once an action has been filed, the court shall set a time and date for a hearing on the proposed license revocation, and shall send notice of the hearing to the person. The hearing shall be before the court without a jury. At the hearing the court shall hear evidence regarding the nature and seriousness of the offenses for which the person was convicted, the time period involved, the potential effect of the person's actions upon the preservation of the resource, and other relevant circumstances. If the court finds by a preponderance of the evidence that the person's actions demonstrate a disregard for the preservation of the state's fish or wildlife resources, the court may revoke the person's license for a period of not less than one year nor more than three years from the date of revocation.

* Sec. 16. AS 16.05.495 is amended to read:

Sec. 16.05.495. VESSEL LICENSE EXEMPTION. A vessel used exclusively for the commercial capture of salmon in commercial salmon administrative management areas that include state water between the latitude of Cape Romanzof and the latitude of Cape Newenham, and state water surrounding Nunivak Island [THE DRAINAGE SYSTEM OF THE YUKON AND KUSKOKWIM RIVERS], or at a set net site, is exempt from the licensing requirements of AS 16.05.490.

* Sec. 17. AS 16.05.685(c)(2) is amended to read:

(2) "registration area" means a specific king crab registration area as designated by regulation of the Board of Fisheries [AND INCLUDES THE BERING SEA SHELLFISH AREA AND THE WESTERN ALEUTIAN ISLANDS KING CRAB AREA].

* Sec. 18. AS 16.05.831(a) is amended to read:

(a) A person may not waste salmon intentionally, knowingly, or with reckless disregard for the consequences. In this section, "waste" means the failure to utilize the majority of the carcass, excluding viscera and sex parts, of a salmon intended for [WHICH ARE TO BE]

(1) sale [SOLD] to a commercial buyer or processor;

(2) [UTILIZED FOR] consumption by humans or domesticated animals; or

(3) [UTILIZED FOR] scientific, educational, or display purposes.

* Sec. 19. AS 16.05.900(a) is amended to read:

(a) A person who violates AS 16.05.870 - 16.05.895 [OR 16.05.920 OR ANY REGULATION ADOPTED UNDER THIS CHAPTER] is guilty of a class A misdemeanor [AND, UPON CONVICTION, IS PUNISHABLE BY A FINE OF NOT MORE THAN $1,000 OR BY IMPRISONMENT FOR NOT MORE THAN SIX MONTHS, OR BY BOTH. A PERSON WHO VIOLATES A REGULATION ADOPTED UNDER THIS

CHAPTER FOR THE REGULATION OF COMMERCIAL FISHERIES SHALL BE PUNISHED AS PROVIDED IN AS 16.05.720].

* Sec. 20. AS 16.05.920 is amended to read:

Sec. 16.05.920. CERTAIN ACTS MADE UNLAWFUL. (a) Unless permitted by AS 16.05 - AS 16.40 [THIS CHAPTER] or by regulation adopted under AS 16.05 - AS 16.40 [THIS CHAPTER], a person may not take, possess, transport, sell, offer to sell, purchase, or offer to purchase fish, game, or marine aquatic plants, or any part of fish, game or aquatic plants, or a nest or egg of fish or game.

(b) A person may not knowingly disturb, injure, or destroy a notice, signboard, seal, tag, aircraft, boat, vessel, automobile, paraphernalia, equipment, building or other improvement or property of the department used in the administration or enforcement of AS 16 except AS 16.51 and AS 16.52 [THIS CHAPTER], or a poster or notice to the public concerning the provisions of AS 16 except AS 16.51 and AS 16.52 [THIS CHAPTER], or a regulation adopted under AS 16 except AS 16.51 and AS 16.52 [THIS CHAPTER], or a marker indicating the boundary of an area closed to hunting, trapping, fishing or other special use under AS 16 except AS 16.51 and AS 16.52 [THIS CHAPTER]. A person may not knowingly destroy, remove, tamper with, or imitate a seal or tag issued or used by the department or attached under its authority to a skin, portion, or specimen of fish or game, or other article for the purpose of identification or authentication in accordance with AS 16 except AS 16.51 and AS 16.52 [THIS CHAPTER] or a regulation adopted under AS 16 except AS 16.51 and AS 16.52 [THIS CHAPTER].

* Sec. 21. AS 16.05 is amended by adding a new section to read:

Sec. 16.05.925. PENALTY FOR VIOLATIONS. A person who violates AS 16.05.920, or a regulation adopted under this chapter or AS 16.20,

is guilty of a class A misdemeanor. However, a person who violates a regulation adopted under this chapter for the regulation of commercial fisheries is subject to the penalties set out in AS 16.0. .720.

* Sec. 22. AS 16.05.940 is amended to read:

Sec. 16.05.940. DEFINITIONS. In AS 16.05 - AS 16.40 [THIS CHAPTER]

(1) "aquatic plant" means any species of plant, excluding the rushes, sedges and true grasses, growing in a marine aquatic or intertidal habitat;

(2) "barter" means the exchange or trade of fish or game, or their parts, taken for subsistence uses

(A) for other fish or game or their parts; or

(B) for other food or for nonedible items other than money if the exchange is of a limited and noncommercial nature;

(3) "a board" means either the Board of Fisheries or the Board of Game;

(4) "commercial fisherman" means an individual who fishes commercially for, takes, or attempts to take fish, shellfish, or other fishery resources of the state by any means, and includes every individual aboard a boat operated for fishing purposes who participates directly or indirectly in the taking of these raw fishery products, whether participation is on shares or as an employee or otherwise; however, this definition does not apply to anyone aboard a licensed vessel as a visitor or guest who does not directly or indirectly participate in the taking; and the term "commercial fisherman" includes the crews of tenders or other floating craft used in transporting fish;

(5) "commercial fishing" means the taking, fishing for, or possession of fish, shellfish, or other fishery resources with the

intent of disposing of them for profit, or by sale, barter, trade, or in commercial channels; the failure to have a valid subsistence permit in possession, if required by statute or regulation, is considered prima facie evidence of commercial fishing if commercial fishing gear as specified by regulation is involved in the taking, fishing for, or possession of fish, shellfish, or other fish resources;

(6) "commissioner" means the commissioner of fish and game unless specifically provided otherwise;

(7) "department" means the Department of Fish and Game unless specifically provided otherwise;

(8) "domestic mammals" include musk oxen, bison, and reindeer, if they are lawfully owned;

(9) "fish" means any species of aquatic finfish, invertebrate, or amphibian [INVERTEBRATES AND AMPHIBIANS], in any stage of its [THEIR] life cycle, found in or introduced into the state, and includes any part of such aquatic finfish, invertebrate, or amphibian;

(10) "fish derby" means a contest in which prizes are awarded for catching fish;

(11) "fishing derby association" means a civic, service, or charitable organization in the state, not for pecuniary profit, whose primary purpose is to promote interest in fishing for recreational purposes and which has been in existence for five years before applying for a permit under this chapter, but does not include an organization formed or operated for gaming or gambling purposes;

(12) "fish or game farming" means the business of propagating, breeding, raising, or producing fish or game in captivity for the purpose of marketing the fish or game or their products, and "captivity" means having the fish or game under positive control, as in a pen, pond, or an area of land or water which is completely enclosed by

a generally escape-proof barrier;

(13) "fur dealing" means engaging in the business of buying, selling, or trading in animal skins, but [; THE TERM] does not include [APPLY TO A HUNTER OR TRAPPER SELLING] the sale of animal skins by a [THE] trapper or hunter who [HE] has legally taken the animal, or the purchase of [TO A PERSON, OTHER THAN A FUR DEALER, PURCHASING] animal skins by a person, other than a fur dealer, for the person's own use;

(14) "game" means any species of bird, reptile, and mammal, including a feral domestic animal, found or introduced in the state, except domestic birds and mammals; and game may be classified by regulation as big game, small game, fur bearers or other categories considered essential for carrying out the intention and purposes of AS 16.05 - AS 16.40 [THIS CHAPTER];

(15) "hunting" means the taking of game under AS 16.05 - AS 16.40 [THIS CHAPTER] and the regulations adopted under those chapters [IT];

(16) "nonresident" means a person who is not a resident of the state;

(17) "nonresident alien" means a person who is not a citizen of the United States and whose permanent place of abode is not in the United States;

(18) "operator" means the individual by law made responsible for the operation of the vessel;

(19) "resident" means a person who for 12 consecutive months has maintained a permanent place of abode in the state and who has continually maintained a voting residence in the state; and in the case of a partnership, association, joint stock company, trust, or corporation, "resident" means one that has its main office or headquarters in the state; however, a member of the military service who

has been stationed in the state for the preceding 12 consecutive months is a resident for the purposes of this paragraph [CHAPTER], and the dependent of a resident member of the military service, who has been living in the state for the preceding year is a resident for the purposes of this paragraph [CHAPTER], and a person who is an alien but who for one year has maintained a permanent place of abode in the state is a resident for the purposes of this paragraph [CHAPTER];

(20) "seizure" means the actual or constructive taking or possession of real or personal property subject to seizure under AS 16.05 - AS 16.40 [THIS CHAPTER] by an enforcement or investigative officer charged with enforcement of the fish and game laws of the state;

(21) "sport fishing" means the taking of or attempting to take for personal use, and not for sale or barter, any fresh water, marine, or anadromous fish by hook and line held in the hand, or by hook and line with the line attached to a pole or rod which is held in the hand or closely attended, or by other means defined by the Board of Fisheries;

(22) "subsistence fishing" means the taking of, fishing for, or possession of fish, shellfish or other fisheries resources for subsistence uses with gill net, seine, fish wheel, long line, or other means defined by the Board of Fisheries;

(23) "subsistence uses" means the customary and traditional uses in Alaska of wild, renewable resources for direct personal or family consumption as food, shelter, fuel, clothing, tools, or transportation, for the making and selling of handicraft articles out of nonedible by-products of fish and wildlife resources taken for personal or family consumption, and for the customary trade, barter, or sharing for personal or family consumption; for the purposes of this

paragraph, "family" means all persons related by blood, marriage, or adoption, and any person living within the household on a permanent basis;

(24) "take" means taking, pursuing, hunting, fishing, trapping, or in any manner disturbing, capturing, or killing or attempting to take, pursue, hunt, fish, trap, or in any manner capture or kill fish or game;

(25) "taxidermy" means tanning, mounting, processing, or other treatment or preparation of fish or game, or any part of fish or game, as a trophy, for monetary gain, including the receiving of the fish or game or parts of fish or game for such purposes;

(26) "trapping" means the taking of mammals declared by regulation to be fur bearers;

(27) "vessel" means a floating craft powered, towed, rowed, or otherwise propelled, which is used for delivering, landing, or taking fish within the jurisdiction of the state, but [FOR THE PURPOSES OF THIS CHAPTER] does not include aircraft[;

(28) "VISITOR" MEANS A NONRESIDENT OR ALIEN TEMPORARILY SOJOURNING IN THE STATE AS A VISITOR OR TOURIST].

* Sec. 23. AS 16.10.173 is amended by adding a new subsection to read:

(f) A person who violates this section is guilty of a class A misdemeanor.

* Sec. 24. AS 16.10.280 is amended to read:

Sec. 16.10.280. PRICE DISPUTES BETWEEN FISHERMEN AND FISH PROCESSORS. In an area where a price dispute exists between at least one-third of the registered commercial fishermen for that area, as <u>estimated</u> [CERTIFIED] by the Department of Fish and Game <u>on the basis of information available to the department</u>, and fish processors on the price to be paid for salmon, and no agreement has been reached up to

120 days before the opening of the salmon fishing season in that area, a representative from the Department of Labor shall intervene as mediator of the dispute upon request of either party.

* Sec. 25. AS 16.20.036(a)(8) is amended to read:

(8) Township 14 North, Range 4 West, Seward Meridian

Sections: Lots 1 - 6, SE 1/4 NW 1/4, W 1/2 NE 1/4 NW 1/4, SE 1/4 NE 1/4 NW 1/4, NE 1/4 SW 1/4, NW 1/4 SE 1/4, SE 1/4 SE 1/4, W 1/2 SW 1/4 NE 1/4, SE 1/4 SW 1/4 NE 1/4, S 1/2 NE 1/4 SW 1/4 NE 1/4 of Section 31 [6]

* Sec. 26. AS 16.35.200 is amended to read:

Sec. 16.35.200. USE OF POISON [BY DEPARTMENTS AND OTHER STATE AGENCIES]. A person or [DEPARTMENT, OTHER] state agency [OR PERSON] may not use poison to kill [PREDATORY] animals unless authorized by regulation [WITHOUT FIRST OBTAINING THE WRITTEN CONSENT] of the appropriate board. This section does not apply to poisons used within buildings or to kill rats or mice at dumps or landfills operating in compliance with state law or local ordinances.

* Sec. 27. AS 16.05.903; AS 16.10.230(1); AS 16.15; and AS 16.35.010 - 16.35.180 are repealed.

STATE OF ALASKA 1984 LEGISLATURE
FISCAL NOTE

Revision Date: February 3, 1984

REQUEST
Bill/Resolution No.: CSSS HB 404
Title: Miscellaneous amendments regarding Fish and Game
Sponsor: House Resources Comm
Requestor: House Resources Comm
Date of Request: Feb 3, 1984

FISCAL DETAIL
Agency Affected: Fish and Game
Program Category Affected: NRMEC

BRU, Program or Subprogram(s) Affected:
All

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: Beverly Reaume
Phone: 465-4120
Division: Administration
Date: February 3, 1984

Approved by Commissioner: [illegible]
Date: Feb 3 1984
Agency: Department of Fish and Game

Distribution (by Agency preparing fiscal note):
- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

12/1/83

STATE OF ALASKA
THE LEGISLATURE

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

LEGISLATIVE AFFAIRS AGENCY

M E M O R A N D U M February 3, 1984

SUBJECT: House Resources Committee substitute for SSHB 404

TO: Representative John Ringstad and Representative Richard Schultz Co-Chairmen, House Resources Committee

FROM: Edward H. Hein EH
Legislative Counsel

1. The provisions of CSSB 101 (Resources) are merged into the committee substitute at sections 1, 6, and 15. (See attached sectional analysis of CSSB 101 (Res) for details of that bill).

2. Section 5 of the CS reverts back to the mandatory language of existing law, but allows a peace officer discretion to issue a citation or a warning when, in the officer's judgment, "it is in the state's best interest".

3. In section 8 (page 6, lines 26 - 27) and section 10 (page 8, lines 22 - 23), the CS reinserts "stocking" within the scope of regulations that may be adopted by the boards of fisheries and game.

4. The CS deletes amendments to AS 16.05.870(b) that appeared in section 17 of SSHB 404.

5. Sections 9 and 11 add new language that requires the boards of fisheries and game to provide a written explanation of reasons for rejecting proposals for regulations submitted to the boards.

6. Section 16 amends AS 16.05.495 to redefine the area covered by the vessel license exemption.

7. All other changes reflected in the CS are technical changes required by the legislative drafting manual.

EHH:oj
J3/049

STANCLIFF

STATE OF ALASKA
THE LEGISLATURE

POUCH Y STATE CAPITOL
JUNEAU, ALASKA 99811
907 465-3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM February 3, 1984

SUBJECT: Sectional analysis of CSSB 101 (Resources)

TO: Representative John Ringstad
Representative Richard Shultz
Co-Chairmen, House Resource Committee

FROM: Edward H. Hein EH
Legislative Counsel

Section 1 adds a new section, AS 16.05.165, to the fish and game code that provides that a peace officer investigating a misdemeanor violation of the code or a regulation adopted under it may issue a citation as provided in AS 12.25.180, notwithstanding the provisions of AS 16.05.160, which requires a peace officer to arrest any person committing a code violation in the officer's presence. Note that SSHB 404 would amend AS 16.05.160 to make such arrests discretionary, but would expand the arrest authority to include violations of all of AS 16 except AS 16.51 and 16.52. Section 1 also directs the supreme court to establish a bail schedule for fish and game misdemeanor violations and provides for paying fines by mail, similar to what is done with traffic tickets.

Section 2 amends AS 16.05.410, which provides for revocation of licenses for conviction of sport fishing and hunting license violations. The amendment provides that the existing revocation provisions do not apply to violations for which a forfeitable bail amount is established under AS 16.05.165. Two convictions of such an offense, however, could result in a peace officer filing a civil action to have the person's license revoked. A non-jury court hearing is required. If the court finds that the person's actions demonstrate a disregard for the preservation of the state's fish or wildlife resources, the license may be revoked for a mandatory one-to-three year period.

Section 3 amends AS 12.25.190(c) to provide that a person receiving a citation under AS 16.05.165 is not required to

give a written promise that he or she will appear in court in response to the citation.

EHH:ojb
J3/050

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date:

REQUEST
Bill/Resolution No.: HB 404
Title: Misc. amendments to Fish & Game Code.
Sponsor: Rules
Requestor: Resources
Date of Request: 1-18-84

FISCAL DETAIL
Agency Affected: Public Safety
Program Category Affected: FWP
BRU, Program or Subprogram(s) Affected: FWP Enforcement

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: Captain Wayne A. Fleek
Phone: 269-5541
Division: Fish & Wildlife Protection
Date: 1/16/84

Approved by Commissioner: RB.
Date: 1-17-84
Agency: Public Safety

Distribution (by Agency preparing fiscal note):
- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

12/1/83

A M E N D M E N T

Offered in the HOUSE By Hurlbert

TO: SSHB 404

Page 3, after line 7, insert:

"* Sec. 9. AS 16.05.251 is amended by adding a new subsection to read:

(c) If the Board of Fisheries denies a petition for the amendment, adoption, or repeal of a regulation, the board upon request shall provide to the person who submitted the petition a written statement of the reasons for the denial not later than 30 days after denying the petition."

Renumber remaining sections accordingly.

Page 3, after line 17, insert:

"* Sec. 13. AS 16.05.255 is amended by adding a new subsection to read:

(c) If the Board of Game denies a petition for the amendment, adoption, or repeal of a regulation, the board upon request shall provide to the person who submitted the petition a written statement of the reasons for the denial not later than 30 days after denying the petition."

Renumber remaining sections accordingly.

Official Business

Alaska State Legislature
House Resources Committee

SIGN-IN

FEB. 3, 1984

CSSSHB404

NAME	ADDRESS	PHONE	REPRESENTING
ED HEIN	POUCH Y, JUNEAU 99811	465-2450	LAA - LEGAL SERVICES
DENNIS KELSO	BOX 3-2000 JUNEAU 99802	465-4100	ADF&G

Official Business

Alaska State Legislature
House Resources Committee

SIGN-IN

JAN 25, 1984

SSHB 404
FISH & GAME CODES

NAME	ADDRESS	PHONE	REPRESENTING
Ron Somerville	3280 Mc Ginnis Jnu.	9-3450	Ak. Outdoor Council
Bob Closby	P.O. Box 3-2000 Juneau	465-4210	Fish & Game
Dennis Kelso	P.O. Box 3-2000, Juneau AK 99802	465-4100	Fish & Game
LARRY EDWARDS	Box 2158 SITKA 99835	747-8996	SELF AK. ENVIRONMENTAL LOBBY
Ken Castner NOT HERE	Box 558 Homer 99603	235-8252	North Pacific Fisheries Assn.
Arthur S. Robinson	Box 3519 Soldotna 99669	262-9164	Ken. Pen. Fishermen's Co-op

310

Goll Liska Larson Shultz Ringstad
Uehling

0014 Kelso - Dpty Commis
Overview of background of bill

0043 Goll - Q. P2, line 14 - discretionary for law enforcement - A - To conform more to present practice - flexibility

0058 Goll - Discussion on point of prosecutor's discretion

0110 Shultz - Incident near Tok involving tourists & citations - A - McGuire - Incident at Fish creek with dog - no arrest

0145 Ringstad - Is this present situation - Yes. Enforcement activity detracts from mgmt activities

0150 Liska - how many people - More less 400 - Biologists headquarters staff, etc.

0200 Goll - should put burden on officer to justify best interest of state.

0220 Ringstad - asked for comments on amendments

0230 Shultz - Line 27-28, Pg 3 - Why must instead of shall - A Symantics

0245 Goll Pg 3, line 5-7 - Permit to protect habitat?
A Protection includes improvement

0290 Shultz line 7, P3 - Why eliminate "and stocking"
A "Stocking" is included in "propogation."

0320 - Shultz - how do you prove intentions -
A - Proof is in sale - or intent to sell.

0360 Larson Pg 5 ln 12 use of wheeled vehicles or intention thereof - swamp buggy in creek bed
A - Depends on if it is a designated anadromous stream.

0465 Liska - What about fish like grayling -
A - Dept's authority in streams quite limited - Primarily in anadromous.

0495 Ringstad - just addressing tech. questions & should note policy questions for later.

0505 Goll - Doesn't seem like too great a problem - very limited group of streams.

0540 Kelso - Not our intent to sweep into net a group of rec users, but to protect very vulnerable streams.

0560 Ringstad - Vaska amendment -
A - Correct oversight in bill last year - slight reduction in revenue - Salt water part of fishery

0590 Ringstad - Hurlbert amendment - written statement on why denied - A - Petition

Respond to approx 1500 individuals
Can comply with amendment as now written
Administrative Procedures act petitions - possibly 20 yr.

0705 Goll - Any reciept for petition
A - Normally respond - notification, letter or phone call w/results-

0740 turn tape over -
Continue discussion of petition

Alaska Outdoor Council
0756 Somerville - Supports HB 404 - looking at SS
0770 Reasonable req. on fish crossings so average guy would know where he stands-

0788 Liska. How address in mining community?
Up to industry & gen'l public to get before appropriate board.

0806 Goll - Working now, in his experience

representing self
0825 Larry Edwards - Sitka - agrees with Goll on stream crossings. Sec. 8. "Person" = Indiv. or corp.
further definition of word "person" and some answer to repeat violations

0857 Goll - Class a misde. = more or same as that language going out

0882 Robinson - Kenai Fishermen's Cooperative. Sec. 8
should not delete [ENGAGING IN BIO RESEARCH] from BO Fisheries. "Stocking" should stay, as it is more clear in directing regional AA's
Sec 5 - Right to arrest AS 12.25.180 has language

HSE. RES. 3:10 Feb 3 -
Rings, Vehl, Goll, Liska, Bussell

0012 Ed Hein - Run
pg 9, line 6 should read "board of game"
6 changes - substantive -

0040 Sec 5 - mandatory arrest

0046 re-insert "stocking"

0055 delete sec. 17 of SS - Wheeled vehicle changes

0064 ~~#9~~ Hurlbert amendment

0075 Vaska amendment

0105 Liska - Citations guidelines & bail amts determined by court not dis-retionary

0164 Kelso - no objections to CS.

0174 Vehling moved adoption of CS with change discussed on Pg. 9 line 6.
No Objection.

0181 Vehling moved w/ indiv. recs.
No Objection

0985 Goll - 3 tiers - Judge, Citation & Warning
does dept want all. A - do not now have
authority to issue citations.
Sec. 18 & 20 - raises penalties by major
amount

Kelso - effort to create uniformity - Technical
changes.

1096 Liska - what's diff - shall, may & must -
A - Shall & must same in Court - May not mandatory

1034 Kelso - Anadromous streams do not go to
headwaters - just that portion of streams
classed as important.
0165 Goll - Symantics
Clasby - gets into budgetary area, not where
board is intended to be.

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: January 11, 1984

REQUEST
Bill/Resolution No.: SSHB 404
Title: Miscellaneous amendments to AS 16: Fish and Game
Sponsor: Governor Sheffield
Requestor: House Resources Comm.
Date of Request: January 11, 1984

FISCAL DETAIL
Agency Affected: Fish and Game
Program Category Affected: NRMEC
BRU, Program or Subprogram(s) Affected: All

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: Beverly Reaume Phone: 465-4120
Division: Administration Date: January 11, 1984

Approved by Commissioner: Date: 1-11-84
Agency: Fish and Game

Distribution (by Agency preparing fiscal note):
- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

12/1/83

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date:

REQUEST
Bill/Resolution No.: HB 404
Title: Misc. amendments to Fish & Game Code.
Sponsor: Rules
Requestor: Resources
Date of Request: 1-18-84

FISCAL DETAIL
Agency Affected: Public Safety
Program Category Affected: FWP
BRU, Program or Subprogram(s) Affected: FWP Enforcement

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: Captain Wayne A. Fleek
Phone: 269-5541
Division: Fish & Wildlife Protection
Date: 1/16/84

Approved by Commissioner: RB.
Date: 1-17-84
Agency: Public Safety

Distribution (by Agency preparing fiscal note):
- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

12/1/83

A M E N D M E N T

Offered in the HOUSE By Hurlbert

TO: SSHB 404

Page 3, after line 7, insert:

"* Sec. 9. AS 16.05.251 is amended by adding a new subsection to read:

(c) If the Board of Fisheries denies a petition for the amendment, adoption, or repeal of a regulation, the board upon request shall provide to the person who submitted the petition a written statement of the reasons for the denial not later than 30 days after denying the petition."

Renumber remaining sections accordingly.

Page 3, after line 17, insert:

"* Sec. 13. AS 16.05.255 is amended by adding a new subsection to read:

(c) If the Board of Game denies a petition for the amendment, adoption, or repeal of a regulation, the board upon request shall provide to the person who submitted the petition a written statement of the reasons for the denial not later than 30 days after denying the petition."

Renumber remaining sections accordingly.

Resources Committee

Section 1. AS 16.05.495 is amended to read:

Section 16.05.495. VESSEL LICENSE EXEMPTION. A vessel used exclusively for the commercial capture of salmon in [drainage system of the Yukon and Kuskokwim Rivers] those administrative areas for the management of commercial salmon fishing which include the waters of Alaska between the latitude of Point Romanof and the latitude of Cape Newenham, including those waters draining into the Bering Sea between those latitudes and including the waters of Alaska surrounding Nunivak Island, or at a set net site, is exempt from the licensing requirements of AS 16.05.490.

Section 2. This Act takes effect January 1, 1985.

Rep. Vezey

HB

410

FISCAL NOTE | Revision Date , 1983

RECEIVED 5-13-83

I. REQUEST

Bill/Resolution No.: HB 410
Title: Increasing trap. lic. fee
Sponsor: Bettisworth
Requestor: House Resources Committee

II. FISCAL DETAIL

Agency Affected: Revenue
Program Category Affected: Coll. & Mgt.
BRU, Program of Subprogram(s) Affected: Admin. & Support

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL	1.5					
300 CONTRACTUAL	5.0					
400 COMMODITIES	1.5					
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL OPERATING	8.0	-0-	-0-	-0-	-0-	
CAPITAL						
REVENUE Game Mgt. Fund	-0-	25.0	25.0	25.0	25.0	

FUNDING: (Thousands of Dollars)

GENERAL FUND	8.0					
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: Linda Gene Lockridge — Phone: (907) 465-2376
Division: Public Services Division — Date: May 11, 1983

Approved by Commissioner: Joseph K Donah — Date: 5/13/83
Department: Revenue

Distribution:
Original to Legislative Finance
Copy to Office of Management and Budget (for Legislature introduced bills)
Copy to Department (for Governor introduced bills)
Copy to Sponsor
Copy to Requestor (if different from Sponsor)

3/8/83

Assumption:

Total class 3B Resident trapping license sales for FY 1982 was 1,551. There is minimal fluctuation in these sales from year to year.

Additional Cost of Program:

Licenses are sold on a calendar year basis. The cost to implement a mid-year change in license fees will be $ 8,000.00 for printing and distribution of new licenses.

Amendment Recommended: Effective date of January 1, 1984, will enable cost to be absorbed into existing program.

Two other classes of Resident Trapping License not included in HB 410:

AS 16.05.340 (a) (3) (A) Resident hunting & trapping $ 15.00

AS 16.05.340 (a) (5) Resident hunting, trapping and sport fishing $ 25.00

Amendment Recommended: Increase the cost of the trapping portion of the above licenses to total:

Class 3A $ 32.00

Class 5 $ 42.00

This would result in an estimated increase of $ 151,762.00 to the Game Management Fund.

Without this amendment, a resident trapper could purchase a combination hunting and trapping license for $ 15.00 -- $ 5.00 less than the proposed $ 20.00 Resident trapping license.

HB

455

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: 2/8/84

REQUEST
Bill/Resolution No.: CSHB 455 (Res)
Title: defects in the title of State land
Sponsor: Goll & Grussendorf
Requestor:
Date of Request:

FISCAL DETAIL
Agency Affected: Natural Resources
Program Category Affected: Information & Record Management - Title Defense
BRU, Program or Subprogram(s) Affected:

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES		46.2				
200 TRAVEL		1.2				
300 CONTRACTUAL		4.0				
400 SUPPLIES		2.0				
500 EQUIPMENT		1.5				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING	0	54.5	57.7	61.1	64.7	68.5
CAPITAL	0	0	0	0	0	0
REVENUE	0	0				

FUNDING: (Thousands of Dollars)

GENERAL FUND		54.5	57.7	61.1	64.7	68.5
FEDERAL FUNDS						
OTHER						
TOTAL		54.5	57.7	61.1	64.7	68.5

POSITIONS:

FULL-TIME		1	1	1	1	1
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

General Fund

ANALYSIS: Attach a separate page for analysis

Prepared By: Carol Shobe/Joe Burch
Phone: 276-2653
Division: Technical Services
Date: 2/8/84

Approved by Commissioner: Norman D Ahmed, Director
Date: 2/8/84
Agency: Department of Natural Resources

Distribution (by Agency preparing fiscal note):
- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

12/1/83

Wrangell
Jan 26, 1984

Dear Sirs;

I am sorry I wont be able to attend The Human Resources hearing at the capitol, Room 118 on January 30th on house Bill 455.

We would all like you to know that we support House Bill 455 and pray for its unopposed passage.

Thank you
Viola Erickson
member of
I.R.A. Council - Wrangell
Board of Directors.
Southeast Alaska
Regional Health Corporation

STATEMENT OF ROBERT D. ARNOLD,
DEPUTY COMMISSIONER, DEPARTMENT OF NATURAL RESOURCES
ON HOUSE BILL 455
BEFORE THE HOUSE RESOURCES COMMITTEE
JANUARY 30, 1984

Mr. Chairman, members of the Committee, I am pleased to appear in support of House Bill 455, introduced by Representatives Peter Goll and Ben Grussendorf.

This bill would authorize the Department of Natural Resources to correct defects in the State's title to lands received from the federal government. It is designed primarily to allow for the administrative settlement of Native allotment claims on State land.

The bill would authorize our department to reconvey lands that were mistakenly conveyed to the State by the federal government. To insure that the State receives credit for the reconveyed lands in its overall entitlements under the Statehood Act, the bill would also waive the provisions of AS 38.05.125 requiring reservation of the mineral estate.

The primary need for this legislation arises from the fact of more than 200 Native allotment claims on State land. In 1979, a federal district court ruled that land used and occupied by Native allotment applicants should not have been conveyed to the State, even though the allotment applications were not filed until after the State received title. Aguilar v. United States, 474 F. Supp. 840 (D. Alaska 1979). The court also ruled that the federal government has a trust responsibility to recover any such lands it wrongfully conveyed to the State. Id.

The expedited settlement procedures established by the allotment applicants and the federal government provide that the State may reconvey the lands to the federal government and that the reconveyed acreage will be credited to the state's entitlements under the Alaska Statehood Act. The State desires to expedite settlement of the valid allotment claims where possible, but lacks express statutory authority to reconvey.

The State has also received defective title to lands from the federal government in a variety of other contexts. For example, through administrative error the federal government recently conveyed to the State six sections of land underlying the TAPS pipeline. This bill would authorize the department to correct those defects without the need for burdensome quiet title litigation which is now the only available means to do so. The federal government already has this type of authority.

Virtually all of Section 2 of the bill before you makes technical changes to subsection (b) of A.S. 38.05.035. The department has no objection to these changes (through line 15 of page 3). However, the Committee may want to take into account that Senator Bettye Fahrenkamp has introduced a bill that would make a large number of changes to Title 38, including a substantive change in subsection (b).

The substantive changes in the bill before you begin on line 16, page 3.

Subparagraph 9 of the bill would require a determination that the land was "wrongfully or erroneously conveyed to the State." In the case of a Native allotment claim, this would mean determining that Native use and occupancy predated State selection and that the allotment is otherwise valid. In the case of other title defects, this would mean determining that the federal government did not have the authority to transfer a tract of land to the State, owing, for instance to its title being held by others.

The following section of the bill would waive the requirement of AS 38.05.125 to reserve mineral estates. This provision is necessary because the State would not receive credit for the reconveyance if the mineral estate is reserved. Both our attorney general and the Bureau of Land Management regional solicitor are of the opinion that section 6(i) of the Statehood Act (the federal statute requiring reservation of the mineral estate) would not prohibit reconveyances made to the federal government under the bill. This section also waives the provisions of AS 38.05.321 which restricts disposal of State land classified as agricultural land.

The need for this bill has been discussed extensively with representatives from Native groups and various agencies of both the State and federal governments. It has the support of all of them. I hope the Committee will be able to promptly act on this measure.

Alaska State Legislature

HOUSE OF REPRESENTATIVES

COMMITTEE ON RESOURCES

JOHN RINGSTAD, CO-CHAIRMAN
RICHARD SHULTZ, CO-CHAIRMAN
POUCH V
JUNEAU, ALASKA 99811
(907) 465-3715

TO: Co-Chairman Ringstad

From: Committee Staff

Date: January 30, 1984

Re: HB 455

This afternoon's meeting will consider HB 455, by Representative Goll, which would create a mechanism in the statutes by which the state could, by quitclaim deed, convey state-selected lands back to the federal government. The feds would then settle the Native Allotment claims on those lands. Apparently the problem has arisen due to Native Allotment claims being filed on lands the state has selected, after the selection had been made and acted upon. Why the federal government did not have record of or recognize the use or occupation of the lands by the claimants is, perhaps, a matter for another discussion, but this bill would enable the current claims to be settled.

Sec. 1 is the statement of purpose, and speaks for itself.

Sec. 2 makes a number of grammatical clean-ups of AS 38.05.035(b) (the discretionary duties of the director of the division of land and water management) up to page 3, line 16, where it adds the new subsection 9.

Sec. 3 adds a new subsection to AS 38.05.125, disallowing its application to any state lands re-conveyed to the federal government under the new subsection 9. AS 38.05.125 defines the rights to the lands the state generally reserves to itself when it conveys statehood lands.

Included in the member's files on HB 455 are:

The bill
An Attorney General's opinion on the issue, dated last Aug 12
A letter of support for the bill
Applicable statutes

Sec. 38.05.035. Powers and duties of the director. (a) The director shall

(1) have general charge and supervision of the division and may exercise the powers specifically delegated to him; may employ and fix the compensation of assistants and employees necessary for the operations of the division; and is the certifying officer of the division, with the consent of the commissioner, and may approve vouchers for disbursements of money appropriated to the division;

(2) manage, inspect and control state lands and improvements on them belonging to the state and under the jurisdiction of the division;

(3) execute laws, rules, regulations and orders adopted by the commissioner;

(4) prescribe application procedures and practices for the sale, lease or other disposition of available lands, resources, property, or interest in them;

(5) prescribe fees or service charges, with the consent of the commissioner, for any public service rendered;

(6) under the conditions and limitations imposed by law and the commissioner, issue deeds, leases or other conveyances disposing of available lands, resources, property or any interests in them;

(7) have jurisdiction over state lands, except those lands acquired by the Alaska World War II Veterans Board and the Agricultural Loan Board or the departments or agencies succeeding to their respective functions through foreclosure or default; to this end the director possesses the powers and, with the approval of the commissioner, shall perform the duties necessary to protect the state's rights and interest in state lands, including the taking of all necessary action to protect and enforce the state's contractual or other property rights;

(8) Repealed by § 20 ch 182 SLA 1978.

(9) maintain such records as the commissioner considers necessary, administer oaths, and do all things incidental to the authority imposed; the following records and files shall be kept confidential upon request of the person supplying the information;

(A) the name of the person nominating or applying for the sale, lease, or other disposal of lands by competitive bidding;

(B) before the announced time of opening, the names of the bidders and the amounts of the bids;

(C) all geological, geophysical and engineering data supplied, whether or not concerned with the extraction or development of natural resources;

(D) except as provided in AS 38.05.036, cost data and financial information submitted in support of applications, bonds, leases and similar items;

(E) applications for rights-of-way or easements;

(F) requests for information or applications by public agencies for lands which are being considered for use for a public purpose;

(10) account for the fees, licenses, taxes or other money received in the administration of AS 38.05.005 — 38.05.370 including the sale or leasing of land, identify their source, and promptly transmit them to the proper fiscal department after crediting them to the proper fund; receipts from land application filing fees and charges for copies of maps and records shall be deposited immediately in the general fund of the state by the director;

(11) select and employ or obtain at reasonable compensation cadastral, appraisal, or other professional personnel he considers necessary for the proper operations of the division;

(12) be the certifying agent of the state to select, accept and secure by whatever action is necessary in the name of the state, by deed, sale, gift, devise, judgment, operation of law, or other means any lands, of whatever nature or interest, available to the state, and shall be the certifying agent of the state, to select, accept or secure by whatever action is necessary in the name of the state any lands, or title or interest to lands available, granted, or subject to being transferred to the state for any purpose;

(13) Repealed by § 15 ch 181 SLA 1978; § 20 ch 182 SLA 1978.

(14) when he makes a written finding that the interests of the state will be best served, he may, with the consent of the commissioner, approve contracts for the sale, lease, or other disposal of available lands, resources, property or interests in them, and, in addition to the conditions and limitations imposed by law, he may impose additional conditions or limitations in the contracts as he, with the consent of the commissioner, determines will best serve the interests of the state; and no contract for the sale, lease, or other disposal of available lands or interests in them, is legally binding on the state until the commissioner formally records his consent to the contract; but if the appraised value is not greater than $50,000 in the case of the sale of land or an interest in land, or $5,000 in the case of the annual rental of land or interest in land, the director may approve and issue the contract without the consent or approval of the commissioner; the written finding shall be available to the public upon request; before a public hearing, if held, or in any case no less than 21 days before the sale, lease, or other disposal of available land, property, resources, or interests in them, the director shall make available to the public a written decision in which he sets out the facts and applicable law upon which he based his determination that the sale, lease, or other disposal will best serve the interests of the state; a written finding is not required before the approval of

(A) a contract for a negotiated sale authorized by AS 38.05.115;

(B) the lease of land for a shore fishery site under AS 38.05.082;

(C) a permit or other authorization revocable by the department.

(b) The director may

(1) delegate the administrative duties, functions or powers imposed upon him to a responsible employee in the division;

(2) grant preference rights for the lease or purchase of state land without competitive bid in order to correct the past or future errors or omissions of a state or federal administrative agency when inequitable detriment would otherwise result to a diligent claimant or applicant due to situations over which the claimant or applicant had no control; the exercise of this discretionary power operates only to divest the state of its title to or interests in land and may be exercised only with the express approval of the commissioner;

(3) grant a preference right to a claimant who shows bona fide improvement of state land, or federal land subsequently acquired by the state, and who has in good faith sought to obtain title to the land but who, through error or omission of others, has been denied title to it; upon a showing satisfactory to the commissioner, the claimant may lease or purchase the land at the price set on the date of original entry on the land or, if a price was not set at that time at a price determined by the division to fairly represent the value of unimproved land at the time the claim was established, but in no event less than the cost of administration including survey; the error or omission of a predecessor in interest or an agent, administrator, or executor which has clearly prejudiced the claimant may be the basis for granting a preference right;

(4) sell lands by lottery for less than their appraised value when, in his judgment, past scarcity of land suitable for private ownership in any particular area has resulted in unrealistic land values;

(5) when he determines it is in the best interest of the state and will avoid injustice to a person or his heirs or devisees, dispose of land, by direct negotiation to that person who presently uses and who used and made improvements to that land before January 3, 1959 or his heirs or devisees; the amount paid for the land shall be its fair market value on the date that the person first entered the land, as determined by the director; a parcel of land disposed of under this paragraph shall be of a size consistent with the person's prior use, but may not exceed five acres;

(6) dispose of an interest in land limited to use for agricultural purposes by lottery;

(7) convey to an adjoining landowner a parcel of land created by a highway right-of-way alignment or realignment, or a parcel created by the vacation of a state-owned right-of-way if

(A) he determines that it is in the best interests of the state;

(B) the parcel does not exceed the minimum lot size under an applicable zoning code; and

(C) the director and the platting authority having land use planning jurisdiction agree that conveyance of the parcel to the adjoining landowner will result in boundaries that are convenient for the use of the land by the landowner and compatible with municipal land use plans;

(8) for good cause extend for up to 90 days the time for rental or installment payments by a lessee or purchaser of state land under AS 38.05.005 — 38.05.370 if reasonable penalties and interest set by the director are paid.

(c) A parcel of land may be conveyed under (b) of this section without classification or reclassification under AS 38.05.300.

(d) A parcel of land described in (b) (7) of this section must be sold at its fair market value as determined by the director on the basis of an appraisal completed as provided in AS 38.05.310. Nothing in this subsection prevents the sale of land under AS 38.05.055 or 38.05.057 to a person not qualifying as an adjoining landowner if the adjoining landowner declines to purchase the land. (§ 5 art II ch 169 SLA 1959; am § 1 ch 57 SLA 1960; am §§ 2 — 4 ch 61 SLA 1960; am § 1 ch 55 SLA 1962; am § 1 ch 56 SLA 1964; am § 1 ch 98 SLA 1964; am § 1 ch 5 SLA 1965; am § 1 ch 58 SLA 1965; am § 1 ch 194 SLA 1968; am § 1 ch 164 SLA 1972; am §§ 2, 3 ch 257 SLA 1976; am §§ 1, 2 ch 176 SLA 1978; am § 15 ch 181 SLA 1978; am § 20 ch 182 SLA 1978; am § 1 ch 61 SLA 1980; am §§ 9 — 13 ch 113 SLA 1981)

Revisor's notes. — In subsection (b) (7), the word "convey" was substituted for "dispose" at the beginning of the paragraph and in subsection (d), the words "of land" were added following "parcel" by the revisor of statutes under AS 01.05.031.

Effect of amendments. — The first 1978 amendment, in subsection (b), substituted "sell lands by lottery" for "dispose of lands by competitive bid" in paragraph (4) and inserted "suitable for private ownership" in paragraph (4).

The second 1978 amendment, in subsection (a), repealed paragraph (13), which related to the powers of the director to select, administer, and dispose of mental health lands for the support of the mental health program. The third 1978 amendment, in subsection (a), repealed paragraphs (8) and (13), which related to the power of the director to administer the Land Registration Law and to select, administer, and dispose of mental health land for support of the mental health program, respectively. Section 28 of this amendatory act makes the repeal of paragraph (13) effective July 1, 1978, while § 30 of the act makes the repeal of paragraph (8) effective July 19, 1978.

The 1980 amendment added "except as provided in AS 38.05.036" at the beginning of subparagraph (a)(9)(D).

The 1981 amendment substituted "$50,000" for "$10,000" preceding "in the case of the sale of land," substituted "$5,000" for "$1,000" preceding "in the case of the annual rental of land," substituted semicolons for periods preceding "the written finding" and preceding "before a public hearing," added "a written finding is not required before the approval of" following "interest of the state" and added subparagraphs (A)-(C) in subsection (a)(14). In subsection (b)(3), the amendment added "the price set on the date of original entry on the land or, if a price was not set at that time at" preceding "a price determined by the division." In subsection (b)(5), the amendment substituted "on the date that the person first entered the land" for "as of that date" preceding "as determined by the director." The amendment also added paragraphs (7) and (8) of subsection (b) and added subsections (c) and (d).

Editor's notes. — Section 7, ch. 182, SLA 1978, purported to amend this section by adding a paragraph (7) of subsection (b). Section 27 of ch. 182 made this amendment effective on the date that the Board of Regents voted to approve the matters under consideration as provided in § 24 of the act.

The Board of Regents disapproved all matters on August 17, 1978. Consequently, this amendment was ineffective.

Opinions of attorney general. — The interaction of AS 38.05.030(b), 38.05.035(a)(7) and (12), AS 35.05.040(1), and AS 35.20.010 was examined to determine (1) which agency of the state had authority to accept title to land transferred

Article 5. Reservation of Rights to Alaska.

Section

125. Reservation
127. Access to navigable or public waters
130. Damages and posting of bond

Sec. 38.05.125. Reservation. Each contract for the sale, lease or grant of state land, and each deed to state land, properties or interest in state land, made under AS 38.05.315 — 38.05.325, 38.05.045 — 38.05.120, 38.08.010 — 38.08.120, or 38.50.010 — 38.50.170 except as provided in AS 38.50.050 is subject to the following reservations: "The party of the first part, Alaska, hereby expressly saves, excepts and reserves out of the grant hereby made, unto itself, its lessees, successors, and assigns forever, all oils, gases, coal, ores, minerals, fissionable materials, geothermal resources, and fossils of every name, kind or description, and which may be in or upon said lands above described, or any part thereof, and the right to explore the same for such oils, gases, coal, ores, minerals, fissionable materials, geothermal resources, and fossils, and it also hereby expressly saves and reserves out of the grant hereby made, unto itself, its lessees, successors, and assigns forever, the right to enter by itself, its or their agents, attorneys, and servants upon said lands, or any part or parts thereof, at any and all times for the purpose of opening, developing, drilling, and working mines or wells on these or other lands and taking out and removing therefrom all such oils, gases, coal, ores, minerals, fissionable materials, geothermal resources, and fossils, and to that end it further expressly reserves out of the grant hereby made, unto itself, its lessees, successors, and assigns forever, the right by its or their agents, servants and attorneys at any and all times to erect, construct, maintain, and use all such buildings, machinery, roads, pipelines, powerlines, and railroads, sink such shafts, drill such wells, remove such soil, and to remain on said lands or any part thereof for the foregoing purposes and to occupy as much of said lands as may be necessary or convenient for such purposes hereby expressly reserving to itself, its lessees, successors, and assigns, as aforesaid, generally all rights and power in, to, and over said land, whether herein expressed or not, reasonably necessary or convenient to render beneficial and efficient the complete enjoyment of the property and rights hereby expressly reserved." (§ 1 art VII ch 169 SLA 1959; am § 14 ch 61 SLA 1960; am § 1 ch 42 SLA 1966; am § 3 ch 240 SLA 1976; am § 2 ch 175 SLA 1980)

Effect of amendments. — The 1980 amendment inserted the reference to AS 38.08.010 — 38.08.120, and "as" preceding "provided in AS 38.50.050" near the beginning of the section, inserted "geothermal resources" wherever it appears throughout the section, and substituted "attorneys" for "attorney" near the middle of the section.

Editor's notes. — As to declaration of

Cities with AGUILAR class members

Aleknagik
Anchorage
Angoon
Aniak
Barrow
Bethel
Bellingham
Chignik Lagoon
Chugiak
Clark's Point
Copper Center
Delta Junction
Dillingham
Dot Lake
Ekwok
Emmonak
English Bay
Fairbanks
Gakona
Glennallen
Grayling
Haines
Homer
Hoonah
Juneau
Kake
Kaktovik
Kaltag
Kenai
Ketchikan
Klukwan
Kodiak
Koliganek
Kotzebue
Minto
Montana Creek
Naknek
Nenana
New Stuyahok
Nondalton
Nulato
Old Harbor
Pedro Bay
Petersburg
Pilot Point
Pilot Station
Port Bailey
Port Graham
Port Lions
Portage Creek
Powell Butte
Quinhagak
Saint Mary's
Saint Michael
Seldovia
Skagway
Soldotna
South Naknek
Spenard
Tacoma
Tanacross
Tanana
Tok
Tuluksak
Tyonek
Wrangell

STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

DEPARTMENT OF NATURAL RESOURCES

POUCH M
JUNEAU, ALASKA 99811
PHONE: 907-465-2400

OFFICE OF THE COMMISSIONER

February 7, 1984

The Honorable John Ringstad
Co-Chairman
House Resources Committee
Pouch V
Juneau, AK 99811

Dear Representative Ringstad:

At last week's Resources Committee hearing on HB 455, Representative Bussell asked what costs the State would bear in quitclaiming lands to the federal government for reconveyance to valid claimants. Although I responded in summary fashion to the question, I am providing more information for the consideration of Committee members.

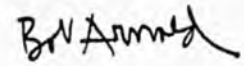
The subject lands are largely Native allotments that the State must, by court finding, return to the federal government for reconveyance. The State has no choice but to return the lands. Whatever the value of the lands, they must be reconveyed to the federal government.

In most cases (for allotments on general grant selection lands) the State's outstanding land selection entitlement will be increased to reflect this reconveyance, so that there will be no net loss to the State. In other cases (for Mental Health grant lands and University grant lands), the deadline for state selections has passed, and federal legislation would be required to allow the State to recoup selection rights. There is no provision for the federal government otherwise to reimburse the State for retaking of these lands. The State has explored the possibility of federal legislation to achieve these purposes, and may press for it.

In summary, the State may not know what values it will give up in allowing these lands to be reconveyed to valid claimants, but it must reconvey them and it serves an important public purpose in doing so. Additionally, the legislation provides a new, less expensive mechanism for the process, saving the State legal costs that would have been associated with the processing of each claim that the State would have found itself unable otherwise to convey without court settlement.

Thank you for your interest. I will be available for further questions at Wednesday's hearing. Please contact me if I may provide any information before then.

Sincerely,



Robert D. Arnold
Deputy Commissioner

YAK-TAT KWAAN, INC.

PHONE 907-784-3335 P.O. BOX 416 YAKUTAT, ALASKA 99689

February 3, 1984

The Honorable John Ringstad, Co-Chairman
House Resources Committee
ALASKA STATE LEGISLATURE
Pouch V (MS 3100)
Juneau, AK 99811

Re: House Bill No. 455

Dear Mr. Ringstad:

Yak-Tat Kwaan, Inc. is a Native Corporation formed under ANCSA. On behalf of our Shareholders and Native Allotment applicants, we would like to encourage the House Resources Committee to support House Bill No. 455 by Goll and Grussendorf. Our understanding is that this bill will enhance Native Allotment applicants. Any efforts to expedite Native Allotment applications is a worthy cause and should be supported.

Sincerely,

YAK-TAT KWAAN, INC.

Donald Bremner

Donald Bremner
Vice-President

/sb

cc: Representatives
Richard Shultz
Peter Goll
Rich Uehling
Tony Vaska
Ron Larson
Charlie Bussell
John Cowdery
John Liska

MEMORANDUM State of Alaska

TO: Tom Hawkins
Division of Land and Water Management
DNR - Anchorage

DATE: August 4, 1983

FILE NO: 166-683-83

TELEPHONE NO: 276-3550

FROM: NORMAN C. GORSUCH
ATTORNEY GENERAL

By: Barbara L. Malchick
Assistant Attorney General
AGO - Anchorage

SUBJECT: Settlement of Haines Aguilar allotment claims.

Gary Gustafson, formerly of the Division of Research and Development, requested our opinion regarding the State's authority to settle five allotment claims on state patented lands in the Haines area under the settlement provisions of Aguilar v. United States, 474 F. Supp. 840 (D. Alaska 1979). Under existing statutes, it is unclear whether the State has authority to implement the Aguilar settlement procedures. There are, however, other options available to the State. Of these options, it is our opinion that new legislation would be the best means of settling Aguilar allotment claims.

After a background discussion of Aguilar, three broad problem areas are discussed: (1) the State's authority to convey patented lands; (2) the State's ability to recoup selection rights; and (3) the existence of third-party rights on the patented lands. Although this memorandum focuses primarily on the five particular allotments in Haines, the issues discussed are applicable to the more than 220 other Aguilar allotments statewide.

I

BACKGROUND

Aguilar v. United States, 474 F. Supp. 840 (D. Alaska 1979), was a class action suit brought by Natives whose allotment applications were rejected because the land they applied for had previously been conveyed to the State. Although the Natives claim that they used and occupied the land before the State selected it, their applications were not filed until after the state selections were made. The court held that if the land was used and occupied by Natives, it should not have been conveyed to the State. The court further held that the federal government has a trust responsibility to recover for the Natives any land

wrongfully conveyed to the State. The State was not a party to the suit.

The plaintiffs and the federal government stipulated to procedures to implement the court's order. Under the procedures, BLM first conducts an informal adjudication to determine whether an allotment application is valid. If the application appears valid, BLM recommends that the U.S. Attorney bring suit against the State to cancel the State's patent. The stipulated procedures also provide for expedited settlement, whereby the State quitclaims all or part of its interest in the land to the federal government, which in turn grants the allotment to the Native applicant. The expedited procedures further provide that the acreage quitclaimed by the State shall be credited to the state entitlement under which the lands were originally conveyed.

Last year, the Commissioner's office indicated its intention to expedite settlement of some of the Aguilar claims in the Haines area. DNR divided the allotments into three categories: (1) those where the State is willing to quitclaim its entire interest; (2) those where the State is willing to quitclaim its interest with a reservation of an access easement; and (3) those where the State has an important interest and will insist upon full adjudication. One of the Haines area allotments that DNR proposes to quitclaim is from the first category, and four are from the second. The five parcels are on lands that were patented to the State under the Alaska Mental Health Enabling Act.

II

AUTHORITY

A. Existing Statutes.

Article VIII, Section 9 of the Alaska Constitution specifies that "the Legislature may provide for the sale or grant of state lands .... " Article VIII, Section 10 provides that "no disposals or leases of state lands, or interests therein, shall be made without prior public notice and other safeguards of the public interest as may be prescribed by law." In order to implement Section 10, the Legislature enacted the Alaska Land Act, AS 38.05. DNR, through the Commissioner and the Director of

the Division of Lands, is the agency charged with administering the Alaska Land Act. AS 38.05.005.

DNR, as any administrative agency, has only those powers that are expressly granted or necessarily implied by statute. See, e.g., Washington State Human Rights Commission v. Cheney School District No. 30, 641 P.2d 163, 167 (Wash. 1982). The Alaska Land Act does not explicitly authorize DNR to quitclaim its interest in the land described in the five allotment applications. Arguably, however, the proposed conveyances fall within the terms of the public and charitable use statute. Moreover, the authority to quitclaim may be a "necessarily implied" power of the Commissioner's or the Director's.

1. Disclaimer

DNR has suggested that it simply "disclaim" its interest to the allotment lands. Where DNR is convinced of the validity of an allotment application, a disclaimer would in effect merely correct the mistake made by the federal government in granting the land to the State in the first place.

There is no express authority that would allow DNR to disclaim. Moreover, the Alaska Land Act already provides a procedure for correcting mistakes made by the federal government. Under AS 38.05.035(b)(2), DNR is authorized to grant a preference right to a diligent applicant for the purchase of state land in order to correct past errors of a federal agency.1/ The very fact that the Legislature provided a method for dealing with federal mistakes may be a "positive inhibition" against correcting the mistakes except by compliance with the preference

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1/ This is not the procedure specified in Aguilar, and it is probably not a viable option for settling the Aguilar claims. Because the preference right would be given directly to the applicant rather than to the federal government, the property conveyed to the applicant would not have the trust status that allotments have. It is therefore questionable whether allotment applicants and the federal government would agree to this option.

right statutes. See Hughes v. City of Torrance, 175 P.2d 290 (Cal. App. 1946).

2. Public and Charitable Use Statute

The public and charitable use statute provides that the State may dispose of land to a government agency for less than the appraised value if it is "fair and proper and in the best interests of the public .... " AS 38.05.315(a). Quitclaiming the land at issue here may be in the best interests of the public since it would settle the allotment claims without time-consuming and expensive litigation. Moreover, quitclaiming the land to the federal government may be in the public interest since it would allow BLM to discharge its duty as trustee for the Native applicants.

In determining whether a disposal to a government agency is in the public interest, "due consideration [must be] given to the nature of the public services or function rendered by the agency .... " AS 38.05.315(a). The statute's focus on an agency's public function implies that the Legislature envisioned that the ultimate use of the land would be in the public interest. Likewise, the title of the statute implies that the land will be used for a public and charitable purpose. Here, the federal government would be conveying the land into private ownership, rather than using the land for the benefit of the public.

In determining whether there is a public interest, due consideration must also be given to "the terms of the grant under which the land was acquired by the state." AS 38.05.315(a). The land at issue here was acquired by the State under the Mental Health Enabling Act. Under the terms of the grant, mental health lands "shall be administered by the Territory of Alaska as a public trust and [the] proceeds and income [therefrom] shall first be applied to meet the necessary expenses of the mental health program of Alaska." Thus, a conveyance of these lands for less than their appraised value would be contrary to the terms of the grant under which they were acquired. However, a superior court judge in Fairbanks recently upheld a state statute which in

effect treats mental health lands as general grant lands.2/ Since the State is not obligated to administer general grant lands as a trust, this requirement may not be a problem.

In summary, it is unclear whether the proposed conveyances fall within the scope of the public and charitable use statute. For the protection of the State and the allotment applicants, we therefore do not recommend this option.

3. Implied Authority

The Director of the Division of Lands is authorized, with the consent of the Commissioner, to approve contracts for the sale, lease, or other disposal of available lands "when he makes a written finding that the interests of the State will be best served." AS 38.05.035(a)(14).3/ The Alaska Supreme Court has interpreted this statute as giving the Director broad discretion in deciding whether to approve a disposal. Moore v. State, 553 P.2d 8, 31 (Alaska 1976). It is possible that a court would construe the statute as a grant of authority sufficiently broad to encompass the proposed conveyances.

There are several problems with this approach, however. First, the Supreme Court interprets Article VIII, Section 10 of the Constitution as reflecting "the framers' recognition of the importance of our land resources and of the concomitant necessity for observance of legal safeguards in the disposal or leasing of

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2/ The court went on to hold that the State is obligated to reimburse the trust for the full value of any lands transferred from it. See Weiss v. State of Alaska, 4FA-83-1208 Civ., June 15, 1983. It is unknown at this time whether the State will appeal this decision.

3/ Although this responsibility falls on the Director, the Commissioner may assume the responsibility if she does so in a clear and explicit manner. Moore v. State, 553 P.2d 8, 37 (Alaska 1976).

state lands." Alveska Ski Corporation v. Holdsworth, 426 P.2d 1006, 1011 (Alaska 1967). Thus, a court may be reluctant to find authority to dispose of land unless it is expressly delegated by statute.

Further, a court may not interpret the statute as an independent grant of authority. Rather, the statute may be procedural (requiring the Director to make a written "best interest" finding), and may only apply where the disposal is otherwise authorized by law. This reading would be consistent with AS 38.05.035(a)(6), which provides that the Director shall, "under the conditions and limitations imposed by law and the commissioner, issue deeds, leases or other conveyances disposing of available lands, resources, property or any interest in them."

Finally, even if subsection (a)(14) is read as a broad grant of authority, a decision to quitclaim the lands at issue may not best serve the interests of the State. As discussed above, the State's interest may be served in that the allotment claims would be settled without time-consuming and expensive litigation. However, the interests of the State would not be served in that the State would not receive anything in return for the conveyances. This is so because the State must reserve the mineral estate and thus could not be credited for the surface estate acreage conveyed (see Section III, A. below) and because the State is precluded from selecting additional mental health lands to replace the conveyed lands (see Section III, B. below).

B. Other Options.

1. New Legislation.

In our opinion, the best option available to the State is to draft new legislation specifically authorizing the proposed conveyances. Once the legislation is passed, the State would be authorized to quitclaim its interest in the lands pursuant to the stipulated procedures of Aguilar. The tremendous advantage to this option is that the legislation would apply to settlement of all of the more than 220 Aguilar claims across the State. It is likely that this new legislation would be supported by the allotment applicants and Alaska Legal Services Corporation, and would be popular in the Legislature. Under this option, however,

the State may lose its ability to recoup selection rights unless companion federal legislation is passed (see below).

2. Land Exchange.

Another option available to the State is to enter into a land exchange with the federal government. Under this option, the State would exchange the allotment lands for other lands in federal ownership. The land exchange statutes require that "exchanges shall be for the purpose of consolidating state land holdings, creating land ownership and use patterns which will permit more effective administration of the state public domain, facilitating the objectives of state programs, or other public purposes." AS 38.50.010. The general purpose of settling Native allotment claims would seem to fall within the "public purpose" language of the statute.

As discussed below, one advantage to this option is that the State would not lose its ability to recoup selection rights since it would be receiving specified lands in return for the allotment lands. The land exchange option does present procedural problems, however. It is time-consuming, since land must be identified, appraisals must be performed, public notice must be given, and public hearings must be held. Moreover, DNR has indicated that most of the remaining BLM lands in Alaska are undesirable. If the lands proposed for the exchange are of unequal value, the State would also need legislative approval before the exchange could take place. In addition, although the federal government is authorized to enter into such a land exchange (ANCSA § 22(f)), this is not the procedure specified in Aguilar. The Solicitor's office has indicated that BLM is unwilling to enter into a land exchange because of the time and expense involved.

3. Settlement of Litigation.

An additional option available to the State is to allow the federal government to proceed with the Aguilar procedures and

bring suit in federal court to cancel the State's patents.4/ The Attorney General would then have the authority to settle the litigation by agreeing to a court order cancelling the patents. Any such settlement, of course, must be done in good faith and free from fraud.

III

RECOUPMENT OF SELECTION RIGHTS

The Aguilar stipulated procedures provide that if the State quitclaims its interest, the acreage shall be credited to the state entitlement under which the lands were originally conveyed. This provision, however, may be unenforceable. First, the requirement that the State reserve the mineral estate may prevent the State from receiving credit for the quitclaimed acreage. Secondly, the five allotment claims involved here are on mental health lands and the time for selecting mental health lands has passed.

A. Mineral Estate.

Under AS 38.05.125, the State must reserve the mineral estate in conveyances of land made under the Alaska Land Act (AS 38.05). Where the State receives a mineral estate, BLM must charge the acreage against the State's acreage entitlement. Thus, BLM would not be able to credit the State for the surface estate acreage conveyed, regardless of the provisions of the Aguilar settlement. Accordingly, if the State conveys the allotment lands under the Alaska Land Act (for example, under the public and charitable use statute), the surface acreage will simply be lost.

The requirement to reserve the mineral estate may not be a problem under the three other options discussed above. New legislation could specify that the State is authorized to convey

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4/ Indeed, the State may be forced into this option by default. BLM recently sent out the "90-day letters" specified in the Aguilar procedures for the five allotment claims at issue.

the mineral estate, along with the surface estate, to the federal government.5/ Likewise, in a land exchange, the State can exchange mineral rights to the extent authorized by applicable federal law (AS 38.50.050); section 22(f) of ANCSA authorizes the State to transfer the mineral estate in exchanges with the federal government. Finally, there would be no mineral estate problem under the settlement of litigation option since the

State's patent would be cancelled and the mineral estate would merely revert to the federal government.

B. Mental Health Lands.

The Aguilar procedures provide that the quitclaimed acreage shall be credited to the state entitlement under which the lands were originally conveyed. Under the terms of the Mental Health Enabling Act, however, the time for selecting mental health lands has expired. According to the Solicitor's office, BLM does not have the authority to extend the time for the State to select mental health lands. This was not considered at the time the Aguilar procedures were drafted.

Under any of the options other than a land exchange, the State would thus lose its ability to recoup its selection

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5/ This problem may not be so easily solved for other than mental health lands. The Alaska Constitution specifies that grants of state land must contain such reservations to the State of all resources as may be required by Congress or the State. In Section 6(i) of the Alaska Statehood Act, Congress required the State to reserve the mineral estate when disposing of general grant lands. Thus, if the State wished to quitclaim Aguilar lands that are general grant lands, federal legislation in addition to state legislation may be required. See State v. Lewis, 559 P.2d 630 (Alaska 1977). We note, however, that if the State does dispose of the mineral estate, Section 6(i) provides that the mineral estate will be forfeited to the federal government in an action brought by the U.S. Attorney. Since the federal government would be getting the mineral estate anyway, such an action would be meaningless.

rights and the acreage will simply be lost.6/ However, the fact that the time for selecting mental health lands has passed would not result in a loss of acreage if the State enters into a land exchange because the State would be receiving specified lands in return for the allotment lands.

The inability to recoup selection rights is not a problem, of course, if the State has selected more than its statutory entitlement of one million acres of mental health lands. While DNR is convinced that the State is in fact under-selected, BLM maintains that the State is over-selected. The actual situation will not be known for years.

IV

THIRD-PARTY RIGHTS

The State has created many types of third-party rights on its patented Aguilar lands, including mining claims, special use permits, rights-of-way, disposals of resources from the land, and disposal of the land itself. Because the title reports for the five allotment claims involved here indicate that a timber sale contract was the only third-party interest created, the other types of interests will not be discussed in this memorandum. These interests and the State's ability to protect them must, of course, be considered as the situations arise.

In 1979, the State entered into a contract with the Schnabel Lumber Company. The contract describes a large area of land near Haines and provides that Schnabel is entitled to cut 10.2 million board feet (mmbf) of timber per year from this land. The five parcels at issue here are included in the contract, as are many other Aguilar allotment claims. Under the terms of the contract, the State may reserve lands from cutting, but the State is still obligated to provide 10.2 mmbf for harvest.

6/ It is possible that federal legislation could be drafted allowing the State to select replacement mental health lands in this situation.

The Division of Forestry is currently developing a management plan for the area. This involves inventorying the land available for cutting to determine the annual allowable cut; i.e. the amount that would permit timber to be harvested on a sustained yield basis. Forestry is hopeful that the annual allowable cut will be greater than the 10.2 mmbf specified in the contract even if the Native allotment lands are considered unavailable for cutting. Forestry will not be able to determine the allowable cut until late summer or fall.

Shortly after the Schnabel timber contract was signed, a lawsuit was brought by Southeast Alaska Conservation Council (SEACC). The basis of the lawsuit was SEACC's assertion that the contract volume of 10.2 mmbf per year would violate the constitutional requirement that timber be harvested on a sustained yield basis. SEACC argued in part that Forestry's allowable cut calculation was incorrect because the amount of land available for cutting was actually much lower than the amount used by Forestry in making its calculation. The Alaska Supreme Court recently held that the allowable cut calculation was "reasonable". However, if the State conveys the allotment lands to the allotment applicants, thousands more acres may be unavailable for cutting. This could potentially re-open the SEACC lawsuit.

V

CONCLUSION

There are more than 220 known Aguilar claims statewide, affecting well over 25,000 acres of general grant, mental health, university, and school lands. There is currently no explicit authority for the State to settle the claims by quitclaiming its interest in the lands. However, colorable arguments can be made that the Commissioner has implied authority to quitclaim or that the proposed conveyances are within the scope of the public and charitable use statute. It is our recommendation that new legislation specifically authorizing the Commissioner to settle Aguilar claims be drafted and presented to the Legislature as soon as possible. Whatever option is chosen, the State's ability to protect third-party rights and its statutory acreage entitlements should be carefully considered.

HB

458

Alaska State Legislature
HOUSE OF REPRESENTATIVES
COMMITTEE ON RESOURCES

JOHN RINGSTAD, CO-CHAIRMAN
RICHARD SHULTZ, CO-CHAIRMAN
POUCH V
JUNEAU, ALASKA 99811
(907) 465-3715

MEMORANDUM

To: House Resource Committee members

From: Committee Staff

Date: April 10, 1984

Re: CSHB 458 (2nd draft)

Since the last committee meeting when concerns expressed about DNR's autnority to convey agricultural land were raised, the committee staff has thoroughly re-examined existing provisions in statute, and consulted with DNR.

The net result of this research is that authority to convey agricultural lands already exists as per AS 38.05.045, and no additional authority is needed to accomplish the purposes of this legislation.

The technical changes that Sharon Barton requested at the last meeting were accomplished and a more appropriate section in the statute was chosen in preparing the CS that is presently before the committee. That section was entitled, " LIMITATION ON PURCHASES OF AGRICULTURAL LAND " and the new CS merely expands that title to include " CONDITIONS " as well as " LIMITATION ".

According to DNR, there are at this time no conflicts in title 38 language that would prevent or hinder the implementation of this legislation should it be signed into law. Other technical changes that may improve title 38 with regard to this subject should more appropriately be considered in SB 375 which was drafted as an omnibus clean- up bill and will soon be before this committee.

Legislative history reports. — For adoption of the House Finance Committee letter of intent on the shift of responsibility from the Department of Natural Resources to the Department of Revenue, see 1980 House Journal, pp. 1030, 1143.

Sec. 38.05.037. Zoning regulations in the unorganized borough to facilitate federal land sales.

Opinions of attorney general. — The zoning power vested in the Department of Natural Resources under this section is broad enough to encompass the creation of historical districts as a control over land use, but the exercise of that authority does not make the property eligible for historic preservation loans under AS 45.98, which is aimed solely at historic districts established by municipalities. January 3, 1980, Op. Att'y Gen.

Article 2. Sale of Lands.

Section
45. Generally
47. [Repealed]
50. Disposal of land for private ownership
55. Auction sale procedures
57. Disposal of land by lottery
58. [Repealed]
59. Limitation on purchases of agricultural land
65. Terms of contract of sale
66. [Repealed]
67. Veterans preference
68. Forest Service permittees' sales preference
69. Preference to persons for agricultural purposes

Editor's notes. — For provisions for preferences for occupants of land under a United States Forest Service timber contract see ch. 47, SLA 1982 in the 1982 Temporary and Special Acts and Resolves.

Sec. 38.05.045. Generally. All lands owned in fee by the state or to which the state may become entitled, excepting tide, submerged or shorelands, and timber or grazing lands, may be sold as provided in AS 38.05.045 — 38.05.069 and 38.08.010 — 38.08.120. However, this section does not prevent the disposition of lands as provided in AS 38.05.300 — 38.05.348. (§ 1 art IV ch 109 SLA 1959; am § 50 ch 32 SLA 1971; am § 12 ch 85 SLA 1979)

Effect of amendments. — The 1979 amendment added "and 38.08.010 — 38.08.120" to the end of the first sentence.

Sec. 38.05.047. Classification and sale of state land in municipalities.

Repealed by § 45 ch 113 SLA 1981.

Cross references. — For provisions on the land disposal bank containing state land classified for disposal into private ownership, see AS 38.04.020.

Editor's notes. — The repealed section derived from § 13, ch. 85, SLA 1979.

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appraised fair market value, exclusive of value accruing from improvements or development, such as fill material, buildings or structures, by the occupant or his predecessor in interest or reflecting, equities of the occupant;

(8) "home rule cities and cities of the first class" do not include a borough. (§ 5 art III ch 169 SLA 1959; am § 6 ch 61 SLA 1960; am § 1 ch 18 SLA 1962; am §§ 1, 2 ch 81 SLA 1964; am § 1 ch 4 SLA 1966)

Editor's notes. — This section is set out above to correct an error in the main pamphlet.

NOTES TO DECISIONS

Purpose of section. — One purpose of the Alaska Land Act was to establish equitable methods of disposing of certain tidelands. Toward this end, and within the federal parameters requiring the recognition of "preference rights," this section was included in the Act. City of Homer v. State, Sup. Ct. Op. No. 1455 (File No. 3009), 566 P.2d 1314 (1977).

Due process required. — Private parties are entitled to due process of law before property rights may be removed; therefore, the minimal protection provided by adjudicatory procedures of the Department of Natural Resources must meet that standard. City of Homer v. State, Sup. Ct. Op. No. 1455 (File No. 3009), 566 P.2d 1314 (1977).

Municipalities are entitled to due process in the adjudication of claims to tide and submerged lands. City of Homer v. State, Sup. Ct. Op. No. 1455 (File No. 3009), 566 P.2d 1314 (1977).

With respect to the disposition of tidelands, municipal corporations are to be afforded the same rights of due process as are private parties. City of Homer v. State, Sup. Ct. Op. No. 1455 (File No. 3009), 566 P.2d 1314 (1977).

The language of subsection (b) is clear and unambiguous. State Dep't of Nat'l Resources v. City of Haines, Sup. Ct. Op. No. 2342 (File No. 5067), 627 P.2d 1047 (1981).

Scope of subsection (b) grant. — The grant in subsection (b) of this section encompasses tideland adjacent to subsequently expanded municipal boundaries. State, Dep't of Nat'l Resources v. City of Haines, Sup. Ct. Op. No. 2342 (File No. 5067), 627 P.2d 1047 (1981).

In effect, this section gives the authorities of a city, etc.

In accord with original. See Talbot's, Inc. v. Cessnun Enter., Inc., Sup. Ct. Op. No. 1462 (File Nos. 2561, 2671), 566 P.2d 1320 (1977).

In order for easement under subsection (b)(6) of this section to be established, it must appear that it is reasonably necessary for the enjoyment of the property, the term "necessary" meaning that there could be no other reasonable mode of enjoying the dominant tenement without the easement. An easement by implication does not arise merely because its use is convenient to the beneficial enjoyment of the dominant portion of the property. Talbot's, Inc. v. Cessnun Enter., Inc., Sup. Ct. Op. No. 1462 (File Nos. 2561, 2671), 566 P.2d 1320 (1977).

While strict or absolute necessity is not required, something more than mere convenience must be shown before an occupant of tidelands is entitled to an easement under subsection (b)(6) of this section. Talbot's, Inc. v. Cessnun Enter., Inc., Sup. Ct. Op. No. 1462 (File Nos. 2561, 2671), 566 P.2d 1320 (1977).

Sec. 38.05.321. Restriction on sale, lease or other disposal of agricultural land. (a) The sale, lease or other disposal of state land classified as agricultural land transfers only rights for agricultural purposes, and all other interests in the land remain with the state unless otherwise required by law.

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AS 38.05.047, referred to near the end of subsection (f), was repealed by § 5, ch. 113, SLA 1981.

AS 38.05.055, referred to in (g) of this section, was amended by § 15, ch. 113, SLA 1981. One of the changes was the deletion of language relating to the form of contract. See AS 38.05.065(b) for the terms required in contracts of sale for land sold under this section.

NOTES TO DECISIONS

Quoted in Gilman v. Martin, Sup. Ct. Op. No. 2652 (File No. 5937), 662 P.2d 120 (1983); LeResche v. Lustig, Sup. Ct. Op. No. 2656 (File No. 6058), P.2d (1983).

Sec. 38.05.058. Land discount program. [Repealed, § 19 ch 67 SLA 1983.]

Sec. 38.05.059. Limitation on purchases of agricultural land. A person may purchase from the state a total of not more than one parcel of land that is part of an agricultural development project under AS 44.33.475 during any eight-year period. (§ 3 ch 129 SLA 1982)

Sec. 38.05.060. Rejection of bids.

NOTES TO DECISIONS

Cited in State v. University of Alaska, Sup. Ct. Op. No. 2303 (File No. 4579), 624 P.2d 807 (1981).

Sec. 38.05.065. Terms of contract of sale. (a) The contract of sale for land sold at public auction under AS 38.05.055 shall require the remainder of the purchase price to be paid in monthly, quarterly or annual installments over a period of 20 years, with interest at the prevailing rate for real estate mortgage loans made by the federal land bank for the farm credit district for Alaska at the time the contract is signed. Installment payments plus interest shall be set on the level-payment basis.

(b) The contract of sale for land sold under AS 38.05.057 and under AS 38.05.078 shall require the remainder of the purchase price to be paid in monthly, quarterly, or annual installments over a period of not more than 20 years. Installment payments plus interest shall be set on the level-payment basis. The interest rate to be charged on installment payments is the prevailing rate for real estate mortgage loans made by the federal land bank for the farm credit district for Alaska at the time the contract is signed.

DRAFT

Version #2
Bradley
4/10/84

Original sponsors: Bettisworth and Shultz

IN THE HOUSE BY THE RESOURCES COMMITTEE

CS FOR HOUSE BILL NO. 458 (Resources)

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTEENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act relating to agricultural rights to land."

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

* Section 1. AS 38.05.059 is repealed and reenacted to read:

Sec. 38.05.059. LIMITATIONS AND CONDITIONS ON SALE OR LEASE OF AGRICULTURAL LAND. (a) A person may purchase from the state not more than one parcel of land that is part of an agricultural development project under AS 44.33.475 during any eight-year period.

(b) In a sale or other disposal of state land classified as agricultural land the use of the land shall be restricted. The commissioner shall convey a fee simple conditional title to the surface estate subject to a condition subsequent that the land be used only for agricultural purposes. The commissioner shall reserve a right of reentry after notice and an opportunity for a hearing if the land is used for other than agricultural purposes. A reversion of title upon reentry does not affect the validity of a prior lien or security interest on the land.

(c) The lessee of state agricultural land shall receive a leasehold interest in the surface estate subject to the condition subsequent that the land leased be used only for agricultural purposes.

(d) As a condition to the issuance of a lease or a contract of sale of state land classified as agricultural land, the commissioner may require a farm development agreement and the submission of a conservation plan that establish reasonable requirements based on economic feasibility of development and sound agricultural principles.

(e) The commissioner may not convey title under (b) of this section to a person who

(1) is in arrears on the purchase or lease of agricultural land; or

(2) has not complied with a farm development agreement or conservation plan required by the commissioner.

(f) In this section, "agricultural purposes" includes farming, ranching, grazing, and storage or control of agricultural crops or livestock, and the construction of the farm residence of the grantee or lessee as well as other buildings commonly needed for agricultural purposes on not more than 20 acres of the land transferred under this section.

* Sec. 2. AS 38.05.321(a) is repealed.

WORK DRAFT WORK DRAFT WORK DRAFT

Original sponsors: Bettisworth and Shultz

DRAFT

IN THE HOUSE BY THE RESOURCES COMMITTEE

CS FOR HOUSE BILL NO. 458 (Resources)

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTEENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act relating to agricultural rights to land."

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

* Section 1. AS 38.05.321 is amended by adding new subsections to read:

(d) A grantee of title to state agricultural land shall receive fee simple conditional title to the surface estate in the land subject to the condition subsequent that the land be used only for agricultural purposes. The commissioner shall reserve the right of reentry after notice and an opportunity for a hearing in the event the grantee shall use the land for other than agricultural purposes. The reversion of title upon exercise of a right of reentry by the commissioner under this subsection shall be subject to valid prior liens and has no effect on the validity of a security interest on the land.

(e) The lessee of state agricultural land shall receive a leasehold interest in the surface estate subject to the condition that the land leased be used only for agricultural purposes.

(f) As a condition to the issuance of a grant under (d) of this section or to the issuance of a lease under (e) of this section, the commissioner may require a farm development agreement and the submission of a conservation plan. The farm development agreement and conservation plan shall be based on economically feasible and agriculturally viable department standards. The commissioner may not grant fee simple conditional title under (d) of the section to a

person who

(1) is in arrears on the purchase or lease of agricultural land; or

(2) has not complied with a farm development agreement or conservation plan required by the commissioner.

(g) In this section, "agricultural purposes" includes farming, ranching, grazing, and storage or control of agricultural crops or livestock, and the construction of the farm residence of the grantee or lessee as well as other buildings commonly needed for agricultural purposes on not more than 20 acres of the land transfered under this section.

* Sec. 2. AS 38.05.321(a) is repealed.

JAN 30 1984

Jan. 25, 1984
P.O.Box 313
Nenana, AK 99760

The Honorable Bob Bettisworth
Pouch V
Juneau, AK 99811

Dear Rep. Bettisworth:

This is in response to a letter to the Editor in the Jan. 24th edition of the News Miner regarding your intent to introduce legislation that would replace "Ag Rights" with Fee Simple Title for State Ag Land disposals. I fully support such legislation and if there is anything I can do to help with its passage please contact me.

"Ag Rights Only" creates many problems. A major one is the inability to secure financing from banks and other lending institutions to build a home because of that restrictive title. I have personal experience with that rejection.

Sincerely,
Don Kratzer
Don Kratzer

XC: Interior Delegation

1-25-84

The argument for Ag Rights is that we are rapidly losing ag land to other forms of development. Not including Federal lands, 1.8 million acres of state or Native owned undeveloped ag. land in the Tanana Valley alone makes the above argument ridiculous.
Don Kratzer

Editorial Opinion and Comment of

FAIRBANKS
Daily News-Miner
Independent in All Things — Neutral in None

Other opinions expressed on this page do not necessarily reflect those of the Daily News-Miner.

Agriculture needs support

The question of whether we need to extend the life of our Alaska Agricultural Action Council will be before lawmakers and the public Wednesday when the Senate Resources Committee holds a teleconference hearing.

A more important question about agriculture is the one that really needs to be answered, however. Is our state going to help develop this industry to its full potential, or continue the lukewarm, off-again on-again support of the last few years?

Whether or not we funnel agricultural development issues through the action council or some other administrative structure probably isn't going to make much difference in the long run. We got pretty disenchanted with the council under Gov. Hammond's appointee, Bob Palmer, when one boondoggle followed another. The Sheffield group didn't get off to a very good start, either, in the way it shut down construction of the Seward grain terminal.

We're willing to let bygones be bygones, however, if only the Sheffield administration would offer its full support to development of an industry with an outstanding potential.

Focusing on our state's agricultural self-sufficiency is too narrow a view for Alaskans interested in the future. In fact, one of the most exciting aspects of recognizing the world role we could play is that as a by-product we would, indeed, gain agricultural self-sufficiency as a state.

If that self sufficiency is our only goal, however, we may never be able to take advantage of the needed economies of scale to make production and processing of foodstuffs for our own consumption practical and self-supporting.

When Gov. Sheffield shared his agriculture policy with us last month, noticeably absent were any plans to move forward to develop high potential land in the Nenana area, or to complete work on the Seward grain terminal.

The grain terminal project is one of those chicken-and-egg questions that only needs to be settled if the other elements of agricultural development fall into place.

That won't happen unless we move to increase our land base in agriculture. The experts tell us there are 1.8 million acres of state or Native-owned potential agricultural land in the Tanana Valley.

Gov. Sheffield's goal for the next fiscal year is to sell another 27,000 acres of state land, 2,000- to 5,000-acre parcels scattered here and there between Delta Junction and Nenana. That simply isn't enough.

The Agricultural Action Council as early as February 1982 had proposed an aggressive land sale schedule for Nenana. Under that schedule, in fiscal year 1983, which ended last June, 75,000 acres would have been sold. Another 50,000 acre-sale was on the schedule for this fiscal year which ends in June, and yet another 50,000 acres were on the schedule for sale during fiscal year 1985.

With the lack of support from both the Hammond administration during its latter years and the Sheffield administration currently, it's little wonder farmers aren't forging aggressively ahead to pursue export markets. Unless we devise a land sale schedule that assures we'll get the needed acreage under production, farmers know they won't be producing enough grain to make exporting work.

Gov. Sheffield could show Alaskans that his commitment is to the future of our state by beefing up his support of agriculture. We've got a potential that's too rich to ignore. It's time to recognize that.

Dubious position

Jan. 19, 1984
P.O. Box 1668
Fairbanks, AK 99707

To the Editor:

I'd like to urge all so-called winners of the state land lottery, to write to Rep. Bob Bettisworth, Pouch V, Juneau, Alaska 99811, and give him your support in introducing a bill giving us fee simple title to our property.

As it stands now, we cannot get anything but "Agriculture Rights" and we cannot get mortage money to build, or money to develop our precious land, because we do not own it. We are in the dubious situation that should we spend thousands of our own money, and hours and hours of labor, we still do not own the property except rights to use it for agriculture. And with this situation, we have problems selling it, should we decide to do so at some time, because we cannot give a buyer title to it. It is as if we are expected to labor and spend our own money for the state. It is unfair.

The land that I "won" the opportunity to buy is appraised as is, at about the same as other land around it. If I clear it, and build on it, it still belongs to the state. Our hands are tied. What I thought was a great opportunity turns out to be an actual burden. Who wants to spend a great deal of money, and a great amount of labor developing something that will never belong to him? This is a dirty trick the state has pulled on the so-called winners. We are buying this land, and at a price that has been appriased high. Why should we not obtain title to it?

Please write and give your support to Bob Bettisworth's bill to help free us from this situation.

Sincerely,
P. Rhodes

Alaska State Legislature

POUCH V
JUNEAU, ALASKA 99811

REPRESENTATIVE
ROBERT H. "BOB" BETTISWORTH

211 CUSHMAN STREET
FARBANKS, ALASKA 99701

January 13, 1984

M E M O R A N D U M

To: Representative John Ringstad & Representative Dick Schultz, Co-Chairs, House Resources Committee.

From: Representative Bob Bettisworth RHB

Subject: Analysis of HB458 "An Act relating to agricultural rights to land."

1.) Purpose: It has become evident, since the Legislature enacted legislation allowing conveyance of designated agricultural land with only an agricultural easement, that the owner, lessees, and assigns have very little in the way of concrete, definable legal ownership in the traditional sense. What is actually conveyed by the state, when land classified as agricultural land is sold or leased, is in fact no more than an easement to utilize the land for agricultural purposes only and these restrictions result in the owner or legal occupant leaving traditional fee simple ownership rights and benefits with the state. As a direct result virtually no commercial lending institutions I contacted could really define agricultural rights land for lending purposes. In fact, only one instance of a commercial loan generated by a non-state lender was identified this past interim and that source expressed a distinct aversion to making another loan based on agricultural rights only. It is the view of experts queried that lending institutions will not generally lend where they know the state is ultimately ahead of them with respect to the security and in the case of agricultural land the state would be in such a position.

The situation wherein lands traditionally used for agriculture and related purposes are converted to residential or commercial use is a valid problem in many areas of the U.S. and has occurred near at least one urban center in Alaska. The problem of taxation and the classification of lands controlled by local government entities is also of concern but these problems should be dealt with in that local context where possible. Clearly some areas now identified and designated under Alaska Statutes as being primarily of agricultural character, presumably because it is perceived that this is their "highest and best use",are not likely candidates for conversion to residential or commercial development zones for urban centers. The geographic locations of most agricultural lands makes this conclusion self evident. Of course, exceptions can be found and may already exist among state designated agricultural lands already disposed of or planned for future disposal. It is my view that these potential problem areas should be dealt with on

a case-by-case basis; not through a wholesale prohibition of true fee ownership as currently exists in statute.

2.) MAJOR ELEMENTS IN HB458: The following major changes are affected in this legislation:

a. DNR shall convey remaining rights to agricultural lands if requested by the owner, lessee, etc. and certain conditions are met.

b. No additional compensation for the additional rights conveyed is to be required except for an administrative fee for normal costs of legal documentation etc.

c. covenants or other deed restrictions may be required of the requestor and the status of state purchase loans or lease agreements related to the unit must be essentially normal (not in arrears). A development plan may also be required.

d. The essential elements of preference rights to persons for agricultural purposes are retained but the upper limit of 320 acres is removed.

e. References to the value of improvements owned by the holder of a preference right are deleted as unnecessary for the additional acreage sought.

f. References in AS 38.05. (c) (1) and AS 38.05.321 (a) stating that the sale, lease or other disposal of state land classified as agricultural land transfers rights for agricultural purposes only, and all other rights remain with the state are deleted.

g. The commissioner is required to notify owners, lessees, etc. of designated agricultural land of the changes affected by this bill.

3.) SECTIONAL ANALYSIS--HB458

Section 1--Repeals AS 38.05.069 now entitled "Preference to persons for agricultural purposes" in its entirety and replaces it with a new section 069 entitled "Agricultural land". Section 069 is proposed for total repeal because several confusing, duplicative and unnecessary elements became apparent after careful review and legal analysis of its contents as a whole. Also, section 069 (c) (1) currently allows DNR officials too much discretion in making determinations as to whether a transfer "may be in the public interest". No standards are provided to guide DNR's decision makers when evaluating a proposed transfer of remaining interests from a public policy point of view.

AS 38.05.069, as currently enacted, deals with acquiring additional agricultural acreage located adjacent or in the approximate vicinity of already occupied agricultural holdings. The HB458 rewrite of AS 38.05.069 (a) replaces the current 069 (c) (1) & (2) which allowed the director total discretion in conveyance of remaining interests. Apparently, no transfers of remaining interests in agricultural land have been affected up to this point. Section 1 (in new 069 (a)) would require the commissioner--instead of the director--to convey remaining interest if conveyance is requested by the grantee etc. except that 069 (b) would prevent conveyance of the remaining interest if the requestor is in arrears on a state land purchase agreement. As a further protection to the state, the commissioner could require a development plan including covenants and/or deed restrictions. The proposed subsection 069 (c) contains the essential preference right elements now included in subsection 069 (a) and (c) (3) except that the commissioner may require a development plan with covenants on the additional land applied for.

The acreage ceiling on preference right options of 320 acres, now contained in subsection 069 (a), is removed but the current floor of 20 acres is retained.

069 (d) in HB458 reiterates that land acquired through the granting of a preference right option shall be used as specified in the development plan, covenants or deed restrictions.

069 (e) (1) through (4) is a rewrite of the elements contained currently in 069 (f) through (h) that deal with determination of priority for qualified applicants for the preference right.

069 (f) through (h) restate restrictions and definitions as contained in current statute.

Section 2--Requires the commissioner to notify current owners, lessees, etc. of agricultural rights land of the changes made be HB458.

Section 3--Repeals AS 38.05.321 (a) which currently prohibits the transfer of anything other than an easement to designated state agricultural lands (excerpt of AS 38.05.321 included below). AS 38.05.321 (b) and (c) that deal with state designated agricultural land selected by or approved for patent to municipalities are not addressed in this legislation.

AS 38.05.069 and AS 38.05.321 (a) as currently set out in statute:

Sec. 38.05.069. Preference to persons for agricultural purposes. (a) If the director determines that the highest and best use of unoccupied land is for agricultural purposes, and if he determines that it is in the best interests of the state to sell or lease the land, he shall grant to an Alaskan resident owning and using or leasing and using land for agricultural purposes a 60-day first option after the date of the auction to purchase or lease the unoccupied land situated adjacent to or in the approximate vicinity of his presently held land for the amount of the high bid received at public auction. A parcel of agricultural land sold under this section may not be less than 20 acres and a parcel of agricultural land which is acquired by exercise of the option granted in this subsection may not exceed 320 acres. Agricultural land which is acquired under this section must be used for agricultural purposes as required by law.

(b) If more than one person is eligible for a first option under (a) of this section, the director shall determine priority by granting precedence first to the person who demonstrates the greatest need for the unoccupied land in order to establish an economic unit and, secondly, to the eligible person who occupies land that is most readily accessible to unoccupied land to be sold or leased. In the event that two or more persons have approximately equal qualifications for priority under this section, the director shall grant priority to that person who is a veteran. If more than one person is approximately equally well qualified under this section, the director shall determine priority by lot.

(c) Under this section

(1) the director may convey or lease an interest in the land only for agricultural purposes, and all other interests in the land remain in the state; the sale or lease shall be at public auction;

(2) the remaining interests may subsequently be conveyed or leased by the director only upon the request of the grantee or lessee or his assigns and the determination of the director, with the written concurrence of the commissioner, that the conveyance or lease is in the public interest;

(3) the conveyance or lease of the remaining interests shall be at public auction; the original grantee or lessee or his assigns have a preference right to meet the high bid within 30 days after the day of the auction; if the right is exercised, the value of improvements owned by the holder of the preference right, included with the remaining interests sold, shall be deducted from the purchase price;

(4) by requesting the conveyance or lease of the remaining interest, the original grantee or lessee or his assigns

(A) consents to the sale or lease, and

(B) if the preference right provided by (3) of this subsection is not exercised, consents to sell at fair market value the improvements related to the remaining interest, as appraised by the director;

(5) the remaining interests in the land may not be conveyed or leased for less than their appraised value together with improvements except for the deduction allowed by (3) of this subsection.

AS 38.05.069 continued:

(d) When not in conflict with this section, other provisions of AS 38.05.045 — 38.05.105 apply to disposals under this section.

(e) For the purposes of this section,

(1) "agricultural purposes" includes farming, ranching, grazing, and storage or control of agricultural crops or livestock;

(2) "approximate vicinity" includes an area in which the land does not have a common boundary to presently held land or in which the land is physically separated from presently held land by any type of barrier.

(f) Nothing in (c) of this section affects the disposal of minerals under AS 38.05.135 — 38.05.183. (§ 1 ch 97 SLA 1965; am §§ 1, 2 ch 71 SLA 1976; am §§ 4 — 6 ch 257 SLA 1976; am § 30 ch 85 SLA 1979)

Effect of amendments. — The 1979 amendment, in subsection (a), deleted "provided the aggregate number of acres owned and acquired under the option shall not exceed 320 acres; and further provided that the land acquired under this section is used for agricultural purposes as required by law" from the end of the first sentence and added the second and third sentences.

Sec. 38.05.321. Restriction on sale, lease or other disposal of agricultural land. (a) The sale, lease or other disposal of state land classified as agricultural land transfers only rights for agricultural purposes, and all other interests in the land remain with the state unless otherwise required by law.

(b) State land classified as agricultural land which has been selected by a municipality under AS 29.18.190 — 29.18.200 or 29.18.205(e) may be approved by the director for patent under AS 29.18.205(f); however, only rights in the land for agricultural purposes may be transferred and all other interests in the land will remain with the state. Agricultural land approved for patent to a municipality under AS 29.18.205(f) shall be credited, acre for acre, toward fulfillment of that municipality's entitlement under AS 29.18.201 — 29.18.203. If the director later determines it to be in the best interests of the state to transfer some or all of the additional rights in that approved or patented agricultural land, those rights shall pass without consideration to the municipality in which the land is located. The notice and review provisions of AS 38.05.305 and 38.05.345 are applicable to conveyance of rights under this section.

(c) The provisions of this section do not apply to state land classified as agricultural land which has been selected by a municipality under the provisions of AS 29.18.190 — 29.18.200 if the selection is an approved selection before April 1, 1978 and is otherwise valid under AS 29.18.205(b). (§ 3 ch 71 SLA 1976; am § 3 ch 180 SLA 1978)

Not addressed in HB458

Effect of amendments. — The 1978 amendment rewrote this section.

Editor's notes. — Sections 29.18.190 and 29.18.200, referred to in subsections (b) and (c), were repealed by § 5, ch. 180, SLA 1978.

AS 38.05.305, referred to in subsection (b), was repealed by § 45, ch. 113, SLA 1981.

Alaska State Legislature
HOUSE OF REPRESENTATIVES
COMMITTEE ON RESOURCES

JOHN RINGSTAD, CO-CHAIRMAN
RICHARD SHULTZ, CO-CHAIRMAN
POUCH V
JUNEAU, ALASKA 99811
(907) 465-3715

MEMORANDUM

To: Rep. Ringstad

From: Committee staff

Date: April 4, 1984

Re: CS HB 458 (Resources)

This memorandum is to briefly explain how this proposed CS came about, and to review the major changes.

First, in studying HB 458, it became apparent that the bill was not accurate in addressing AS 38.05.069, which dealt with undisposed lands adjacent to agricultural lands. This was remedied by addressing the new cs to AS 38.05.321, to which we have added new sections.

Second, the main reason Rep. Bettisworth introduced the bill was to solve the problem with the "fee simple title" DNR said it would convey to ag parcel purchasers. The problem is that, because the title reverts to the State at any time the Director of the Division of Forest, Land and Water Management determines the grantee has not fulfilled the conditions of the title, the title is uninsurable, and financing is not possible to obtain. While the original solved this problem by giving all remaining rights to the landowner, the cs would change the title to "fee simple conditional" - with the condition that the land always be used for agricultural purposes. This language was worked out by Robin in Rep. Bussell's office, Dave, Sharon Barton, and Dick Bradley. It has been reviewed by Glen Prince at Title Insurance Agency and by Bruce Winton, who is on the Real Estate Commission.

The rest of the cs recognizes certain DNR policies regarding farm development plans, and provides a definition for the phrase "agricultural purposes".

BRIEF SYNOPSIS
For COMMITTEE SUBSTITUTE For HB 458

The purpose of this committee substitute (as is the purpose of the bill as it was originally introduced) is to provide legislative direction for the disposition of state lands classified as agricultural lands. It is apparent that AS 38.05.321(a) contains the only such direction now in the law, although AS 38.05.069 has also been referred to by the Department of Natural Resources for guidance. However, that section of Title 38 appears to apply only to unoccupied land adjacent to land already being used for agricultural purposes.

The committee substitute expands AS 38.05.321 to clarify the nature of the title that will be transferred to a person who purchases, leases, or is otherwise entitled to receive state lands that have been classified as agricultural. The clarification is needed to clear up differences between the understanding of those who have purchased lands under the agricultural land disposal program and the understanding of DNR as to the nature and format of the interest or land title being conveyed. These differences have come to light as a result of the issuance by the State of a few patents in the format of the one issued to Mr. John A. Baker, a copy of which is in the members' packets.

All parties appear to be in agreement that the intent of the State was to transfer the land to be used for agricultural purposes only and that the title transferred was to be restricted to insure that this would be the only use.

The problem is that the type of patent, as issued to Mr. Baker, is too restrictive. The interest transferred by that document is little more than an agricultural easement subject to forfeiture if the Director of the Division of Forest, Land and Water Management so declares. This forfeitable interest cannot be insured by a Title company, and is not sufficient to provide security for any financing into which the recipient of the patent may wish to enter.

As originally written, HB 458 would have solved the problem by requiring the commissioner to convey the remaining interests retained by the State on request of the grantee or lessee. Taken literally, such conveyance would require the State to grant a fee simple absolute title to the land, subject only to the covenants in the development plan, which would eventually terminate. At that point, the land would no longer be restricted to agricultural use.

As now worded, the proposed CS for HB 458 provides that the title to be transferred will be a fee simple conditional - the condition being that the land will always be used for agricultural purposes only. There is also provided a right of re-entry by the State if the condition is broken. What this means is that if the owner of the property or his or her successors start using the property for something other than agriculture, the State can require that the other use be terminated or the owner may lose the property. This type of title should solve the title insurance and financeability problems.

The remainder of the CS recognizes the existing practice of requiring that a development plan be entered into and completed, and provides a definition of the phrase "agricultural purposes".

Bradley
4/3/84

Original sponsors: Bettisworth and Shultz

IN THE HOUSE BY THE RESOURCES COMMITTEE

CS FOR HOUSE BILL NO. 458 (Resources)

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTEENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act relating to agricultural rights to land."

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

* Section 1. AS 38.05.321 is amended by adding new subsections to read:

(d) A grantee of title to state agricultural land shall receive fee title to the surface estate in the land subject to the condition subsequent that the land be used only for agricultural purposes. The commissioner shall reserve a right of reentry after notice and an opportunity for a hearing in the event the grantee or the successors in interest of a grantee shall fail to use the land for agricultural purposes. The exercise of a right of reentry by the commissioner under this subsection has no effect on the validity of a security interest on the land.

(e) The lessee of state agricultural land shall receive a leasehold interest in the surface estate subject to the condition subsequent that the land leased be used only for agricultural purposes. The commissioner shall reserve a right of reentry after notice and an opportunity for a hearing in the event that the lessee shall fail to use the land for agricultural purposes. The exercise of a right of reentry by the commissioner under this subsection has no effect on the validity of a security interest on the land.

(f) As a condition to the issuance of a grant under (d) of this section or to the issuance of a lease under (e) of this section, the commissioner may require the submission of an agricultural development and conservation plan. The commissioner may not grant or lease an

interest under (d) or (e) of this section to a person who

(1) is arrears on the purchase or lease of agricultural land; or

(2) has not complied with an agricultural development and conservation plan required by the commissioner.

(g) The use of not to exceed five acres of the land transferred under this section for the construction of the residence of the grantee, lessee, or a successor in interest of a grantee or a lessee and for other buildings used for agricultural purposes is an agricultural purpose.

(h) In this section, "agricultural purposes" includes farming, ranching, grazing, and storage or control of agricultural crops or livestock.

* Sec. 2. AS 38.05.321(a) is repealed.

Introduced: 1/9/84
Referred: Resources and Finance

IN THE HOUSE BY BETTISWORTH

HOUSE BILL NO. 458

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTEENTH LEGISLATURE - SECOND SESSION

A BILL

For an ct entitled: "An Act relating to agricultural rights to land."

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

* Section 1. AS 38.05.069 is repealed and re-nacted to read:

Sec. 38.05.069. AGRICULTURAL LAND. (a) If the commissioner has conveyed or leased state land only for agricultural purposes, the remaining interests retained by the state shall be conveyed or leased by the commissioner on the request of the grantee or lessee or the assigns of the grantee or lessee. The commissioner shall convey or lease the remaining interests without compensation to the state except for administrative costs of the conveyance or lease.

(b) The commissioner may not transfer an interest under (a) of this section to a person who is in arrears on the purchase or lease of the land. Before conveying or leasing under (a) of this section, the commissioner may require the submission of a development plan with covenants ~~specified~~ by the commissioner regarding agricultural use of the land.

(c) An Alaska resident may submit to the commissioner a request for the sale or lease for agricultural purposes of unoccupied state land situated adjacent to or in the approximate vicinity of land presently used for agricultural purposes and held by the resident. If the resident submits with the request a development plan that contains covenants ~~specified~~ by the commissioner ~~regarding the~~ agricultural use of the land and if the commissioner determines that it is in the best interests of the state to sell or lease the unoccupied state land for

1 agricultural purposes, the commissioner shall grant to a resident
2 owning and using or leasing and using land for agricultural purposes a
3 60-day first option after the date of the public auction to purchase
4 or lease the unoccupied land for the amount of the high bid received
5 at public auction. A parcel of agricultural land transferred under
6 this subsection may not be less than 20 acres.
7 (d) Land that is acquired under (c) of this section shall be
8 used consistently with the Agricultural covenants required in the development plan
9 ~~specified~~ established by the commissioner.
10 (e) If more than one person files a request under (c) of this
11 section for the same land and each person owns or leases land situated
12 adjacent to or in the approximate vicinity of the state land, the
13 commissioner shall determine priority among the applicants for the
14 state land under the following standards:
15 (1) to the person who demonstrates the greatest need for
16 the unoccupied land in order to establish an economic unit;
17 (2) to the person who occupies land that is most readily
18 accessible to the unoccupied land to be sold or leased if two or more
19 persons have qualified under (1) of this subsection;
20 (3) to the veteran if two or more persons have qualified
21 under (1) and (2) of this subsection;
22 (4) by lot if two or more persons have qualified under (1),
23 (2) and (3) of this subsection.
24 (f) When not in conflict with this section, other provisions of
25 AS 38.05.045 - 38.05.105 apply to disposals under this section.
26 (g) Nothing in (a) of this section affects the disposal of
27 minerals under AS 38.05.135 - 38.05.183.
28 (h) For the purposes of this section,
29 (1) "agricultural purposes" includes farming, ranching,

1403½ Alaska Hiway
Delta Junction, Alaska
99737

Dear Sir:

I have been in and out of Alaska since 1960. In 1982 I took over Tract Q, of The Delt I Project with the intent to develope and produce in Alaska. I have developed many farms in Nebraska and have land in four States today.

I invested about $200,000.00 in Tractors, machinery, equipment, Grain bin, Mobil Home, well, etc etc. (My own personal money - I have not been able to get any Alaska money)

When I found out that we wouldn't get "fee simple title" after clearing I have put the project on hold waiting further developments.

Alaska has great potential and a bright future if it will develope free enterprise and let the best system in the world work. Everyone will benefit. The sooner the land gets into personal hands the better off we will all be. It is a very unique situation with great Responsibilities and opportunities for all who want to work.

Sincerely yours,

K.D. Strong D.M.

P.S. Please find enclosed the letters from my Attorney - Abstracter and Banker.

PHILIP H. NYBERG
ATTORNEY AT LAW

RONALD E. COLLING
ASSOCIATE

OSCEOLA, NEBRASKA 68651
PHONE 747-2401

March 20, 1984

Kenneth D. Strong, DVM
Box 426
Stromsburg, Nebr 68666

Dear Dr. Strong:

I have considered your request for an opinion as to the quality of title granted by Patent issued by the State of Alaska covering Agricultural Interests only.

From my experience as an Abstracter of titles and examiner of titles in the State of Nebraska for more than 40 years, it is my opinion that title is limited by any future decision of the Director of land management of the Department of Natural Resources to declare a forfeiture of the conveyance and a reversion to the State of Alaska. It would not be wise to make any improvements of a long term nature as any decision to terminate and forfeit would at the least result in possible extensive litigation.

Your decision as to future payments might well be limited by the limitations on the title you are granted.

Very truly yours,

P

Philip H. Nyberg

MARCH 9, 1984

TO THE EDITOR,

HOUSE BILL 458, INTRODUCED BY BOB BETTISWORTH IS THE BIGGEST SCANDAL TO COME OUT OF THE BARLEY PROJECT SO FAR. IT WOULD TURN LAND VALUES IN THE DELTA AREA COMPLETELY UPSIDE-DOWN. IT WOULD CHANGE ALL ~~AR~~ AGRICULTURAL-RIGHT LAND TO FEE-SIMPLE LAND WITH NO HOMESITE OR SUBDIVISION RESTRICTIONS. AG RIGHT LAND WOULD GO UP IN VALUE AND ALL FEE-SIMPLE LAND VALUES WOULD GO DOWN DRASTICLY, DEPENDING ON LOCATION.

THE STATE PROMISED THE COMMUNITY, AT THE FIRST BARLEY PROJET HEARINGS, THAT THE LOCAL LAND VALUES WOULD NOT BE RUINED BECAUSE THE BARLEY PROJECT TRACTS COULD NEVER BE DIVIDED AND IT WAS JUST AG RIGHT LAND.

NOW, A FEW YEARS LATER, MOST OF THE BIG-SCALE BARLEY FARMERS ARE IN TROUBLE AND CAN'T MAKE THEIR LOAN PAYMENTS. THE STATE IS IN AS DEEP AS THE FARMERS WITH ALL THE MONEY SPENT FOR ROADS, ELECTRICITY AND LOANS THAT AREN'T BEING PAID BACK.

THE NON-AGRICULTURAL RIGHTS TO THE BARLEY PROJECT AREN'T WORTH MUCH TO THE STATE. BETTIS WORTH HAS PROPOSED A BAILOUT THAT WON'T COST THE STATE ANYTHING. THE STATE GIVES THE FARMERS FEE-SIMPLE TITLE TO THE LAND AND THEN THE FARMERS CAN SUB-DIVIDE IT AND PAY OFF THE STATE LOANS.

WHAT THEY ARE REALLY DOING IS TAKING THE FEE-SIMPLE LAND VALUES AWAY FROM THE ORIGINAL RESIDENTS OF THE COMMUNITY AND SPREADING THEM OUT OVER

THE BARLEY PROJECT TO PAY FOR THEIR MISTAKES.

I MISSED OUT ON THE BARLEY PROJECT BECAUSE IT WAS TOO LARGE. I MISSED OUT ON THE SMALLER AG RIGHT LOTTERIES BECAUSE I WAS NOT LUCKY ENOUGH TO WIN. I MISSED OUT ON THE AUCTIONS BECAUSE I THOUGHT IT WAS TOO EXPENSIVE, CONSIDERING WHAT YOU ARE BUYING AND WHAT IT COSTS TO MEET THE PRODUCTION SCHEDULES.

INSTEAD I HAVE WAITED AND DEVELOPED MY FEE-SIMPLE LAND WHILE WORKING AT JOBS ON THE SIDE. I FEEL I MADE THE RIGHT BUSINESS DECISION. MOST OF THE PEOPLE THAT PAID TOO MUCH FOR LAND AND EQUIPMENT CAN'T MAKE THEIR LOAN PAYMENTS.

IF HB 458 PASSES THEY WILL MAKE FORTUNES ON THEIR MISTAKES

AND I WILL SEE MY LAND VALUE CUT IN HALF OR WORSE. THE BASIC RULES OF ECONOMICS AND BUSINESS SURE DON'T SEEM TO APPLY TO FARMING AT DELTA.

MY LOSS WOULD BE SMALL COMPARED TO MANY OF THE OLDER PEOPLE WHO ORIGINALLY HOMESTEADED HERE AND PIONEERED THE FARMING INDUSTRY. IN MANY CASES THEIR LIFE SAVINGS ARE THEIR FEE-SIMPLE FARM LAND VALUES. HB 458 WOULD CUT THEIR LAND VALUES IN HALF, OR WORSE.

WHEN I TALK ABOUT LAND VALUES LOST, I MEAN REAL, 1984, PAID FOR, LAND VALUES. MOST OF THE AG-RIGHT LAND IS ONLY 10-20% PAID FOR.

IN MY NEIGHBORHOOD ON NISTLER ROAD THERE IS OVER 1,000 ACRES OF AG-LAND THAT WAS SOLD BY LOTTERY FOR ABOUT $100 AN ACRE.

IT'S PROBABLY 10-20% PAID FOR AND NONE OF IT HAS EVER GROWN A CROP. FEE SIMPLE LAND VALUES HERE WERE ABOUT $800 AN ACRE (BEFORE HB 458). YOU CAN SEE WHAT AN ECONOMIC SHAKE-UP WILL OCCUR IF THAT LAND TURNS FEE-SIMPLE AND IS SUBDIVIDED.

HB 458 WILL EVEN TURN GRAZING LEASES INTO FEE-SIMPLE LAND (IF I READ IT RIGHT). MAYBE THAT'S WHY THERE WAS A LOT OF INTEREST IN GRAZING LEASES ON THE WEST SIDE OF THE DELTA JUNCTION A COUPLE MONTHS AGO. I DON'T KNOW WHY THEY WOULD ISOLATE WITH THAT REMOTE LAND. THEY SHOULD GO TO HOMER WITH THEIR INSIDER INFORMATION AND TOX UP SOME OF THE STATE GRAZING LEASES THERE. NORTH OF HOMER STATE GRAZING LEASES BORDER

FEE-SIMPLE LAND THAT SELLS FOR $7,000 AN ACRE AND UP. THE LEASES SELL PRETTY CHEAP. THE BIG FORTUNES WILL BE MADE THERE IF HB458 GOES THROUGH.

I WONDER IF BETTISWORTH HAS HAS CONSIDERED THE IMPACT OF HB 458 ON THAT COMMUNITY? HOW ABOUT THE IMPACT ON WASILLA IF THE McKENSIE DAIRY PROJECT IS SUBDIVIDED?

ONE MISLEADING EXCUSE FOR HB 458 IS THAT BANKS WON'T LOAN ANY MONEY FOR HOUSES ON AG-RIGHT LAND. A FARMER CAN GET LOANS FOR EVERYTHING BUT A HOUSE FROM THE AG REVOLVING LOAN FUND, SO I SUPPOSE THEY EXPECT A LOAN FOR THEIR HOUSE TOO. MOST HOUSE LOANS IN ALASKA AREN'T FINANCED BY BANKS ANYWAY, BUT BY STATE HOUSING LOANS.

IT SEEMS IT WOULD BE EASIER TO CHANGE THE STATE HOUSING LOAN PROGRAM TO INCLUDE AG-RIGHT LAND RATHER THAN GOING TO AN EXTREME MEASURE LIKE HB 458 THAT WOULD UPSET LAND VALUES ALL OVER THE STATE.

I DON'T WANT TO SEE MY LAND VALUE RUINED TO BUY A HOUSE FOR A BARLEY FARMER, ESPECIALLY AFTER SEEING ALL THE HOUSE LOGS THAT WERE CHAINED DOWN AND BURNED ON THE PROJECT.

THE SECOND PART OF HB 458 DEALS WITH PREFERENCE RIGHTS ON LAND SALES AND I DON'T REALLY UNDERSTAND IT. THE FIRST PART OF THE BILL TURNS AG-RIGHT LAND INTO FEE-SIMPLE LAND. THE SECOND PART IS A WAY TO GET MORE AG-RIGHT LAND USING PREFERENCE RIGHTS. I SUPPOSE THIS MEANS

A FARMER CAN BUY IT CHEAP, WITH A BIDDING ADVANTAGE AT THE AUCTION AND THEN TURN IT INTO FEE-SIMPLE LAND LATER.

PREFERENCE RIGHTS SOUND LIKE A GOOD DEAL IN SOME WAYS. HOW THEY WORK OUT IS A DIFFERENT STORY. A GOOD EXAMPLE IS THE NOV. 19, 1983 CLEARWATER AG. LAND SALE. ALL BUT TWO OF THE PARCELS WERE TIED UP BY PREFERENCE RIGHTS. THOSE TWO PARCELS WERE MOSTLY GRAVEL, ROCK AND SAND DUNES AND SHOULD NEVER HAVE BEEN SOLD AS AG-LAND ANYWAY. THE SALE WAS NEVER ADVERTIZED STATE-WIDE LIKE OTHER SALES. WHEN IT WAS ADVERTIZED THE PREFERENCE RIGHTS HAD ALREADY BEEN GIVEN OUT. THEN IT WAS CANCELED TO CONFUSE THINGS MORE. THE CANCELATION

POSTERS WERE STILL UP AROUND TOWN AFTER THE SALE WAS OVER. ONE 146 ACRE PARCEL WAS SOLD TO THE FAMILY HOLDING THE PREFERENCE RIGHTS - SUPPOSEDLY TO MAKE THEIR FARM A MORE "ECONOMICAL UNIT". TWO MONTHS LATER IT WAS LISTED IN THE DELTA PAPER FOR SALE AT $75 AN ACRE OVER THE PURCHASE PRICE. ANOTHER 324.8 ACRE PARCEL WAS SOLD AND THE STATE ASSISTANT ATTORNEY GENERAL HAS BEEN INVESTIGATING BID-RIGGING BY THE PREFERENCE RIGHT HOLDER. THAT SCANDAL MADE HEADLINES IN THE ANCHORAGE TIMES. ~~IT HAS BEEN REALLY QUIETERED~~

PREFERENCE RIGHTS ARE ABUSED TOO MUCH BY SPECULATORS AND I HOPE THEY

ARE NEVER USED AGAIN.

I'M NOT OPPOSED TO THE STATE SELLING FEE-SIMPLE FARMLAND. JUST CALL IT THAT WHEN IT'S SOLD AND GIVE ALL THE PEOPLE A CHANCE AT IT IN USEFUL SIZE PARCELS.

FARMING IS AN HONEST WAY TO MAKE A LIVING IN MOST OF THE COUNTRY. I'M REAL DISAPOINTED IN HOW IT'S TURNING OUT AT DELTA. SOME CHANGES ARE CERTAINLY DUE BUT HB458 IS NOT THE ANSWER.

Sid Nelson
Box 553
DELTA JUNCTION
895-4962

My name is Joe Fletcher
My mailing address is 6369 Fletcher Rd.
Delta Jct, Ak 99737

My wife and I have a 240 acre farm and also own about 60 acres which we bought for investment.

I am opposed to HB 458, because I think it is bad for agriculture, it is bad for our area and it is wrong.

First: It is bad for agriculture.

When the "Delta Barley Project" was started we were told it had to be large to support the necessary infrastructure, "economy of scale" The tracts had to be large 2 to 3,000 acres, an "economic unit". Smaller ag right units were set up for the Tanana Loop and Clearwater Areas, "more intensive agriculture."

We were told that ag rights only would be granted and this was good. It would insure that this best farm land would remain in agriculture. Because farming brings a low return per acre it was essential to keep lands costs down, 50 to 200 dollars per acre.

"You cannot afford to farm $2,000 per acre land." they said. The land couldn't be sub divided so it would remain in economic units. We were told that in many places the development rights to ag land were being bought up or farmers were entering into Tax agreements to keep their land in agriculture. This was good for agriculture and was good for the country. Now we had the chance to do it right from the start.

If any of what we were told was true this is a bad bill for agriculture and for Alaska.

It changes the rules in mid game. If all the land no longer has to remain in agriculture, gone is your economy of scale. Gone are your grain elevators, dryers, storage and terminal facilities and much of the money already invested in them.

If they can be broken into smaller chunks or subdivided, gone is your economic unit. You no longer have to follow the rules for soil conservation,

weird breaks, etc.

Increase the price or value of land and you can no longer afford to farm it or the one who buys it cannot. Even those who wish to continue farming may be forced out. It will end all hope that the Delta Ag Project can succeed.

It ~~will~~ would help the few who own the large tracts now. It would make them millionaires, quite a few, about 36. That's good for them. It may ~~be~~ also be good for the 100 or so who have ag rights on smaller parcels.

What about the rest of us?

We were told this project wouldn't hurt land values, and it hasn't. We were told it would be good for the community and it has been, so far. But add 80 to 100,000 more acres of fee simple land and what happens to your land values. What about you who have land that you bought and paid for, you who have put in subdivisions

and are selling or plan to sell lots, you who made the down payment on land and are still paying and it suddenly becomes worth 1/3 as much. What about the people who bought subdivision land from the state and paid 5 to 10 times as much for it as ag right land in the same area. Is this fair?

I think the state made a committment to all of us when it sold ag right land, to those who bought, and to those who chose not to buy, and to everyone who owns property. To fail to honor that committment is <u>wrong</u>!

I don't know the purpose behind this bill but suspect it was to help farmers in financial difficulty. What <u>could</u> the state do? What any good banker would, review the loan, if justified extend the terms or loan more. What about owners of small tracts who cannot build because they can't get loans. The state could loan to them if the banks won't. The state likes its 12% and if the loans are sound

in the first place the lender cannot lose. Ag rights have value too and there are hundreds of people who would love to own 20 to 100 inexpensive acres to farm, or raise horses or chickens and kids. This is what I thought ag rights were for.

Let's keep it that way!

Barbara Truitt in Fairbanks
would like to testify

MSG 84-00023143 PRTY 1 03/10/84 15:28:19 ORIG: LD00 IN= 0007 OUT= 0019
FROM: LIZ IN DELTA TO: PAULA IN FBX
TARGET: LFH1 SUBJ: AG TC

OMNI #3

I NOW HAVE AN ADDITIONAL PERSON WHO WISHES TO TESTIFY IF THERE IS TIME:

5. JIM GOODMAN

EOM

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MSG 84-00023142 PRTY 1 03/10/84 15:09:02 ORIG: LM00 IN= 0006 OUT= 0018
FROM: MARTIE/MATSU TO: PAULA
TARGET: LFH1 SUBJ: H RESOURCES

OMNI NO 3, MATSU

TOM WILLIAMS WISHES TO SPEAK AGAIN, IF THERE IS TIME.

MSG 84-00023128 PRTY 1 03/10/84 13:24:45 ORIG: LD00 IN= 0007 OUT= 0007
FROM: LIZ IN DELTA TO: PAULA & ALL
TARGET: LFH1 SUBJ: HSE RES. HB 458

OMNI #1

TO TESTIFY:

1. MIKE CARLSON
2. HENRY MUTH
3. DWIGHT NISSEN

TO OBSERVE:
1. MARGARET CARLS
2. RANDY DAVENPORT
3. PAUL NISTLER
4. GLEN FRANKLIN

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MSG 84-00023140 PRTY 1 03/10/84 14:50:39 ORIG: LD00 IN= 0006 OUT= 001
FROM: LIZ IN DELTA TO: PAULA
TARGET: LFH1 SUBJ: AG TC

OMNI #2

I NOW HAVE ONE ADDITIONAL PERSON WHO WISHES TO TESTIFY:

4. STEVE HOLCOMB

EOM

#2

TO TESTIFY

FBX

11. William Whipple
12. ~~David Mays~~
13. ~~Beloe Mays~~
14. Pauline Rhodes
15. Glenn Bouton
16. Bob Aumiller
17. Larry Petty
18. Al Woodward
19. Paul Puist

DELTA

1. Mike Carlson
2. Henry Muth
3. Dwight Nissen

TO TESTIFY

Fairbanks	Homer ~~Delta~~	M-S
20. John W. Peoples	1. Pete Roberts 2. Chris Rainwater 3. Chuck Jones	

To Testify

Mat-su

To testify:

1 Wayne Burton

Fairbanks

21 Gene Carlson

Matsu

(7.) Tom Williams

Fairbanks

(22) Roger C. Burggraf

MAT-SU / Martie	DEITA / Linda & Liz	HOMER	FAIRBANKS / Paula
	1.		1. Henry Warner
			2. Jack Coghill
			3. Sid Nelson
			4. Joe Nistler
			5. Dean Waldo
			6. Joe Vogler
			7. Rudy Vetter
			8. Don Kratzer
			9. Robert Koon
			10. Lavonne Koon

ANALYSIS - HB 458

The Division of Land and Water Management has analyzed HB 458. The fiscal impact is detailed as follows:

I.	Personal Services:	
	1 Clerk Typist III (Contract Administration) to amend contracts and miscellaneous case file related work - 3 months	$ 6,150
	1 Attorney III to write regulations and covenants - 3 months	18,700
II.	Travel - regulations hearings and consultation with Commissioner's Office and other agencies	800
III.	Contractual - advertising, printing of forms, mailing, etc.	1,000
IV.	Supplies - paper, correspondence, supplies, etc.	500
	TOTAL	$27,150

This analysis assumes converting contracts and patents and filing covenants for all agricultural parcels disposed since 1978: 314 non-project and 68 project agricultural parcels for a total of 382 parcels.

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: 3/28/84

REQUEST
Bill/Resolution No.: HB 458
Title: re: agricultural rights to land
Sponsor: Bettisworth
Requestor:
Date of Request:

FISCAL DETAIL
Agency Affected: Natural Resources
Program Category Affected:

BRU, Program or Subprogram(s) Affected:
NRMEC, Management of Land & Water Resources, Contract Administration

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES		24.9				
200 TRAVEL		.8				
300 CONTRACTUAL		1.0				
400 SUPPLIES		.5				
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING		27.2				
CAPITAL		N/A				
REVENUE		*				

FUNDING: (Thousands of Dollars)

GENERAL FUND		27.2				
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY		2				

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

* If 382 parcels are processed @ $75.00 fee, revenue would be $28,650. Revenue lost to the State by conveying all rights with no further cost is estimated conservatively in excess of $60 million.

ANALYSIS: Attach a separate page for analysis

Prepared By: Frank Mielke
Phone: 263-4347
Division: Land and Water Management
Date: 3/28/84

Approved by Commissioner: [signature]
Date: 3/28/84
Agency: Natural Resources

Distribution (by Agency preparing fiscal note):
- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

12/1/83

Alaska State Legislature

POUCH V
JUNEAU, ALASKA 99811

REPRESENTATIVE
ROBERT H. "BOB" BETTISWORTH

211 CUSHMAN STREET
FAIRBANKS, ALASKA 99701

March 26, 1984

M E M O R A N D U M

To: Representatives Ringstad and Shultz, Co-chairmen, House Resources Committee

From: Representative Bob Bettisworth RHB

Subject: HB458, "An Act relating to agricultural rights to land."

You will find attached a copy of a letter from Tom Williams, a farmer and attorney from the Mat-Su area that fairly describes the problem with "AGRICULTURAL INTEREST ONLY" patents. I have also provided copies of a current agricultural only state patent, a current state land patent, and an old federal homestead patent for the committee's perusal.

I think you will find the contrasting language in these documents interesting especially when considered from Mr. William's expressed point of view which I share. The attached materials are tabbed for your convenience in the following order by number:

1.) Tom Williams letter
2.) Agricultural Interest Only patent
3.) regular state land patent
4.) federal homestead patent

rob

Thomas E. Williams, Attorney

PROFESSIONAL CORPORATION

Centerfield Center
P.O. Box 1145 • Eagle River, Alaska 99577

Eagle River: (907) 694-4000
Palmer: (907) 745-4000

March 5, 1984

Ronald Schultz and Sons, Inc.
P.O. Box 1284
Delta Junction, AK 99737

Re: Point MacKenzie farms

Dear Mr. Schultz:

Enclosed is a copy of a State Agricultural Land Patent issued to Mr. John A. Baker, a farmer, who has paid the State.

Please review the last two paragraphs and determine for yourself the quality of title offered to Mr. Baker. Most people agree that the land use should be restricted for agricultural purposes, but most people also agree that the title should offer some security and ownership to the farmer. I believe this title offers no security and very little ownership to Mr. Baker. I believe this title is no better than a temporary license to be on the land only so long as it pleases the state, and if the state orders the patentee off the farm, he will receive nothing for his improvements, including his home, barns, clearing, crops in the field, or refund moneys paid to purchase the farm. I believe that no responsible title insurance company will issue fee simple title policy on a patent of this quality. I believe that no bank will knowingly make a homeowner loan to a farmer to build a home on land titled in this manner.

I urge you to take this patent and letter to:

1. Your attorney for a written legal opinion as to the quality of this title;

2. Your title insurance company for a written opinion as to the quality of this title, and a committment that they will issue fee simple title insurance policy on land titled in this manner;

3. Your banker for a written opinion as to the quality of this title, and a committment that the quality of this title would not be an obstruction to obtaining a loan to build a home on the farm.

SEND THE STATEMENTS TO ME AND YOUR REPRESENTATIVES. Please do so immediatly because there is now a bill before our state Senate that would make this kind of title a constitutional requirement. That means it would be very difficult to change.

Time is critical, please hurry.

TYPICAL POINT MacKENZIE 600 ACRE DAIRY FARM LOAN PROGRAM

	Purchase Price	State Loan	out of farmer's pocket	
Land Purchase	$ 70,000	$ 66,500	$ 3,500	+ interest
Chattle loans	200,000	150,000	50,000	+ interest
Long term loans	800,000	720,000	80,000	+ interest
Clearing loan	260,000	160,000	100,000	+ interest
Operating funds	120,000	60,000	60,000	+ interest
Home construction	100,000	-0-	100,000	+ interest
			$393.500	Cash & int.

The 600 acre Point MacKenzie Dairy farms can be proved up only by wealthy people who are able and willing to spend $400,000 cash on real estate titled in this manner.

Please note that the retaking of your farm by the state does not require (1) notice to you; (2) any judicial proceeding what-so-ever; (3) any provision for you to remove your property or crops; (4) any time for redemption.

THIS IS NOT A FORECLOSURE: BUT SIMPLY A REPOSSESSION

All that is required is that the Director determine that you have failed to observe any condition in your soil conservation plan. He may then declare an immediate forfeiture and thereby take the above described improvements without even telling you.

Very truly yours,

Thomas E. Williams

TEW/nm

Enclosure

State of Alaska

Patent

No. 5151

Know All Men By These Presents that the State of Alaska, in consideration of the sum of NINE THOUSAND SIX HUNDRED EIGHTY-ONE AND 00/100---------- DOLLARS lawful money of the United States, and other good and valuable considerations, now paid, the receipt whereof is hereby acknowledged, does hereby grant to

JOHN A. BAKER, a single man

Box 57, Talkeetna, Alaska 99676 and to

his heirs and assigns, all that real property situated in the Borough of Matanuska-Susitna, State of Alaska, and described as follows:

AGRICULTURAL INTEREST ONLY

TRACT 9 OF ALASKA STATE LAND SURVEY NO. 79-109, LOCATED WITHIN THE BARTLETT HILLS ALASKA SUBDIVISION, TOWNSHIPS 25 AND 26 NORTH, RANGE 4 WEST, SEWARD MERIDIAN, CONTAINING 196.81 ACRES, MORE OR LESS, ACCORDING TO THE SURVEY PLAT FILED IN THE TALKEETNA RECORDING DISTRICT ON MARCH 13, 1980 AS PLAT NO. 80-25.

SUBJECT TO:

PLATTED EASEMENTS.

CONDITIONS AND COVENANTS OF THE FARM CONSERVATION PLAN APPROVED BY THE DIRECTOR OF THE DIVISION OF AGRICULTURE OF THE DEPARTMENT OF NATURAL RESOURCES.

IF AT ANY TIME THE DIRECTOR OF THE DIVISION OF FOREST, LAND AND WATER MANAGEMENT OF THE DEPARTMENT OF NATURAL RESOURCES DETERMINES THAT THE GRANTEE OR HIS SUCCESSORS IN INTEREST HAS FAILED TO OBSERVE ANY PROVISION OR CONDITION OF THIS PATENT, THE DIRECTOR MAY DECLARE A FORFEITURE OF THIS CONVEYANCE AND TITLE HEREBY CONVEYED SHALL THEREUPON REVERT TO THE STATE OF ALASKA.

80 - 001522

RECORDED

RECORDING DIST

JUN 10 9 40 AM '80

REQ'D. John A. Boker

ADDRESS Box 57
Talkeetna
Ak 99676

99161

Township 25 & 26 NORTH, Range 4 WEST, SEWARD Meridian

Alaska, according to the official survey thereof numbered 79-109;

Save And Except those restrictions appearing in the Federal Patent or other conveyance by which the Grantor acquired title;

And Further, Alaska, as Grantor, expressly reserves out of the grant hereby made, unto itself, its lessees, successors and assigns forever, all oils, gases, coal, ores, minerals, fissionable materials, and fossils of every name, kind or description, and which may be in or upon said lands above described, or any part thereof, and the right to explore the same for such oils, gases, coal, ores, minerals, fissionable materials and fossils; and it also hereby expressly saves and reserves out of the grant hereby made, unto itself, its lessees, successors and assigns forever, the right to enter by itself, its or their agents, attorneys, and servants upon said lands, or any part or parts thereof, at any and all times, for the purpose of opening, developing, drilling and working mines or wells on these or other lands, and taking out and removing therefrom all such oils, gases, coal, ores, minerals, fissionable materials and fossils; and to that end it further expressly reserves out of the grant hereby made, unto itself, its lessees, successors and assigns forever, the right by its or their agents, servants and attorneys at any and all times to erect, construct, maintain, and use all such buildings, machinery, roads, pipelines, powerlines, and railroads, sink such shafts, drill such wells, remove such soil, and to remain on said lands or any part thereof for the foregoing purposes, and to occupy as much of said lands as may be necessary or convenient for such purposes, hereby expressly reserving to itself, its lessees, successors and assigns, as aforesaid, generally all rights and power in, to and over said land, whether herein expressed or not, reasonably necessary or convenient to render beneficial and efficient the complete enjoyment of the property and rights hereby expressly reserved.

To Have And To Hold the said land, together with the tenements, hereditaments, and appurtenances thereunto appertaining, unto the said Grantee and his heirs and assigns forever.

In Testimony Whereof the State of Alaska has caused these presents to be executed by the Director of the Division of Lands, Department of Natural Resources, State of Alaska, this 29th day of May A.D. 19 80

George K. Hollett
for Director, Division of Forest, Land and Water Management

State of Alaska)
) ss.
THIRD Judicial District)

This Is To Certify that on the 29th day of May, 19 80, appeared before me GEORGE K. HOLLETT, who is known to me to be the Director of the Division of Lands, Department of Natural Resources, State of Alaska, or the person who has been lawfully delegated the authority of said Director to execute the foregoing document; that he executed said document under such legal authority and with knowledge of its contents; and that such act was performed freely and voluntarily upon the premises and for the purposes stated therein.

Phyllis A. Kinzer
Notary Public in and for Alaska
My Commission Expires May 11, 1983

State Record of Patents

Vol. LII

Page 51

ADL No. 203274

State of Alaska

Patent

No. 7516

Know All Men By These Presents that the State of Alaska, pursuant to A.S. 38.05.068 and the regulations promulgated thereunder, in consideration of the sum of EIGHT HUNDRED AND NO/100 DOLLARS lawful money of the United States, and other good and valuable considerations, now paid, the receipt whereof is hereby acknowledged, does hereby grant to FRANK C. LANDERGEN, a single man, 6731 Wilderridge Road, Garberville, California 95440, his heirs and assigns, all that real property situated in the Petersburg Recording District, State of Alaska, and described as follows:

> ALASKA STATE LAND SURVEY NO. 81-141, TRACT A, WITHIN UNSURVEYED SECTION 18, TOWNSHIP 64 SOUTH, RANGE 76 EAST, COPPER RIVER MERIDIAN, CONTAINING 1.85 ACRES, MORE OR LESS, ACCORDING TO THE SURVEY PLAT FILED IN THE PETERSBURG RECORDING DISTRICT ON SEPTEMBER 19, 1983 AS PLAT NO. 83-23.
>
> Subject to platted easements and reservations; and further subject to Title VI of the Civil Rights Act of 1964.

Save And Except those restrictions appearing in the Federal Patent or other conveyance by which the Grantor acquired title;

And Further, Alaska, as Grantor, hereby expressly saves, excepts and reserves out of the grant hereby made, unto itself, its lessees, successors, and assigns forever, all oils, gases, coal, ores, minerals, fissionable materials, geothermal resources, and fossils of every name, kind or description, and which may be in or upon said lands above described, or any part thereof, and the right to explore the same for such oils, gases, coal, ores, minerals, fissionable materials, geothermal resources, and fossils, and it also hereby expressly saves and reserves out of the grant hereby made, unto itself, its lessees, successors, and assigns forever, the right to enter by itself, its or their agents, attorneys, and servants upon said lands, or any part or parts thereof, at any and all times for the purpose of opening, developing, drilling, and working mines or wells on these or other lands and taking out and removing therefrom all such oils, gases, coal, ores, minerals, fissionable materials, geothermal resources, and fossils, and to that end it further expressly reserves out of the grant hereby made, unto itself, its lessees, successors, and assigns forever, the right by its or their agents, servants and attorneys at any and all times to erect, construct, maintain, and use all such buildings, machinery, roads, pipelines, powerlines, and railroads, sink such shafts, drill such wells, remove such soil, and to remain on said lands or any part thereof for the foregoing purposes and to occupy as much of said lands as may be necessary or convenient for such purposes hereby expressly reserving to itself, its lessees, successors, and assigns, as aforesaid, generally all rights and power in, to, and over said land, whether herein expressed or not, reasonably necessary or convenient to render beneficial and efficient the complete enjoyment of the property and rights hereby expressly reserved.

To Have And To Hold the said land, together with the tenements, hereditaments, and appurtenances thereunto appertaining, unto the said Grantee and his heirs and assigns forever.

In Testimony Whereof the State of Alaska has caused these presents to be executed by the Director of the Division of Technical Services, Department of Natural Resources, State of Alaska, pursuant to delegated authority, this 1st day of March A.D., 1984.

Warner T. May
For Director, Division of Technical Services

State of Alaska
THIRD Judicial District } ss.

This Is To Certify that on the 1st day of March, 1984, appeared before me Warner T. May, who is known to me to be the Director of the Division of Technical Services, Department of Natural Resources, State of Alaska, or the person who has been lawfully delegated the authority of said Director to execute the foregoing document; that he executed said document under such legal authority and with knowledge of its contents; and that such act was performed freely and voluntarily upon the premises and for the purposes stated therein.

Ann J. Bilek
Notary Public in and for Alaska
My Commission expires February 8, 1987

ADL No. 101756
Patent No. 7516
Location Index:
T. 64 S., R. 76 E., C.R.M.
Sec. 18

THE FOLLOWING DOCUMENT(S) MAY NOT FILM LEGIBLY BECAUSE OF POOR QUALITY OF THE ORIGINAL.

Anchorage 06289

The United States of America,

To all to whom these presents shall come, Greeting:

WHEREAS, a Certificate of the Register of the Land Office at Anchorage, Alaska,

has been deposited in the General Land Office, whereby it appears that, pursuant to the Act of Congress of May 20, 1862, "To Secure Homesteads to Actual Settlers on the Public Domain," and the acts supplemental thereto, the claim of

Frank A. Cloudy

has been established and duly consummated, in conformity to law, for the land embraced in H. E. Survey No.98, New Series No.1911, situate on the east shore of Hetta Inlet Prince of Wales Island, opposite Jumbo Island, Alaska, containing forty-five acres and fifty-four hundredths of an acre,

according to the Official Plat of the Survey of the said Land, on file in the GENERAL LAND OFFICE:

NOW KNOW YE, That there is, therefore, granted by the UNITED STATES unto the said claimant the tract of Land above described; TO HAVE AND TO HOLD the said tract of Land, with the appurtenances thereof, unto the said claimant and to the heirs and assigns of the said claimant forever; subject to any vested and accrued water rights for mining, agricultural, manufacturing, or other purposes, and rights to ditches and reservoirs used in connection with such water rights, as may be recognized and acknowledged by the local customs, laws, and decisions of courts; and there is reserved from the lands hereby granted a right of way thereon for ditches or canals constructed by the authority of the United States. And there is also reserved to the United States a right of way for the construction of railroads, telegraph and telephone lines, in accordance with the Act of March 12, 1914 (38 Stat. 305).

IN TESTIMONY WHEREOF, I, Herbert Hoover,

President of the United States of America, have caused these letters to be made Patent, and the seal of the General Land Office to be hereunto affixed.

GIVEN under my hand, at the City of Washington, the SIXTH

(SEAL)

day of JANUARY in the year of our Lord one thousand nine hundred and THIRTY-TWO and of the Independence of the United States the one hundred and FIFTY-SIXTH

By the President: Herbert Hoover

By Leafie E. Rietz, Secretary.

Emma L. Pittman

Recorder of the General Land Office

RECORD OF PATENTS: Patent Number 1052619

THE PRECEDING DOCUMENT(S) MAY NOT FILM LEGIBLY BECAUSE OF POOR QUALITY OF THE ORIGINAL.

The United States of America,

To all to whom these presents shall come, Greeting:

WHEREAS, a certificate of the Land Office at Fairbanks, Alaska, is now deposited in the Bureau of Land Management, whereby it appears that pursuant to the act of Congress of May 20, 1862 (12 Stat. 392), and the acts supplemental thereto, the claim of [redacted] has been established and that the requirements of law pertaining to the claim have been met, for the following-described land:

Fairbanks Meridian, Alaska.
T. 1 S., R. 1 W.,
Sec. 19, SW¼NE¼, N½SE¼;
Sec. 20, NW¼SW¼.

The area described contains 160 acres, according to the official plat of the survey of the said land, on file in the Bureau of Land Management:

NOW KNOW YE, That the UNITED STATES OF AMERICA, in consideration of the premises, DOES HEREBY GRANT unto the said claimant and to the heirs of the said claimant the tract above described; TO HAVE AND TO HOLD the same, together with all the rights, privileges, immunities, and appurtenances, of whatsoever nature, thereunto belonging, unto the said claimant and to the heirs and assigns of the said claimant forever; subject to (1) any vested and accrued water rights for mining, agricultural, manufacturing, or other purposes, and rights to ditches and reservoirs used in connection with such water rights, as may be recognized and acknowledged by the local customs, laws, and decisions of courts; (2) the reservation of a right-of-way for ditches or canals constructed by the authority of the United States, in accordance with the act of August 30, 1890 (26 Stat., 391, 43 U. S. C. sec. 945), and (3) the reservation of a right-of-way for roads, roadways, highways, tramways, trails, bridges, and appurtenant structures constructed or to be constructed by or under authority of the United States or by any State created out of the Territory of Alaska, in accordance with the act of July 24, 1947 (61 Stat., 418, 48 U. S. C. sec. 321d). There is also reserved to the United States a right-of-way for the construction of railroads, telegraph and telephone lines, in accordance with section 1 of the act of March 12, 1914 (38 Stat., 305, 48 U. S. C. sec. 305).

INDEXED

Instrument No. 147.848
Filed for [redacted]
By [redacted]
on NOV 30 1956 at 10:44 a M.
and recorded in Vol. 84 of Deeds
Page 279 Fairbanks Recording Precinct, Alaska
La Dessa Mondell
Recorder

IN TESTIMONY WHEREOF, the undersigned authorized officer of the Bureau of Land Management, in accordance with the provisions of the Act of June 17, 1948 (62 Stat., 476), has, in the name of the United States, caused these letters to be made Patent, and the Seal of the Bureau to be hereunto affixed.

GIVEN under my hand, in the District of Columbia, the TWENTY-SEVENTH day of JUNE in the year of our Lord one thousand nine hundred and FIFTY-SIX and of the Independence of the United States the one hundred and EIGHTIETH.

[SEAL]

For the Director, Bureau of Land Management.

By Rose M. Beall
Chief, Patents ~~XXX~~ Section

Patent Number 1161073

U. S. GOVERNMENT PRINTING OFFICE 16—66833-8

Thomas E. Williams, Attorney

A PROFESSIONAL CORPORATION

Centerfield Center
P.O. Box 1145 • Eagle River, Alaska 99577

Eagle River: (907) 694-4000
Palmer: (907) 745-4000

March 23, 1984

Dear Representative:

Enclosed you will find:

1. A copy of page 7 Point MacKenzie Sales Brochure which said that the state was offering the surface estate in fee simple subject to conditions subsequent and covenants;

2. A copy of the page from Black's Law Dictionary which defines estate in fee simple subject to conditions subsequent and covenants;

3. A copy of the patent the state is issuing to all purchasers in Bartlett Hills, Point MacKenzie, Delta I, Delta II, and all other agricultural sales.

Is the farmer getting what the state promised?

If not, use your office and influence to give the farmer what the state offered in the sales brochure -- fee simple --.

Thank you.

Very truly yours,

Tom

Thomas E. Williams

LATE PAYMENT PENALTY: A service charge plus annual interest (twice the interest rate charged on installment payments at the prevailing rate for real estate mortgage loans made by the Federal Land Bank for the farm credit district for Alaska) on the amount due will be charged on a past due account until payment is received by the State or until the contract termination date is reached.

SALE OF AGRICULTURAL INTEREST ONLY

The sale of State land classified as agricultural land transfers only rights for agricultural purposes, and all other interests in the land remain with the State and may not be trespassed upon by the purchaser. The State's sale of the agricultural interest is the conveyance of the surface estate in fee simple subject to the conditions subsequent and covenants relating to agricultural use and development. The development schedule will be incorporated into the sales contract and the conveyance documents as a covenant and condition and will be recorded in that form.

FARM CONSERVATION PLAN

Successful applicants are required to submit a Farm Conservation Plan for the parcel they are purchasing to the Division of Agriculture, Pouch A, Wasilla, AK 99687, within 30 days of being awarded the parcel. If the Division of Agriculture does not approve the initial plan, the applicant has 30 days from the rejection of the first Conservation Plan to file an acceptable plan with the Division of Agriculture. Failure to file a plan within the alloted time, or an extension thereof, will result in the automatic termination of the applicant's interest.

The Farm Conservation Plan must include:

A map of the farm showing:

1. the planned location of clearing and breaking of ground;
2. planned location and size of the farm's real property improvements, if authorized;
3. planned location of windbreaks, farm ponds, and similar conservation measures and improvements;
4. planned soil conservation measures.

This plan will be accepted or rejected by the Department of Natural Resources, Division of Agriculture, in conjunction with the local soil conservation subdistrict. The Farm Conservation Plan is a part of the sale contract and will be a permanent condition of the sale contract and title.

fees, conditional fees, and fees-tail. The term is opposed to "fee-simple."

Plowman's fee. In old English law, was a species of tenure peculiar to peasants or small farmers, somewhat like gavelkind, by which the lands descended in equal shares to all the sons of the tenant.

Qualified fee. In English law, a fee having a qualification subjoined thereto, and which must be determined whenever the qualification annexed to it is at an end; otherwise termed a "base fee." An interest which may continue forever, but is liable to be determined, without the aid of a conveyance, by some act or event, circumscribing its continuance or extent. An interest given to a man *and certain of his heirs* at the time of its limitation.

Quasi fee. An estate gained by wrong.

Feed. To lend additional support; to strengthen *ex post facto.* Similarly, a subsequent title acquired by the mortgagor is said "to feed the mortgage."

Fee-farm. A species of tenure, where land is held of another in perpetuity at a yearly rent, without fealty, homage, or other services than such as are specially comprised in the feoffment. It corresponds very nearly to the "*emphyteusis*" of the Roman law. Fealty, however, was incident to a holding in fee-farm, according to some authors.

Fee-farm is where an estate in fee is granted subject to a rent in fee of at least one-fourth of the value of the lands at the time of its reservation. Such rent appears to be called "fee-farm" because a grant of lands reserving so considerable a rent is indeed only letting lands to farm in fee-simple, instead of the usual method of life or years. Fee-farms are lands held in fee to render for them annually the true value, or more or less; so called because a farm rent is reserved upon a grant in fee. Such estates are estates of inheritance. They are classed among estates in fee-simple. No reversionary interest remains in the lessor, and they are therefore subject to the operation of the legal principles which forbid restraints upon alienation in all cases where no feudal relation exists between grantor and grantee.

Fee-farm rent. The rent reserved on granting a fee-farm. It might be one-fourth or one-third the value of the land. Fee-farm rent is a rent-charge issuing out of an estate in fee; a perpetual rent reserved on a conveyance in fee simple.

Fee simple.

Absolute. A fee simple absolute is an estate limited absolutely to a man and his heirs and assigns forever without limitation or condition. An absolute or fee-simple estate is one in which the owner is entitled to the entire property, with unconditional power of disposition during his life, and descending to his heirs and legal representatives upon his death intestate. Such estate is unlimited as to duration, disposition, and descendibility. Slayden v. Hardin, 257 Ky. 685, 79 S.W.2d 11, 12.

The estate which a man has where lands are given to him and to his heirs absolutely without any end or limit put to his estate. 2 Bl.Comm. 106. The word "fee," used alone, is a sufficient designation of this species of estate, and hence "simple" is not a necessary part of the title, but it is added as a means of clearly distinguishing this estate from a fee-tail or from any variety of conditional estates. Fee-simple signifies a pure fee; an absolute estate of inheritance clear of any condition or restriction to particular heirs, being descendible to the heirs general, whether male or female, lineal or collateral. It is the largest estate and most extensive interest that can be enjoyed in land.

Conditional. Type of transfer in which grantor conveys fee simply on condition that something be done or not done. A defeasible fee which leaves grantor with right of entry for condition broken, which right may be exercised by some action on part of grantor when condition is breached.

At common law an estate in fee simple conditional was a fee limited or restrained to some particular heirs, exclusive of others. But the statute "De donis" converted all such estates into estates tail. 2 Bl. Comm. 110.

Defeasible. Type of fee grant which may be defeated on the happening of an event. An estate which may last forever, but which may end upon the happening of a specified event, is a "fee simple defeasible". Newbern v. Barnes, 3 N.C.App. 521, 165 S.E.2d 526, 530.

Determinable. A "fee simple determinable" is created by conveyance which contains words effective to create a fee simple and, in addition, a provision for automatic expiration of estate on occurrence of stated event. Selectmen of Town of Nahant v. U. S., D.C.Mass., 293 F.Supp. 1076, 1978.

Fee simple title. See Fee simple.

Fee tail. A freehold estate in which there is a fixed line of inheritable succession limited to the issue of the body of the grantee or devisee, and in which the regular and general succession of heirs at law is cut off. Coleman v. Shoemaker, 147 Kan. 689, 78 P.2d 905, 907.

An estate tail; an estate of inheritance given to a man and the heirs of his body, or limited to certain classes of particular heirs. It corresponds to the *feudum talliatum* of the feudal law, and the idea is believed to have been borrowed from the Roman law, where, by way of *fidei commissa,* lands might be entailed upon children and freedmen and their descendants, with restrictions as to alienation. For the varieties and special characteristics of this kind of estate, see Tail, Estate in.

Fegangi /fagǽnjay/. In old English law, a thief caught while escaping with the stolen goods in his possession.

Fehmgerichte /féymgərikta/. The name given to certain secret tribunals which flourished in Germany from the end of the twelfth century to the middle of the sixteenth, usurping many of the functions of the governments which were too weak to maintain law and order, and inspiring dread in all who came within their jurisdiction. Such a court existed in Westphalia (though with greatly diminished powers) until finally suppressed by Jerome Bonaparte in 1811.

Feigned /féynd/. Fictitious; pretended; supposititious; simulated.

Feigned accomplice. O
act with others in th
crime, but only for t
plans and confederat
them.

Feigned action. An act
pretended right, whe
of action, for some
action the words of t
false action, in which
false. See also Feign

Feigned diseases. Simu
eases are generally f
—fear, shame, or the

Feigned issue. A proc
parties, by consent, c
jury without actual
Feigned action.

FELA. Federal Emplo

Felagus /faléygəs/. In
er by oath; a sworn
decennary for the g
who took the place of
was murdered, the re
er went to the *fela,*
parents or lord.

Feld. A field; in comp

Fele, feal. L. Fr. Faith

Fellow. A co-worker;
panion; one with wh
another in some legal
a college or corporat

Fellow-heir. A co-hei
tance.

Fellow servant. One
the same master. W
S.W.2d 762, 764. T
mon pursuit, under t
who derive authorit
same common sourc
general business, tho
or departments of it.
App.D.C. 21, 16 F.2
employed and paid
duties are such as t
that negligence of o
other in performance
the same common
vants." See also E

Fellow servant rule.
generally abrogated
and Federal Employ
tion for damages br
injured employee th
negligence of anothe
responsible for the
and, thus reducing o

Felo de se /félow di

Felon /félən/. Person
a felony *(q.v.).*

Patent

No. 5151

Know All Men By These Presents that the State of Alaska, in consideration of the sum of NINE THOUSAND SIX HUNDRED EIGHTY-ONE AND 00/100---------- DOLLARS lawful money of the United States, and other good and valuable considerations, now paid, the receipt whereof is hereby acknowledged, does hereby grant to

JOHN A. BAKER, a single man

Box 57, Talkeetna, Alaska 99676 and to

his heirs and assigns, all that real property situated in the Borough of Matanuska-Susitna, State of Alaska, and described as follows:

AGRICULTURAL INTEREST ONLY

TRACT 9 OF ALASKA STATE LAND SURVEY NO. 79-109, LOCATED WITHIN THE BARTLETT HILLS ALASKA SUBDIVISION, TOWNSHIPS 25 AND 26 NORTH, RANGE 4 WEST, SEWARD MERIDIAN, CONTAINING 196.81 ACRES, MORE OR LESS, ACCORDING TO THE SURVEY PLAT FILED IN THE TALKEETNA RECORDING DISTRICT ON MARCH 13, 1980 AS PLAT NO. 80-25.

SUBJECT TO:

PLATTED EASEMENTS.

CONDITIONS AND COVENANTS OF THE FARM CONSERVATION PLAN APPROVED BY THE DIRECTOR OF THE DIVISION OF AGRICULTURE OF THE DEPARTMENT OF NATURAL RESOURCES.

IF AT ANY TIME THE DIRECTOR OF THE DIVISION OF FOREST, LAND AND WATER MANAGEMENT OF THE DEPARTMENT OF NATURAL RESOURCES DETERMINES THAT THE GRANTEE OR HIS SUCCESSORS IN INTEREST HAS FAILED TO OBSERVE ANY PROVISION OR CONDITION OF THIS PATENT, THE DIRECTOR MAY DECLARE A FORFEITURE OF THIS CONVEYANCE AND TITLE HEREBY CONVEYED SHALL THEREUPON REVERT TO THE STATE OF ALASKA.

80 - 001522
11 —

RECORDED —

RECORDING DIST

JUN 10 9 40 AM '80

REQ'D John A. Boker

ADDRESS Box 57
Talkeetna
Ak 99676

93161

Township 25 & 26 NORTH, Range 4 WEST, SEWARD Meridian

Alaska, according to the official survey thereof numbered 79-109;

Save And Except those restrictions appearing in the Federal Patent or other conveyance by which the Grantor acquired title;

And Further, Alaska, as Grantor, expressly reserves out of the grant hereby made, unto itself, its lessees, successors and assigns forever, all oils, gases, coal, ores, minerals, fissionable materials, and fossils of every name, kind or description, and which may be in or upon said lands above described, or any part thereof, and the right to explore the same for such oils, gases, coal, ores, minerals, fissionable materials and fossils; and it also hereby expressly saves and reserves out of the grant hereby made, unto itself, its lessees, successors and assigns forever, the right to enter by itself, its or their agents, attorneys, and servants upon said lands, or any part or parts thereof, at any and all times, for the purpose of opening, developing, drilling and working mines or wells on these or other lands, and taking out and removing therefrom all such oils, gases, coal, ores, minerals, fissionable materials and fossils; and to that end it further expressly reserves out of the grant hereby made, unto itself, its lessees, successors and assigns forever, the right by its or their agents, servants and attorneys at any and all times to erect, construct, maintain, and use all such buildings, machinery, roads, pipelines, powerlines, and railroads, sink such shafts, drill such wells, remove such soil, and to remain on said lands or any part thereof for the foregoing purposes, and to occupy as much of said lands as may be necessary or convenient for such purposes, hereby expressly reserving to itself, its lessees, successors and assigns, as aforesaid, generally all rights and power in, to and over said land, whether herein expressed or not, reasonably necessary or convenient to render beneficial and efficient the complete enjoyment of the property and rights hereby expressly reserved.

To Have And To Hold the said land, together with the tenements, hereditaments, and appurtenances thereunto appertaining, unto the said Grantee and his heirs and assigns forever.

In Testimony Whereof the State of Alaska has caused these presents to be executed by the Director of the Division of Lands, Department of Natural Resources, State of Alaska, this 29th day of May A.D. 19 80.

George K. Hollett
for Director, Division of Forest, Land and Water Management

State of Alaska)
) ss.
THIRD Judicial District)

This Is To Certify that on the 29th day of May, 19 80, appeared before me GEORGE K. HOLLETT, who is known to me to be the Director of the Division of Lands, Department of Natural Resources, State of Alaska, or the person who has been lawfully delegated the authority of said Director to execute the foregoing document; that he executed said document under such legal authority and with knowledge of its contents; and that such act was performed freely and voluntarily upon the premises and for the purposes stated therein.

Notary Public in and for Alaska
My Commission Expires May 11, 1983

State Record of Patents

Vol. LII

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ADL No. 203274

League of Women Voters of Alaska

HB 458: LAND GIVEAWAY TO AGRICULTURAL LESSEES/GRANTEES

The League of Women Voters of Alaska strongly opposes House Bill 458, which would require the DNR Commissioner (upon request by a grantee or lessee of agricultural land obtained from the State) to convey to that grantee or lessee without compensation to the State all remaining interests in the land.

This bill violates one of the most basic elements of our position on disposal of state owned land: that lands should be disposed of only "for value"; i.e., for fair market value, or for some lesser amount with "sweat equity" added, as was the case with the homestead legislation enacted last session (HB 130, Chapter 103 SLA 1983). We greatly prefer the present text of AS 38.05.069, or the amended version that appears in Section 48 of CS SB 222 (2d Resources).

The League of Women Voters of Alaska adopted a land use position in 1975 and a land disposal position in 1980, and has been active in legislative matters on these issues ever since. Land is one of the most valuable resources our State has, and we should dispose of it neither unwisely nor inequitably.

Elizabeth Cuadra
Natural Resources Portfolio
9151 Skywood Lane
Juneau, Alaska 99801
3/22/84

1403½ Alaska Hiway
Delta Junction, Alaska
99737

Dear Sir:

I have been in and out of Alaska since 1960. In 1982 I took over Tract 9, of the Delt I Project with the intent to develope and produce in Alaska. I have developed many farms in Nebraska and have land in four States today.

I invested about $200,000.00 in Tractors, machinery, equipment, Grain bin, Mobil Home, well, etc & etc. (My own personal money - I have not been able to get any Alaska money)

When I found out that we wouldn't get "fee simple title" after clearing I have put the project on hold waiting further developments.

Alaska has great potential and a bright future if it will develope free enterprize and let the best system in the world work. Everyone will benefit, The sooner the land gets into personal hands The better off we will all be. It is a very unique situation with great Responsibilities and opportunities for all who want to work.

Sincerely yours,

Kid. Strong D.M.

P.S. Please find enclosed the Letters from my Attorney - Abstracter and Banker.

THE 1st NATIONAL BANK of YORK

529 LINCOLN AVENUE
YORK, NEBRASKA 68467-0069
402/362-7411

March 21, 1984

Kenneth D. Strong, DVM
Box 426
Stromsburg, NE 68666

Dear K. D.:

In line with your request I have reviewed the information you furnished concerning the rights of ownership on land granted by the State of Alaska Patents.

In my opinion, your rights of ownership would be so fragile that a prudent lender would not be comfortable in lending money to you based upon collateral offered in the form of this Patent.

You will probably find that until you are able to obtain fee simple title, the rights of ownership will be questionable. Among the unacceptable limitations is the failure to compensate you for any expenditures you have made or improvements you have added in the event the Director declares a forfeiture. This title offers little protection to the purchaser or lender.

Sincerely,

G. Roger Burgess
Vice President

GRB/jlp

PHILIP H. NYBERG
ATTORNEY AT LAW

RONALD E. COLLING
ASSOCIATE

OSCEOLA, NEBRASKA 68651
PHONE 747-2401

March 20, 1984

Kenneth D. Strong, DVM
Box 426
Stromsburg, Nebr 68666

Dear Dr. Strong:

I have considered your request for an opinion as to the quality of title granted by Patent issued by the State of Alaska covering Agricultural Interests only.

From my experience as an Abstracter of titles and examiner of titles in the State of Nebraska for more than 40 years, it is my opinion that title is limited by any future decision of the Director of land management of the Department of Natural Resources to declare a forfeiture of the conveyance and a reversion to the State of Alaska. It would not be wise to make any improvements of a long term nature as any decision to terminate and forfeit would at the least result in possible extensive litigation.

Your decision as to future payments might well be limited by the limitations on the title you are granted.

Very truly yours,

P

Philip H. Nyberg

Alaska State Legislature

RONALD L. LARSON
DISTRICT 16B

POUCH V
JUNEAU, ALASKA 99811
(907) 465-3727

BOX 53
PALMER, ALASKA 99645
(907) 745-3826

House of Representatives

March 21, 1984

TO: Members of the House Resources Committee

FROM: Representative Ron Larson

SUBJECT: HB 458

The enclosed document is from the testimony of Wayne E. Burton, PhD, Agricultural Development Economist, which was given during the teleconference hearing on March 10th. Dr. Burton has also provided some additional comments which he forwarded to me in relation to his testimony and I would like to offer this information for your information in relation to HB 458 and agricultural preference lands.

P.O. Box 871750
Wasilla, AK 99687
March 12, 1984

Honorable Ronald L. Larson
Alaska Legislature
Pouch V (mail stop 3100)
Juneau, Alaska 99811

Dear Ron:

I am sending along my prepared statement regarding HB 458 (03/10/84) as per your request. The brief delay has resulted from hunting up some additional materials you might find of interest.

I would note that my critical assessment of the testimony given during the teleconference would indicate those testifying in favor of HB 458 were addressing that which I identified (page 2, lines 2 &3) as "asset viability of state conveyed agricultural-rights lands". The "patent" (exhibit 1) given is, in fact, not a 'fee simple' title, but is a unique 'agricultural profit a prendre' (similar in nature to an "oil" lease). The unique features of the so-called "patent" are: (1) the "conditions and covenants of the farm conservation plan ..." (exhibit 1) and (2) the "reverter clause" also found on the so-called "patent": "If at any time the Director of the Division of (Forest) Land and Water Management of the Department of Natural Resources determines that the grantee or his successors in interest has failed to observe any provisions or conditions of this patent, the Director may declare a forfeiture of this conveyence and title hereby conveyed shall thereupon revert to the State of Alaska" (exhibit 1). [underline added] A perceptive reading of the relevant statutes (exhibit 2) should illustrate quite well why lenders and title insurers do not recognize any asset viability what-so-ever for said "agricultural-rights patents".

Tom Williams did a very effective job of focusing on the absolute jeopardy incurred by each and every "agricultural interest only" purchaser, and on the resulting void of asset viability. As the present statutes stand, each and every recipient of state "agricultural interests only" holds said land from day-to-day at the absolute sufference of the Director (11 AAC 67.162) and (11 AAC 67.165). The "forfeiture" (reverter) clause (11 AAC 67.165 (d)) includes all permanent structures and growing crops.The only things which could be removed by the "prior owner" (farmer) would be household goods, rolling stock (vehicles, machinery, equipment & tools), livestock & stored crops - if they were removed within the allowable 60 days! Now, to back up just a bit, the title and interest conveyed (11 AAC 67.162 a.) is the conveyance of the surface estate in fee simple subject to the conditions subsequent and covenants relating to agricultural use and development. It is my very considered professional judgement that there isn't a single attorney in the state of Alaska, except perhaps my son Dan, that can perceptively define "the conditions subsequent and covenants relating to agricultural use and development" as stated! I can assure you, however, that they include the Director's interpretation of each and every statement in both the "Farm Conservation Plan" and the "Farm Development Plan", both of which must be prepared within a 30 day period subsequent to the relevant lottery or sale by the state.

Tom Williams noted in his testimony that the "Farm Conservation Plan", as prepared by the District (Federal) Soil Conservation Service personnel, was overly detailed, to the extent of detailed "practices", and was seven (7) pages long. I do not believe this was the type of "Farm Conservation Plan" intended by the legislature to begin with, but they are "title covenants" as a intergal part of the title conveyed! I would seriously welcome the opportunity to challenge the Soil Conservation Service district personnel on their technical competency and validity of each and every inclusion in the "Farm Conservation Plans" prepared for "agricultural interests only" purchasers. While I have a great admiration for the Soil Conservation Service, and have had a long and productive working relationship with them, I have found on various occassions that district conservationists can take off on tangents, being quite author-atative, where they have no substantative Alaska research data to back up their positions, i.e., Burt Clifford, 1970, went to great lengths to criticize the use of a breaking disc in the Delta Junction area. His expressed position was that no "real" would attempt to break agricultural land with other than a mole-board plow. There is a long technical explaination of why this would have been the worst possible tillage method for that soil and location. Burt later changed his mind and recommendations. There are other illustrations of the same type of instances. Any way, this situation regarding the "Farm Conservation Plan" must be changed! Since the present situation has been institutionalized, it will be necessary to amment the statutes to alleviate this unnecessary constraint on farm development.

The "Farm Development Plan", with its statutory requirements of 40% or class II and III lands being developed within 3 years & 75% being developed within 6 years, poses an undue hardship on all farm operators, and in some instances is certainly not in the best interests of either individual or state interests in said farm development. It is my considered judgement that the initial period should be increased to five years, and the second period should be increased to either nine (9) or ten (10) years. Reasons: it will take one or more years to develop a viable farm organization and development plan, and develop and arrange for a viable financial package; it would allow time for considered utilization of timber found on the prospective farm lands in the construction of needed housing and farm buildings; it would allow for the continued part or full time employment of the prospective farmer, or spouse, thus reducing materially the initial needed capitalization (in the form of hard cash or loan money which could not be repaid during the several year development period due to no farm product sales). While I certainly do not disagree with the need for a farm organizational and development plan, I heartilly disagree with such being included as a covenant on the title. Further, the "conditions subsequent" inclusion provides a "sword of Damocles" for the prospective farmer; it allows the state, via the vagaries of inclination of a Division Director, to add any requirement or 'regulation' to the covenants - <u>after the</u> fact - at any time!

Ron, much of the disappointment, both from "agricultural interests only" farmers and from state and other public interests, in the rate and nature of agricultural production development has resulted from the lack of recognition of the fore-mentioned statutory and regulatory or administrative constraints. It will get no better until the above mentioned statutes have been changed to a more real-istic fit. It is inconceivable to me that no-one has previously recognized and addressed the "forfeiture" clause! Some of the other statutes are equally bad. While I am the first to recognize that the legislature which enacted such legis-lation had the best of intentions, it is time to readdress the whole topic <u>from the farmer's viewpoint</u>! It is my considered judgement that the initial statutes

were overly influenced by agency bureaucrats - to protect "the land" at all costs, and that the "people" factor was completely forgotten. I would respectfully suggest that the Alaskan "agricultural interests only" farmer, particularly the project farmer, will in time find that he or she has less "rights" than did the traditional "plantation" share-cropper! This situation will never be conducive to building a viable agricultural industry!

I was very serious in my testimony suggestion that someone "hold the feet of agency and institutional professionals to the fire" until they provide perceptive and knowledgeable answers to current and prospective problems of modern agricultural development being expressed today. I am grossly disappointed in recent agency and institutional reports regarding Alaskan agricultural development. Not one has addressed the problems of the "real world", or the technical production system and data needs on developing commercial farmers. No comprehensive assessment has been made, that I have heard of, of the Delta I farming project. One Ag. Action Council report on agri. finance, didnt even mention the critical problems caused by the "forfeiture clause" in the statutes and so=called patents for "agricultural interests only". I have yet to see any recent Alaska study of farm organization and development of "new lands" farming efforts. Research and service efforts, that are conspicuous by their absence, are legion. I have often headr the statement: "There isn't a single research effort being carried out that is of any use what ever to Alaska's commercial farmers!" That's not to say there isn't some good work being done, but it just isn't perceived as relevant, and in most instances for very good reasons. One could probably identify several millions of dollars of state money being spent each year, on things considered agriculture, with out one iota of beneficial effect to the developing farmers. What a waste!!

I am enclosing a few things for your perusal: (1) Exhibit 1. a blanked copy of an "agricultural interests only" patent (note the marked sections); (2) Exhibit 2 relevant parts of the Alaska Statutes (note the marked sections); (3) exhibit 3. a copy of my 1976 critique of the first plan draft for the Delta barley project; and Exhibit 4. a copy of my 1977 critique of the second planning draft for the Delta barley project. While several changes were made in plans for that project before it was actually started, I would suggest much of the basic philosophy remains to-day through out the agricultural interests only development efforts by the state.

Ron, I hope I have sufficiently identified the fact that even with the passage of the existing HB 458 nothing would change regarding asset viability of agricultural interests only farms. As long as the "forfeiture" (reverter) terminology and concept remains part of the statutes, there is no real asset value to the agricultural interests! Regarding the second emphasis of HB 458, all of those "purchase preference" clauses are found within current Alaska statutes! Some one's legislative assistant just didn't do a very comprehensive job!

I suppose I tend to be a wee bit sadistic on rare occassions, but, from time to time, I get a real chuckle thinking what fun it would be to select, by lottery, one or more of our agricultural agency and/or institutional professionals that prospective farmers must deal with, and assign them to a state "agricultural interests only tract, for a period of three years, giving them the full time assignment to plan, organize, and develop/operate an demonstration farm (only one staff member to a semi-remote tract location) - without state budget other than salary and a small office budget. Require that they go through the same activities, on the same terms, as a prospective farmer acquiring such agricul-

tural interests only tract(s). A comprehensive report on such an effort(s) should provide most interesting and very enlightening!

Sincerely,

Wayne E. Burton

Wayne E. Burton, PhD
Agricultural Development Economist

enc: (5)

Sorry for being so slow but ran into a few additional interruptions

Wayne

House sub-committee on agriculture
Teleconference hearing
March 10, 1984, 1:30-4:30 pm

A STATEMENT OFFERED AS TESTIMONY FOR THE PUBLIC RECORD ON HOUSE BILL NO. 458 "An Act relating to agricultural rights in land."

Mr. Chairman and Members of the Sub-Committee: My name is Wayne E. Burton. My address is P.O. Box 871750, Wasilla, and I reside at Lot 9, Block 1, Woodside Estates near Wasilla. I am an agricultural development economist by training and experience. I am testifying in my own behalf. I would further note that I have practiced my profession of agricultural economist in Alaska for the past twenty (20) years.

I would first express my unalterable opposition to HOUSE BILL 458, and strongly recommend rejection of the Bill for further consideration since it provides for the "give-away" of hundreds of millions in State assets and provides for preferential treatment in acquiring State agricultural lands to those who have already benefitted greatly by State lands disposals. I am certain that I am not alone in my frustrations regarding the unequal distribution of State gratuities, and my inability to acquire agricultural lands.

Section (a) of the proposed HB 458 disturbes me greatly. This section states: "... the remaining interests retained by the state shall be conveyed or leased by the commissioner on the request of the grantee or lessee ...", and "The commissioner shall convey or lease the remaining interests without compensation to the state except for administrative costs ...". A cursory perusal of probable asset value transfer from the state to purchasers of "agricultural-rights" lands (1978-1984 period), without compensation to the state, would probably exceed $129,000,000 and could run as high as $250,000,000. Recognizing that state agricultural-rights lands lottery recipients have already received very substantial gratuities from the state through severly discounted prices, residency and veterans discounts, and heavily subsidized clearing loans on project lands (also development credits against purchase price on Delta I project lands), I find the inclusions of section (a) totally unacceptable. The very thought of the state conveying assets, without cost, at an average rate of $338,000 to each of the 382 state agricultural-rights land purchasers leaves me cold!!!

Section (c) of the proposed HB 458 makes me exceedingly angry!! I have been trying to acquire state agricultural lands through sale and/or lottery since 1964, and have as yet been unable to do so. My interest in doing so has not diminished one whit!! The "preference right" inclusion of this section is an incidious discrimination against each and every Alaskan who desires to acquire agricultural lands to farm or ranch, but has as yet been unable to do so. It is a classic example of "those who has gets, and those who ain't dont!!". One personal example: I sat in the Delta Junction sale of 1970 where some very excellent and accessable state agricultural land was being sold, with an acute desire to buy; every tract in the sale but one fell under a "preference right" filing. In recent years, every agricultural-rights land lottery tract that I have applied for has been applied for by from to 200 to 800 other people. More than 3,000 people went away from the Point MacKenzie agricultural-rights land lottery without agricultural land. I cannot conceive of the committee continuing with this preferential treatment of so few at the expense of so many!!

The proposed Bill, H.B. 458, would appear to tacitly address two critial problems of present day Alaskan farm development: (1) asset viability of state conveyed agricultural-rights land, and (2) economic viability of present and prospective farm development in Alaska. H.B. 458 will not contribute to the resolution of structural deficiencies associated with either problem. Moreover, each and every individual purchaser of state agricultural-rights land entered into the present situation with full knowledge of state imposed deficiencies and constraints; each recipient's signature is on documents noting their awareness and understanding. I would respectfully suggest a more viable and productive approach, to the resolution of noted problems, would be to "hold the feet of agency and institutional professionals to the fire" until the committee received viable and constructive answers, data, and recommendations regarding the above noted problems. It is my professional judgement that recent reports by state agencies, regarding agricultural development topics, display voids in understanding, incomplete and inaccurate data, ineptness in the treatment of data, and, on occasions, impotence in the reporting effort.

In closing, I would again urge the committee to terminate further consideration of H.B. 458. The proposed Bill would provide for a "give-away" of untold millions of dollars worth of state assets to not more than 382 individual state agricultural-rights land purchasers - with absolutely no benefit to the state's agricultural development efforts. Moreover, the proposed Bill, H.B. 458, would provide for the totally unwarranted "purchase preference" of state agricultural-rights land by existing agricultural land holders at the expense of those thousands of landless Alaskans who are now prospective farmers and agriculturalists. I would further suggest that prospective development of viable agricultural lands has now fallen to less than 800,000 acres, from the some 20 million acres identified some 10 years ago. I would again reiterate the conclusion that I reached in 1977; "Alaska will be unable to respond in any manner to any national food emergency within any foreseeable future (50 years)". I would ask this committee: "What are you going to do about this unfortunate situation?"

Thank you for your kind attention.

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: 3/28/84

REQUEST
Bill/Resolution No.: HB 458
Title: re: agricultural rights to land
Sponsor: Bettisworth
Requestor:
Date of Request:

FISCAL DETAIL
Agency Affected: Natural Resources
Program Category Affected:

BRU, Program or Subprogram(s) Affected:
NRMEC, Management of Land & Water Resources, Contract Administration

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES		24.9				
200 TRAVEL		.8				
300 CONTRACTUAL		1.0				
400 SUPPLIES		.5				
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING		27.2				
CAPITAL		N/A				
REVENUE		*				

FUNDING: (Thousands of Dollars)

GENERAL FUND		27.2				
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY		2				

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

* If 382 parcels are processed @ $75.00 fee, revenue would be $28,650. Revenue lost to the State by conveying all rights with no further cost is estimated conservatively in excess of $60 million.

ANALYSIS: Attach a separate page for analysis

Prepared By: Frank Mielke Phone: 263-4347
Division: Land and Water Management Date: 3/28/84

MH Approved by Commissioner: [signature] Date: 3/28/84
Agency: Natural Resources

Distribution (by Agency preparing fiscal note):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)

12/1/83

ANALYSIS - HB 458

The Division of Land and Water Management has analyzed HB 458. The fiscal impact is detailed as follows:

I.	Personal Services:	
	1 Clerk Typist III (Contract Administration) to amend contracts and miscellaneous case file related work - 3 months	$ 6,150
	1 Attorney III to write regulations and covenants - 3 months	18,700
II.	Travel - regulations hearings and consultation with Commissioner's Office and other agencies	800
III.	Contractual - advertising, printing of forms, mailing, etc.	1,000
IV.	Supplies - paper, correspondence, supplies, etc.	500
	TOTAL	$27,150

This analysis assumes converting contracts and patents and filing covenants for all agricultural parcels disposed since 1978: 314 non-project and 68 project agricultural parcels for a total of 382 parcels.

Alaska State Legislature

RONALD L. LARSON
DISTRICT 16B

POUCH V
JUNEAU, ALASKA 99811
(907) 465-3727

BOX 53
PALMER, ALASKA 99645
(907) 745-3826

House of Representatives

April 4, 1984

TO: REP. JOHN RINGSTAD & REP. DICK SCHULTZ, CO-CHAIRMEN, HOUSE RESOURCE COMMITTEE

FROM: REP. RON LARSON

RE: LETTER OF INFORMATION REGARDING HB 458 FROM WAYNE BURTON, PH.D., AGRICULTURAL DEVELOPMENT ECONOMIST

Attached please find a letter from Dr. Wayne Burton in which he addresses many of the concerns that have been expressed by many individuals in relation to HB 458. I think his suggestion merit consideration and just may offer a solution to the concerns expressed over state disposal of agricultural interest only lands.

P.O. Box 871750
Wasilla, Alaska 99687
March 28, 1984

Honorable Ronald L. Larson
Alaska Legislature
Pouch V (mail stop 3100)
Juneau, Alaska 99811

Dear Ron:

As usual, I am a bit slow in getting around, but am sending this letter to confirm my permission to copy and use the March 12, 1984 letter and enclosed materials as you see fit. Sure did appreciate your call.

After considerable thought, I have decided to offer a few suggestions regarding what might be done to resolve some of the immediate problems faced by "agriculture interest only" buyers, and some needed efforts directed to longer-term farm and/or ranch production development within Alaska. The immediate problems of "title" could be addressed by developing a committee substitute for HB 458, deleting all but the title, and then addressing the following:

- Amend present statutes to redefine 'agricultural interests only' to "agricultural lands" with title and interest conveyed being surface agricultural estate in fee simple, with exclusive possession; with alienation of 'non-agricultural development rights' in the same manner as has been the case with 'mineral rights', 'oil rights', 'subsurface water rights', etc.
- Amend present statutes to delete both concept and terminology of 'forfeiture' and 'revert' regarding "agricultural lands". [There are sufficient other legal avenues to protect degradation of agricultural lands to make the 'forfeiture' and 'reverter' concepts a redundancy anyway]
- Amend present statutes to remove 'Farm Conservation Plan' from inclusion as a covenant to "agricultural lands" title; substitute a "Soil Conservation Service Cooperator Agreement" as a condition for the "agricultural lands" purchase contract only. [A meaningful farm conservation plan can only be developed as a working agreement between S.C.S. and the farm operator over a several year period of time, and must be quite flexible to allow for unforseen events and circumstances] Also, remove all references and inclusions regarding 'under Farm Conservation Plan' from present statutes.
- Amend present statutes (and regulations) to increase initial 'farm development' period from 3 years to 5 years (40% of Class II & III soils), and final 'farm development' period from 6 to 9 years (75% of Class II & III soils). Also, delete verbage regarding 'leaving other land in its undisturbed natural state'. [Much of the "other land" may have critical farm uses such as hay lands, improved pastures, woodlots, etc.]
- Amend present statutes to delete verbage and acreage constraints regarding 'the construction of fixed, permanent, or immovable structures' reasonably required for or relating to agricultural production; replace this with language which prohibits only non-agricultural (commercial and non-commercial) temporary or fixed, permanent, or immovable structures.

- Amend present statutes and regulations to remove 'Farm Development Plan' from inclusion as a covenant to "agricultural lands" title, allowing only the requirement of a "preliminary farm development and operational plan" as a condition of purchase contract; delete '30 days' requirement and substitute "90 days" for "preliminary farm development plan". [It would probably take up to 2 years to develop a meaningful farm development and operational plan in the first place, and such a plan should be revised annually; a five or more years plan revised annually dropping the first year and adding a new end year.]

- Amend present statutes to clearly define timber, control of public access, and "recreation" rights (including hunting and trapping) as part of the surface estate of "agricultural land" being sold and transferred by the state. Also, amend present statutes to allow the mining of gravel for farm development use and use in constructing access roads to the farm from which the gravel is taken. I would further suggest that provision be made for the commercial mining of gravel under permit from the state where said mining will contribute to land leveling, drainage enhancement, road site enhancement, or structures site enhancement which will improve agricultural characteristics of the farm unit.

It is my considered judgement that the above mentioned suggestions would restore asset viability to state agricultural lands disposals since 1978 - if these factors were made retroactive to those tracts sold as 'agricultural interests only'. I am quite sure the group of suggestions would accomplist the intent of HB 458 as it was initially introduced. A quick check with lenders and title insurance people should confirm my assessment.

Ron, there are a number of comprehensive assessments, studies, or what ever you might want to call them, which are badly needed to document and evaluate recent (since 1977) agricultural development programs, projects, and activities. Particular emphasis should be directed to impacts of said programs, projects, and activities on individual farm development during the 1977-84 period. I would respectfully suggest the following:

1) A detailed, perceptive, and comprehensive treatment of experiences, problems, and impacts of present statutes, regulations, and public programs on individual farm development for 'project farms', small tract farms, and non-project farms, primarily dependent on "agricultural interests only" tracts. This assessment should include scenarios of "best case", "typical case", and "worst case" situations. [this is long overdue -should have been done at least 3 years ago - would have identified title and other problems as structural problems of state approach to agricultural development]

2) A comprehensive assessment to document and analyze a broad range of aspects regarding the development of individual farm units in the Delta I (barley) project, along with a concurrent assessment of the agency/institutional - farm development interrelationship experiences in that project. A second thrust in such an assessment should be directed to 'small tract farm' disposals of 'agricultural interests only' tracts. in several areas of the state. Particular attention should be directed to farm organizational (planning and managerial), developmental (technical and financial), and operational (technology, production systems, informational flows, and services) activities. [successes and failures of both public and private inputs into this

agricultural development equation must be identified and evaluated if meaningful actions are to be taken by the Legislature, the Administration, agencies/institutions, and farm operators to alleviate present constraints and enhance the prospective success and productivity of farm food and services efforts in Alaska]

3) A comprehensive assessment to document and evaluate a broad range of aspects regarding research, technology, and 'public' services now available, and needed, to address commercial and 'non-commercial' farm development, by farmers and prospective farmers, in Alaska's new lands settlement/development situation - by geographic regions. [this would be a particularly difficult assignment, and there are very few who have the perspective and fortitude to successfully carry out such an assignment.]

It is my critical judgement that the forementioned studies cannot be objectively carried out by existing agencies and institutions. For them to attempt to do so would be analogous to the fox studying and evaluating the hen house! Moreover, none of the existing agencies and institutions have demonstrated either perspective or competencies to carry out such efforts and provide comprehensive and objective reporting of same.

Sincerely,

Wayne

Wayne E. Burton, Pd.D.
Agricultural Development Economist

MEMORANDUM

TO: State of Alaska
House of Representatives
Resources Committee

FROM: Glen Prince
Title Insurance Agency, Inc.
Juneau, Alaska

DATE: April 4, 1984

RE: Committee Substitute for House Bill No. 458 (Resources)

The above Committee Substitute appears to be a positive approach to resolving the private mortgage problem currently troubling AS 38.05.321.

It is my opinion the title insurance industry would be willing to insure a lender as to the security of Mortgages or Deeds of Trust if the substitute were enacted.

BANK OF THE NORTH

April 25, 1984

TO: State of Alaska
House of Finance Committee

Subject: CSHB 458 (Resources)

Following are observations of a banker as they pertain to CSHB 458. I have had 27 years experience in banking including agricultural lending in California with Wells Fargo Bank.

In response to your questions regarding particulars of the proposed bill, I would like to offer:

1. Banks traditionally lend to borrowers for agriculture purposes taking a secured position involving land, equipment and crops as collateral. The only collateral with sustaining real value is land. If it is owned, title is transferred and held by the lending institution. If it is leased, the lease is assigned to the Bank. Depending on the circumstances of the particular borrowing, other collateral - equipment and crops (including proceeds of the sale of the harvest) is pledged to the bank.

   Under the conditions imposed by the present statute the title of the property (land) is conveyed and reverts to the State of Alaska if the grantee has failed to observe certain provisions or conditions of the Patent. Any financial institution, using prudent banking policies and practices, would not accept title to property as collateral with this condition for a loan.

2. The proposed change to the Act is worded sufficiently in my opinion, to protect and support a lien placed by a financial institution to perfect a security interest in land being used by the borrower as collateral for a loan for agricultural purposes. If leased by the State of Alaska to a lessor for agricultural purposes, the financial institution would insist that the lease of the land be assigned to the lender. It is presumed that the State would not oppose such assignment.

3. Your question addresses a situation that occurs frequently by lenders -financial institutions or individuals. In this case the financial institution would be faced with the problem of assuming the responsibility of the grantee of the land - to maintain the land for agricultural purposes.

   First, the lender would have to foreclose on the loan, and to the extent possible:
   1. Harvest and sell the crops, applying the net proceeds of the sale to the loan balance.
   2. Secure all equipment pledged by the borrower for the loan and sell it to obtain cash to apply to any balance remaining.

If a balance were to remain after the above actions, this amount would probably be charged off as a loss.

Your question #3 presumes the State reentered the land because the land was not being used for agricultural purposes. This situation raises other questions - for the financial institution:

1. Who is responsible for clearing away any and all improvements that are not agriculturally related?
2. Who is responsible to find and qualify another grantee for the land? Who has approval authority - the State or the financial institution?

Note: In both questions above, I have assumed that the financial institution still holds title to the land as collateral for a loan not paid in full.

If the loan were to be paid in full from the sale of crops and equipment the land would presumably revert to the State of Alaska and title released to the State, providing the grantee has no legal claim to the land.

I hope these observations and comments have been helpful.

ALASKA NATIONAL BANK OF THE NORTH

Robert M. O'Neill
Vice President
Branch Manager

RMO/dk

HB

479

Alaska State Legislature
HOUSE OF REPRESENTATIVES
COMMITTEE ON RESOURCES

JOHN RINGSTAD, CO-CHAIRMAN
RICHARD SHULTZ, CO-CHAIRMAN
POUCH V
JUNEAU, ALASKA 99811
(907) 465-3715

To: Co-Chairman Ringstad

From: Committee Staff

Date: January 31, 1984

Re: HB 479

This afternoon's meeting will consider HB 479, by Representatives Hayes and Liska, which would allow a Department of Natural Resources arresting or citing officer to issue a citation when a person is arrested or cited for the commission of an offense that is a misdemeanor within a state Park.

Section 1 (a) provides arresting and citing power to an officer, if a person commits an offense that is a misdemeanor within a park.

Section 1 (b) requires the state Supreme Court to determine by rule or order what offenses that may be disposed of without a court appearance. Also the Court is to establish a schedule of bail amounts, which are not to exceed fines prescribed by law.

Section 1 (c) allows the person cited to mail or personally deliver to the clerk of the court, within 15 days of being cited, the bail amount, which the officer has written on the citation.

Section 1 (d) provides that when a cited person forfeits his/her bail, a judgement of conviction shall be entered. In other words, when you pay your bail, you are then formally convicted of the misdemeanor which you committed. This section also states that bail forfeited and forfeit of items seized from the offender is a complete satisfaction for the offense.

Section 1 (e) provides for the situation where an offender fails to pay the bail amount. If this happens, the citation issued shall be considered a summons as for a charge of a misdemeanor and the offender shall be proceeded against in the manner prescribed by law. Note however, the maximum penalty may not exceed the bail amount for that offense set out in the bail schedule, as determined by the Supreme Court.

STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

DEPARTMENT OF NATURAL RESOURCES

DIVISION OF PARKS

619 WAREHOUSE AVE., SUITE 210
ANCHORAGE, ALASKA 99501
PHONE: (907) 276-2653

November 8, 1983

The Honorable Joe L. Hayes, Speaker
Alaska House of Representatives
P. O. Box 1821
Anchorage, Alaska 99510

Dear ~~Representative Hayes~~: Joe,

I appreciated the opportunity to meet with you recently. I'm specifically excited over the possibility of your introducing legislation to authorize the State Supreme Court to establish a bail fee schedule for park violations.

Our rangers occasionally apprehend persons vandalizing recreation facilities, operating vehicles in closed areas, building fires in closed areas under dangerous circumstances--to name a few violations. Without a bail schedule, both the violator and usually the ranger must appear before a judge or magistrate. This simply uses up valuable staff time, inconveniences the minor violator, clogs our courts.

I've enclosed a question and answer sheet and draft legislation. I would sincerely appreciate your efforts to see this draft bill become law. If there is anything I can do for you, let me know.

Sincerely,

Neil

Neil C. Johannsen
Director

Attachments

Fact Sheet on Bail Legislation

The State Division of Parks is proposing legislation which would allow the Supreme Court to set a bail forfeiture schedule for violations of State Statutes and Alaska Administrative Codes which apply to State Parks.

1. Why is a bail schedule for violation of park regulations necessary?

   At the present time any citation issued for violation of State Park Regulations means a mandatory court appearance -- usually in the court nearest where the violation occurs. This means that a person -- perhaps an Anchorage resident -- who receives a citation for exploding fireworks in a Kenai Peninsula park, must return to Kenai to make the mandatory appearance.

2. What does the court system think about the problem?

   The courts are very crowded. Presently they must schedule time to see each individual regardless of how he/she intends to plead. On small violations this is an obvious waste of time to all parties.

3. Why is this legislation needed?

   Under present law a bail schedule for violations is only allowed for traffic regulations. This new legislation would allow and instruct the Supreme Court to set a bail schedule for violation of park regulations.

4. Would a bail schedule eliminate court appearances in all cases?

   No, the park ranger/peace officer issuing the citation could still summon an individual to a mandatory court appearance if the violation were of unusal significance. Any individual could still plead not guilty and request a court appearance.

5. Is this new for Alaska?

   No, the most notable example is the bail schedule for traffic violations. Traffic court would be literally overwhelmed without this help. The Fish & Wildlife Protection Division is also requesting legislation for a bail schedule on fish and game violations.

6. Does the Federal Government have a bail schedule?

   Yes, the National Park Service has a bail schedule which they revised in 1982 and will revise again in the fall of 1983. The attached schedule includes such items as: camping over the time limit - $100.00; pets not on leash - $50.00; fireworks - $50.00, etc. The U.S. Fish & Wildlife Service has a very similar schedule and they say it saves the public a great deal of money in travel costs (to and from court) alone.

7. Would a bail schedule be favored by the Department of Natural Resources/Division of Parks?

Yes, park enforcement people need to retain descretionary authority to use the bail schedule or cite into court, but they, too, would be able to spend a great deal more time in the field if they were not tied up in court appearances. Additionally, fewer court appearances would result, thus helping to alleviate the glut of work facing the Alaska Court System and unnecessary demands upon state park rangers.

DENALI NATIONAL PARK AND PRESERVE
BAIL SCHEDULE Revised 11/82

PART 2 - PUBLIC USE AND RECREATION

2.1	ABANDONED PROPERTY Superseded by 36CFR 13.22 and 36CFR 13.63(c)	
2.2	AIRCRAFT	
	(a) Superseded by 36CFR 13.13	
	(b) Air Drop	$100.00
	(c) Operate in accordance with current FAA regulations	Court
2.3	AUDIO DEVICES	
	(a) Operation of any noisy device	$ 50.00
	(b) Public address system	$ 50.00
	(c) Aerials	$ 25.00
2.4	BEGGING AND SOLICITING	
	(a) Begging	$ 50.00
	(b) Hitchhiking	$ 50.00
	(c) Commercial soliciting	$ 50.00
2.5	CAMPING	
	(a) Superseded by 36CFR 13.18(a) and 36CFR 13.63(b)	
	(b) Superseded by 36CFR 13.18(a) and 36CFR 13.63(b)	
	(c) Camping over designated time limit	$100.00
	(d) Permanent camping facilities	$100.00
	(e) Digging or leveling campsite	$100.00
	(f) Failure to clean and clear site before departure	
	--Failure to remove camping equipment	$ 50.00
	--Leaving camp refuse in exposed or unsanitary condition	$100.00
	(g) Camping within 25 ft. of water, main road, hydrant	$ 25.00
	(h) Base camp for hunting	$250.00
	(i) Quiet hours (10 PM to 6 AM)	$ 25.00
	(j) Former Mt. McKinley National Park: Wood gathering (not dead and down)	$100.00
	(j) Lands in 12/2/80 Additions: Superseded by 36CFR 13.20(b)(4)	
2.6	CLOSURES/PUBLIC USE LIMITS	
	(a)(2) Failure to observe closed areas/visiting hours	$ 50.00
	(b)(4) Entry into area without permit, registration, or reservation	$ 50.00
	(b)(5) Entry into area in violation of posted restrictions	$ 50.00

(d)	Throwing or dropping a lighted cigarette, match, or other burning material, etc.	$150.00
(e)	Smoking in areas closed to smoking	$ 50.00
(f)	Staring a fire in areas closed to fires	$ 50.00

HB 477, (cont'd)

Introduced January 9 and referred to Health, Education & Social Services, Finance.

1983 Permanent Fund Dividends (extending application period)

HOUSE BILL NO. 478, by Reps. Adams, M. M. Miller, Duncan, Grussendorf & Uehling. Would extend up to May 15, 1984 the time period for which an Alaska resident may apply for the 1983 Permanent Fund dividend. Applicants must have met the six month residency requirement on March 31, 1983. The dividend may not be paid from money appropriated or otherwise allocated for years other than 1983. The Department of Revenue could not pay 1983 dividends to late applicants until after March 1, 1984. The Department would be responsible for adoption of regulations to implement the extended deadline. Provides Act takes effect immediately.

Introduced January 9 and referred to State Affairs, Finance.

State Parks (citations for violations)

HOUSE BILL NO. 479, by Reps. Hayes and Liska. Would require a Dept. of Natural Resources arresting or citing officer to issue a citation when a person is arrested or cited for the commission of an offense that is a misdemeanor committed within a state park or recreational facility subject to the Department's supervision.

Require the state Supreme Court to determine by rule or order those offenses that are amenable to disposition without court appearance and to establish a schedule of bail amounts, not to exceed fines prescribed by law, for each offense.

If the offense for which the citation is issued is one that may be disposed of without court appearance, the citing officer shall write on the citation the amount of bail applicable to the cited offense. Would allow the person cited to mail or personally deliver to the clerk of the court the bail amount. Provides that when bail has been forfeited, a judgment of conviction shall be entered. Bail forfeited and the forfeit of items seized is a complete satisfaction for the offense, and the offender is to be given a receipt stating that fact. If the cited person fails to pay the bail amount or appear in court as required, the citation shall be considered a summons as for a charge of a misdemeanor and the offender shall be proceeded against in the manner prescribed by law. The maximum penalty may not exceed the bail amount for that offense set out in the bail schedule, as determined by the Supreme Court.

Does not provide for an effective date (becomes law 90 days following Governor's signature).

Introduced January 9 and referred to Resources, Judiciary, Finance.

Regulations (reasons for/ expiration)

HOUSE BILL NO. 480, by Reps. Bettisworth and Liska. Would require that the notice for the proposed adoption, amendment or repeal of a regulation include ". . . the reason for the proposed regulation; (7) a general statement of anticipated impacts

TELEGRAM

ALASCOM, INC.
PHONE: 586-5606
JUNEAU, AK 99802

02034 ANCHORAGE AK 117 02-22 935A AST

PMS REP JOHN RINGSTAD

POUCH U 1423

JUNEAU AK

STRONGLY URGE YOUR FAVORABLE PASSAGE OF CSHB479 (HAYES LISKA, ORIGINAL SPONSORS) AND HB486 (BETTIWSORTH). THE FIRST BILL ALLOWS A FINE SCHEDULE FOR MINOR PARK REGULATION VIOLATIONS AND THUS SAVES PARK RANGER TIME AND HELPS UNCLOG COURTS. THE SECOND SIMPLY ALLOWS THE DIVISION OF PARKS AND OUTDOOR RECREATION TO CHARGE FEES. AN AMENDMENT RESTRICTING THE PROGRAM TO DEVELOP CAMPGROUNDS, TOURS OF HISTORIC SITES AND FOR PUBLIC USE CABINS IS ACCEPTABLE. THIS BILL WILL ALLOW OPENING OF WICKERSHAM HOUSE, PRIVATE CONCESSION OPERATION OF CERTAIN FACILITIES AND THE GENERATION OF REVENUE INTO THE GENERAL FUND, THUS REDUCING GOVERNMENT SUBSIDY OF CERTAIN EXPENSE RECREATION FACILITIES. NO CHARGES WOULD BE ESTABLISHED FOR THE MORE COMMON ACTIVITIES IN STATE PARKS.

THANK YOU.

NEIL C JOHANNSEN, DIRECTOR
DIVISION OF PARKS AND OUTDOOR RECREATION
DEPT OF NATURAL RESOURCES

1984 FEB 22 AM 10 08

Alaska State Legislature
HOUSE OF REPRESENTATIVES
COMMITTEE ON RESOURCES

JOHN RINGSTAD, CO-CHAIRMAN
RICHARD SHULTZ, CO-CHAIRMAN
POUCH V
JUNEAU, ALASKA 99811
(907) 465-3715

To: Committee Members

From: Committee Staff

Date: February 10, 1984

Re: CS HB 479

Committee staff, after reviewing HB 479, has discovered several statutory problems with the bill, thus felt it necessary to draft a committee substitute that has the very same intent, but with much cleaner language.

Section 1 of CS HB 479 writes language into the criminal code (AS 12.25) which allows an acception for people who have received a citation to not have to appear in court. This gives clear acception, where the original bill did not do this.

Section 2 clearly gives the park ranger enforcement authority to issue citations. This was not present in the original bill.

Section 3, -subsection (a) allows a peace officer arresting and citing authority in a state park or recreational facility.

-subsection (b) requires the State Supreme Court to establish a bail schedule for those offences committed inside a state park. This is the same as in the original bill, but new language allows for the DNR to aid in establishing the bail schedule (citation amount).

-subsection (c) is the same as in the original bill, but clarify the problem of people who forget to sign the citation. In the original bill, if a person forgot to sign the citation, but sent in the penalty money, the court could not deposit the money.

-subsection (d) is the same as in the original bill. This says that when you pay your bail, you are then formally convicted of the misdemeanor which you committed.

-subsection (e) is the same, less the last sentence, which is addressed in new subsection (f). Subsection (e) says that if a person fails to pay the bail amount, the citation then is considered a summons.

-subsection (f) is new language that just makes sure that the penalty imposed will not exceed the bail amount. With the original bill language, there was a question as to whether a judge could impose a higher penalty if the person lost his/her case.

Analysis of Fiscal Note for Bail Schedule legislation

Present System - Each person cited for a violation of a park regulation must go to court. If a Park Ranger cites an Anchorage person for a minor violation in Ninilchik, approximately ten days later the Ranger and the individual must attend the court session in Kenai. Both individuals spend at least one day in the Kenai court plus the cost of meals, lodging and transportation. These expenditures and inconveniences do not include the costs of a judge, court clerks, District Attorney and the correspondence necessary to document the case, which generally run $300-400 for each arraignment.

Proposed System - A bail schedule would establish a predetermined fee for violation of regulations or statues and the person would have the option of not contesting the citation and sending in the fee or challenge the violation and ask for a court appearance. It is anticipated that most people will elect not to challenge the citation and simply send in the fee. This would save money for the individual, the District Attorney's office, the courts and parks staff. The only cost we anticipate on this matter is for the printing of citation forms at an annual cost of $1000.00 to $2000.00. This is approximately what is spent on the existing citation program, so no real new costs should occurr. Because of the savings in costs for the state, the individual, and more efficient management of our Park Rangers, the Bail Schedule will be a cost-effective program.

DEPARTMENT OF PUBLIC SAFETY

POSITION PAPER - HB 479

Support

January 25, 1984

HB 479 - "An Act relating to issuance of citations ... within state parks and recreational facilities."

By allowing officers in the Department of Natural Resources to issue citations, the Alaska State Troopers and other law enforcement agencies are relieved of a responsibility that they have never been staffed to do properly.

Robert J. Sundberg
Commissioner

Official Business

Alaska State Legislature
House Resources Committee
SIGN-IN

FEB 10, 1984

HB 486
FEES

NAME	ADDRESS	PHONE	REPRESENTING
Neil Johannsen			State Park Director
Sam McDowell	Anch.	All	Supports Issack Walton League
~~Ron Somerville~~			

Official Business

Alaska State Legislature
House Resources Committee
SIGN-IN FEB 10, 1984

HB 479 CITATIONS

NAME	ADDRESS	PHONE	REPRESENTING
GAYLE HORETSKI	POUCH KC, JUNEAU	X 3428	DEPT. OF LAW
Sam McDowell	Anch. Ak 336 E 23rd 99503	272-6605	Izaak Walton League
Ron Somerville	Juneau	9-2399	Ak. Outdoor Council
NEIL PHELPS-MONSON	PUCH V	X 3720	SPEAKER
Neil Johannsen	225A Cordova Anch 99501	276-2653	State Park Director

the Resources 2/10/84
325 Goll, Lars, Cowd, Ochl, Ring

Does Goll put every Committee on which he sits to sleep.

00 Neil Johannsen – HB479

0054 Ochling – how much save – income source
trickle – savings in time

0068 Cowdery – major part of time?
Ranger – small part of time in enforcement

0087 Larson – ln 15, Pg 1 – Shall, except immediate circumstances –

0111 Larson – Penalty greater than bail w/o appearance
deferred to Gail Horetski

0122 Gail Horetski –
Described CS & why.

0146 – addressed Larson's concern – "may" issue citation

0185 Larson – Penalty the same –
"Ceiling" is constitutional requirement – greater ~~pen~~ can't assess court fees in addition to uniform bail amt.

0223 Goll – HB404 – Language recommended was "shall, except..."
Discussion ensued regarding "arrest" and the officers discretion

0326 Larson moved adoption of CS, u.c.

0335 Goll – asked about endorsement
– promise to appear

0360 Coll - requirement to ascertain identity.
AS 12.21.130 - general provisions of issuance of citation

0380 McDowell - as long as it doesn't compound problem

0440 Coll - What mean about compound
- citation will stick if written right.

0457 Somerville - AK Outdoor Council - still supports
mailable bonds -

HB486 - User fees

0487 Bettisworth - intro -

502 Tape turnover -

0515 Larson - Rec & Ed facilities -
One fee to cover use of all facilities w/in park

0524 Coll - repeal of AS 24....
Yes only change

0536 Cowdery - would you turn em out? If they couldn't pay?
- Would deny access - plenty of other places to go
- Some people like parks, security, facilities

0568 Coll - Help me understand... more densely populated
areas - but in sparsely - pop. areas like S.E.
Political Ramifications - wouldn't this make it more
restrictive, more difficult to get land set aside as parks
- No - legis. won't fund 12 million system -

0611 - Coll - $$
- m&O

0625 Larson - tea tax - More personnel to administer?
- F.N. 200,000 in, 97,000 out - Summer Youth programs
Est. fee? - not set yet

0655 - DNR expenses - Losing $ on many of their programs
Shouldn't we look at other programs
- Generally, yes.

0673 Neil Johannsen - Supports
- California experience after Prop. 13
- Alaska only state w/no fee system ← Horse of Wickersham 12 of 50 campg
- No program recepts - fee keeps vandalism down
- Most capture 25% through fee programs
USFS, NPS, BLM, private all charge -

0775 Larson - determined fees yet?
- Document proposal -
77 - 92% Compliance on self-registration

0843 Cowdery - list parks & fees in bill?
Would rather not - prefer flexibility to expand
Run ads in newsp.
Whatever may be necessary to inform public

0874 Coil - Political reaction to expand ~~suppo~~ parks
Only reasonable fees on parks worth the cost
Wouldn't expect backlash, would walk, not run

0939 Coil - no problem with people finding other places to camp to avoid fee. People prefer organized campground.

0969 Coil - rec & ed facilities - limit language?
- personally no problem w/ "historical sites & campgrounds"

Tape Change

0003 Vehling - Iron rangers? ½ time person?
- Safes. Bookkeeping, accounting.

0014 House of Wickersham - prohibited from other org. run
- no fees

0026 What charge - Hse of Wickersham - Flaming Sourdough
Probably less than currently.

0038 Larson - "state parks, park facilities, and historical sites"
Prohibit granting waivers.
- intent - may be waived for school outings.

0062 Larson - what percent is 200,000 on M&O
▲ $4 million -
Resident/non-resident variant
▲ some states do, some don't, some reprisal
90% federal grants.
18% non-resident users

0115 Goll - fishing licenses. really any impact?
▲ probably not - B.C/Yukon campgrounds

0162 Larson - Length of stay limited -
▲ depends on demand pressure for park
What percent are residential users?
▲ used to be much higher during pipeline days
less than 250 sites out of 3000 would be charged on

0210 Goll - language - parks & museums?
▲ prefer broad enough to allow latitude - campsites & conducted tours at historical sites

0258 Rung - Subcom - HB600 ~~Oil & G~~ Royalty Oil
Cowdery, Uehling, Rings., Vaska

0263 adjourned at 4:50

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date:

REQUEST
Bill/Resolution No.: HB 479
Title: "An act ... issuance of citations... within state parks."
Sponsor: Representative Hayes
Requestor:
Date of Request:

FISCAL DETAIL
Agency Affected: Public Safety
Program Category Affected: Administration of Justice
BRU, Program or Subprogram(s) Affected: Alaska State Troopers

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL	0.0	0.0	0.0	0.0	0.0	0.0
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND	0.0	0.0	0.0	0.0	0.0	0.0
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: Francis C. Allan F.C.A. mck Phone: 269-5691
Division: Alaska State Troopers Date: 01/25/84

Approved by Commissioner: Robert J. Sundberg Date: 1-31-84
Agency: Public Safety

Distribution (by Agency preparing fiscal note):
- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

12/1/83

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: 11/23/83

I. REQUEST

Bill/Resolution No.:
Title: Bail Schedule
Sponsor:
Requestor:
Date of Request:

II. FISCAL DETAIL

Agency Affected: Natural Resources
Program Category Affected: Div. of Parks
BRU, Program of Subprogram(s) Affected: Park Management/Operations

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Source)						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: Mike Lee
Phone: (907) 264-2123
Division: Parks
Date: 11/23/83

Approved by Commissioner:
Date:
Department: Natural Resources

Distribution:
Original to Legislative Finance
Copy to Office of Management and Budget (for Legislature introduced bills)
Copy to Department (for Governor introduced bills)
Copy to Sponsor
Copy to Requestor (if different from Sponsor)

9/14/83

Analysis of Fiscal Note for Bail Schedule legislation

Present System - Each person cited for a violation of a park regulation must go to court. If a Park Ranger cites an Anchorage person for a minor violation in Ninilchik, approximately ten days later the Ranger and the individual must attend the court session in Kenai. Both individuals spend at least one day in the Kenai court plus the cost of meals, lodging and transportation. These expenditures and inconveniences do not include the costs of a judge, court clerks, District Attorney and the correspondence necessary to document the case, which generally run $300-400 for each arraignment.

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HB

486

Attachment:
Summary
Statutes
Repealed Statutes in CS
Fiscal Note/DNA
Narrative/Ques & Answers/Park Fee Schedule
Draft/CS

SUMMARY: HB 486 "An Act authorizing fees for the use of state park facilities; and providing for an effective date."

Purpose: To allow the State Park System to levy entry or user fees.

Sectional Analysis:

Section 1. AS 41.21 (Parks & Recreational Facilities) is amended by adding a new section "FEES FOR THE USE OF RECREATIONAL AND EDUCATIONAL FACILITIES"

(a) DNR to establish and collect fees with consideration of
1) state operating cost of facility
2) similar fees charged by private sector
3) administration of fee collection program
4) public interest

(b) DNR to report to legislature (10 days of session) to report:
1) revenue generated
2) administering fees (cost)
3) public input on fees

Section 2. Immediate effective date

Workdraft Committee Substitute:

Section 1. Same as above

Section 2. AS 28.10.411(e) repealed (Statute attached)

Motor Vehicle registration/ providing for entrance into State Parks is currently provided for here.

* (CSHB486) -Effects of Repealer - allows for all park users to pay fees

* (HB486) Without Repealer - residents will not pay fees that are already paid with vehicle registration and non-residents will be charged fees.

*per Dick Bradley, Legal Services

unless the context

ed in AS 41.17.043;
bicides, fungicides,

l purposes;
being applied; and
lfare of renewable
nvironmental con-

atural resources;
ral Resources;

een stocked with
for nonforest use,
le for commercial
nicipal, or private

orest land:

of forest land so
neet the needs of
e of the land for
its, and services
ide for periodic
conditions;
e resources; and
f the various
pairment of the
being given to
necessarily the
return or the

ties associated
exempted under

per harvesting
development,
that person,
mployee with

ntities set out

he land and
in prolonged
d or substan-

tial reduction of the continuing capability of the land or water to produce renewable resources at their natural or historic levels;

(13) "silviculture" means the art of producing and tending a forest, the application of the knowledge of silvics in the treatment of a forest, and the theory and practice of controlling and managing forest establishment, composition, and growth;

(14) "state forest" means an area which is retained in state ownership in order to

(A) provide a base for sustained yield management of renewable resources; and

(B) permit a variety of beneficial uses;

(15) "sustained yield" means the achievement and maintenance in perpetuity of a high level annual or regular periodic output of the various renewable resources of forest land and water without significant impairment of the productivity of the land and water, but does not require that timber be harvested in a non-declining yield basis over a rotation period; and

(16) "timber owner" means a person who owns timber on forest land or who has the rights to timber, but does not own the land itself. (§ 1 ch 108 SLA 1978; am § 88 ch 59 SLA 1982)

Revisor's notes. — In 1983 paragraphs (12) — (16) were reorganized to place the terms defined in alphabetical order.

Effect of amendments. — The 1982 amendment substituted "forestry" for "forest, land, and water management" in paragraph (5).

NOTES TO DECISIONS

The "sustained yield principle" as used in Alas. Const. art. VIII, § 4 accords with the definition set forth in AS 38.04.910(10), and the added language in the definition of "sustained yield" in this section that it "does not require that timber be harvested in a nondeclining yield basis over a rotation period"; and it should be read as permitting timber cutting at a level that cannot be sustained over a forest rotation period only in unusual circumstances. Southeast Alaska Conservation Council, Inc. v. State, Sup. Ct. Op. No. 2662 (File No. 5855), P.2d (1983).

Chapter 20. Parks and Recreational Facilities.

[Renumbered as AS 41.21.010 — 41.21.990.]

Chapter 21. Parks and Recreational Facilities.

Article

1. Administration (§§ 41.21.010 — 41.21.040)
2. State Parks (§§ 41.21.110 — 41.21.167)
3. Alaska Marine Parks (§§ 41.21.300 — 41.21.306)
4. State Recreation Areas (§§ 41.21.410 — 41.21.490)
5. Wildlife Preserves (§§ 41.21.610 — 41.21.630)
6. Roadside Rests, Beaches (§§ 41.21.800 — 41.21.805)

7. Trails, Footpaths and Campsites (§§ 41.21.850 — 41.21.872)
8. Miscellaneous Provisions (§§ 41.21.900 — 41.21.918)
9. General Provisions (§§ 41.21.950 — 41.21.990)

Article 1. Administration.

Section
10. Purpose
20 Duties of Department of Natural Resources
25. Zoning of private land within state parks
30. Disposition of funds
40. Division within department

Collateral references. — 59 Am. Jur. 2d, Parks, Squares and Playgrounds, §§ 1 — 15; 63 Am. Jur. 2d, Public Lands, § 17. 81A C.J.S., States, §§ 138, 145 — 150.

Statutes relating to establishment or administration of parks as encroachment on right of local self-government, 88 ALR 228.

Sec. 41.21.010. Purpose. It is the purpose of AS 41.21.010 — 41.21.040 to foster the growth and development of a system of parks and recreational facilities and opportunities in the state, for the general health, welfare, education, and enjoyment of its citizens and for the attraction of visitors to the state. (§ 1 ch 158 SLA 1959)

Revisor's notes. — Formerly AS 41.20.010. Renumbered in 1983.

Sec. 41.21.020. Duties of Department of Natural Resources. The Department of Natural Resources shall

(1) develop a continuing plan for the conservation and maximum use in the public interest of the scenic, historic, archaeologic, scientific, biological, and recreational resources of the state;

(2) plan for and develop a system of state parks and recreational facilities, to be established as the legislature authorizes and directs;

(3) acquire by gift, purchase, or transfer from state or federal agencies, or from individuals, corporations, partnerships or associations, land necessary, suitable and proper for roadside, picnic, recreational or park purposes;

(4) control, develop and maintain state parks and recreational areas;

(5) provide for the acquisition, care, control, supervision, improvement, development, extension and maintenance of public recreational land, and make necessary arrangements, contracts or commitments for the improvement and development of land acquired under AS 41.21.010 — 41.21.040;

(6) adopt, in accordance with this section and the Administrative Procedure Act (AS 44.62), regulations governing the use and

designating incompatible uses within the boundaries of state park and recreational areas to protect the property and to preserve the peace;

(7) cooperate with the United States and its agencies and local subdivisions of the state to secure the effective supervision, improvement, development, extension, and maintenance of state parks, state monuments, state historical areas, and state recreational areas, and secure agreements or contracts for the purpose of AS 41.21.010 — 41.21.040;

(8) encourage the organization of state public park and recreational activities in the local political subdivisions of the state;

(9) provide for consulting service designed to develop local park and recreation facilities and programs;

(10) provide clearing-house services for other state agencies concerned with park and recreation matters; and

(11) perform other duties as are prescribed by executive order or by law;

(12) maintain memorials to Alaska veterans located in state parks;

(13) adopt, in accordance with the Administrative Procedure Act (AS 44.62), regulations governing the use of the Chena River State Recreation Area and designating incompatible uses within the boundaries of the Chena River State Recreation Area in accordance with AS 41.21.490. (§ 2 ch 158 SLA 1959; am § 1 ch 233 SLA 1970; am § 3 ch 30 SLA 1981; am §§ 1, 2 ch 78 SLA 1981)

Revisor's notes. — Formerly AS 41.20.020. Renumbered in 1983.

The present second sentence of AS 41.21.490 was originally enacted as part of (13) of this section and was transferred, with appropriate minor word changes in (13) of this section in 1981. Two paragraphs (12) were added by the 1981 amendments. The paragraph added by the second amendment was renumbered as (13).

Cross references. — For power of the department of military affairs to construct memorials to veterans, see AS 44.35.030.

Effect of amendments. — The first 1981 amendment added paragraph (12).

The second 1981 amendment made minor word changes in paragraph (6) and added paragraph (13).

Collateral references. — Grant of licenses or special privileges in parks, 18 ALR 1263; 63 ALR 484; 144 ALR 486.

Use to which park property may be devoted; power of legislature or state officers, 18 ALR 1266; 63 ALR 484; 144 ALR 486.

Sec. 41.21.025. Zoning of private land within state parks. (a) The department may adopt, under the Administrative Procedure Act (AS 44.62), zoning regulations governing private property within the boundaries of state parks established under this chapter.

(b) Land patented to or under interim conveyance to a regional or village native corporation under 43 U.S.C. 1601-1628 (P.L. 92-203, Alaska Native Claims Settlement Act) which falls within a state park boundary is subject to the zoning regulations provided for under (a) of this section only if the affected regional or village native corporation consents to or fails to reject the zoning regulations within 60 days from the date they are submitted to the effected corporation.

title fee required under § 441 of this chapter, the department shall issue a new certificate of title. (§ 7 ch 178 SLA 1978)

Article 5. Fees and Charges.

Section
411. Registration fees levied
421. Registration fee rates
431. Annual motor vehicle registration tax
441. Schedule of other fees and charges

Sec. 28.10.411. Registration fees levied. (a) For every year during any part of which a vehicle is subject to registration under this chapter, a registration fee shall be paid to the department at the time of original registration and at each annual renewal of registration after that time.

(b) Motor carrier and bus transportation fees paid on vehicles subject to the Alaska Motor Freight Carrier Act (AS 42.10) and the Alaska Bus Act (AS 42.15) shall be paid to the department at the same time the registration fee is paid.

(c) A resident 65 years of age or older is entitled to an exemption from tax under this section for one motor vehicle subject to registration. No exemption may be granted except upon written application for the exemption on a form prescribed by the department.

(d) The Department of Community and Regional Affairs shall pay to the borough and to the city in which a person who is granted an exemption under (c) of this section resides an amount equal to the tax levied under § 431(b) of this chapter regardless of whether the borough or city is eligible for the tax levied under that section.

Repeal

(e) Notwithstanding any other provision of law, the fees paid for registering a vehicle under § 421(b)(1), (2), (5), (6) or (d) of this chapter shall include all fees required for entry into and use of a state park or campground. (§ 7 ch 178 SLA 1978)

Sec. 28.10.421. Registration fee rates. (a) Unless otherwise provided by law, the fees prescribed in this section shall be paid to the department at the times provided under §§ 101—111 of this chapter.

(b) The annual registration fees under this subsection are imposed within the following classifications for:

(1) a passenger vehicle or motor home not used or maintained for the transportation of persons or property for hire or for other commercial use $30;

(2) a pick-up truck or a van not exceeding 6,000 pounds unladen weight and not used or maintained for the transportation of persons or property for hire or for other commercial use $35;

(3) a taxicab $65;

(4) a motor bus with a seating capacity for 20 or more persons and used exclusively for commercial purposes in the transporting of visitors or tourists $80;

(5) a motorcycle or a motor-driven cycle $15;

(6) a two- or four-wheeled trailer not used or maintained for the transportation of persons or property for hire or for other commercial use, including, but not limited to, a boat trailer, baggage trailer, box trailer, utility trailer or house trailer . . . . . $ 5.

(c) The annual registration fees under this subsection are imposed and are based upon the actual unladen weight as established by the manufacturer's advertised weight or upon the actual weight which the owner shall furnish, subject to the approval of the commissioner or his representative, for a vehicle, including a motor vehicle pulling a trailer or semi-trailer, used or maintained for the transportation of passengers for hire, excepting taxicabs and buses under (b) of this section, or for the transportation of property for hire or for other commercial use, including a commercial vehicle such as a trailer, semi-trailer, truck, wrecker, tow car, hearse, ambulance, and tractor, as follows:

(1) up to and including 5,000 pounds $45;

(2) more than 5,000 pounds to and including 12,000 pounds . . $80;

(3) more than 12,000 pounds to and including 18,000 pounds . . $150;

(4) more than 18,000 pounds . . . . . $215.

(d) The special registration fees under this subsection are imposed annually, unless otherwise specified, for:

(1) an historic vehicle (one time only upon initial registration under § 181 of this chapter) $10;

(2) special request plates . . . . . $20; plus the fee required for that vehicle under (b)(1) or (2) of this section;

(3) a vehicle owned by a disabled veteran or other handicapped person, and registered under § 181 of this chapter or a resident 65 years of age or older who complies with § 411(c) of this chapter . . . . . none;

(4) a vehicle owned by the state . . . . . none;

(5) a vehicle owned by an elected state official . . . . . the fee required for that vehicle under (b) of this section;

(6) a vehicle owned by a consular officer, unless waived under § 181 of this chapter $30;

(7) a vehicle owned by a rancher, farmer, or dairyman and registered under § 181 of this chapter $30;

(8) a snowmobile or off-highway vehicle . . . . . $ 5;

(9) an amateur mobile radio station vehicle,

(A) with a transceiver capable of less than 5-band operation . . . . . the fee required for that vehicle under (b) or (c) of this section;

(B) in recognition of his service to the public: a mobile amateur radio station owned by an amateur with general class or higher license, provided the station must be satisfactorily proved capable of operating on at least five bands between 160 through 10 meters, must have an antenna, and must have a power supply and wiring as a permanent part of the vehicle; the transmitting unit may be removed from the car for service or dry storage . . . . . none for a mobile amateur radio station vehicle included in b(1) or (2) of this section;

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: 2/3/84

REQUEST
Bill/Resolution No.: HB 486
Title: State Park Facility Fees

Sponsor: Bettisworth
Requestor:
Date of Request: 2/2/84

FISCAL DETAIL
Agency Affected: Natural Resources
Program Category Affected: NRM&EC

BRU, Program or Subprogram(s) Affected:
Parks, Park Management/Operations

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES		13.5	14.0	14.6	15.2	15.8
200 TRAVEL						
300 CONTRACTUAL		3.0	4.5	4.5	4.5	4.5
400 SUPPLIES		1.5	1.5	1.5	1.5	1.5
500 EQUIPMENT		3.0				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING		21.0	20.0	20.6	21.2	21.8
CAPITAL		35.7	17.9	17.9	-0-	-0-
REVENUE		200.0	210.0	231.0	254.1	280.0

FUNDING: (Thousands of Dollars)

GENERAL FUND		56.7	37.9	38.5	21.2	21.8
FEDERAL FUNDS						
OTHER						
TOTAL		56.7	37.9	38.5	21.2	21.8

POSITIONS:

FULL-TIME						
PART-TIME		1	1	1	1	1
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: Al Meiners/Mike Lee/Mary Halloran
Phone: 265-4506, 465-2407
Division: Parks/Management
Date: 2/2/84

Approved by Commissioner: Robert D Arnold Deputy
Date: 2/3/84
Agency: Department of Natural Resources

Distribution (by Agency preparing fiscal note):
- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

12/1/83

Fees in Alaska State Parks

How long have fees for recreatio[illegible]rged?

Of the 50 state park systems in the [illegible] States, Alaska stands alone in not levying any entry or user fees for [illegible]ities. Within Alaska, the U.S. Forest Service, National Park Servi[illegible] Fish & Wildlife Service, the Bureau of Land Management, Municipal [illegible]grounds and (obviously) private campgrounds have fees. Alaska State Parks' 3,000 campsites are free.

At the federal level, systematic fee collection in the National Park System was instituted by President Franklin D. Roosevelt. Years later, in 1951, the U.S. Congress passed legislation requiring that facilities providing "service, benefit or privilege should be self-sustaining to the full extent possible" (65 STAT. 290). In 1964 the Congress passed legislation specifically calling for recreation user fees as part of the Land and Water Conservation Fund Act. Since 1964 federal acts dealing with user fees have been constantly updated. The federal effort clearly targets recapturing a portion of park and recreation area operation and maintenance costs nationwide.

Has Alaska State Parks ever charged user fees for recreation?

Yes. Through the Alaska Administrative Code 11 AAC 12.310 fees were authorized. The Division of Parks utilized an annual $10.00 entrance fee. Individuals were given a decal that could be affixed to a vehicle allowing access for the entire year.

When was the fee stopped?

The fee was stopped by the passage of a somewhat obscure piece of legislation in a body of law dealing primarily with motor vehicles in 1978, AS 28.10.411(d).

Why should we charge fees again?

Times have changed. In 1978 Alaska was in the beginning of a period of record high government spending. Today the tables are turned. Revenue is tight and it will continue to decline.

How do people react to user fees and will they pay?

Surprisingly more than half of campground users will normally pay without hesitation. In British Columbia up to 80% compliance has been recorded. With limited staff contact they experienced 96% compliance from users.

Even closer to home, here in Alaska, the U.S. Forest service charges campground fees of $5.00 per night. Their program gets 77% user compliance and up to 92% user compliance when campground hosts are used.

What method would Alaska State Parks use to charge fees and is it really worth it?

Research tells us that "iron rangers" appear to be the most practical method. The iron ranger is essentially a self-registration station that is virtually vandal proof. Staff time is very limited, installation is cheap, maintenance is minimal and user compliance elsewhere with this system is good to excellent. By using Campground Hosts (Volunteers in Parks) to contact campers, we expect to increase user compliance and understanding of the fee system.

Exactly what kind of fees would be charged?

Only overnight camping fees and a tour fee for the House of Wickersham. People who overnight in parks utilize the full range of facilities provided and logically should pay to help defray the costs of operating and maintaining the campgrounds. The House of Wickersham, a non-profit foundation, is invisioned which would support its existence through tour fees.

How much revenue do other states generate and what could Alaska expect to earn?

The more heavily populated states like California and Michigan collect $18,000,000 and $5,000,000 annually. Over 15 other states earn over $1,000,000 and 33 states generate over $500,000 each year. Preliminary analysis here allows us to predict first year revenues of $300,000. Usually revenue goes up after the first year.

Do we expect any other benefits from user fee collection?

Yes, research confirms that vandalism and other depreciative behavior decline noticeably in areas where user fees are charged. This saves money and allows existing operations money to improve, rather than repair facilities.

Exactly how much will our campers pay?

Ten, six and three dollars per night, per campsite. Rates will be structured with higher fees for campgrounds with the most amenities/services. Most of the small, remote and rustic vehicle campgrounds will remain free.

What do Alaska's private campground operators think of the idea?

Each operator we have contacted favors the idea. Private operators have long felt free state campgrounds were unfair competition.

Facility, Revenues

Facility	rate $	x (%mean occupancy	x facility capacity)	x number days open	x compliance rate	= annual revenue $
DISTRICT						
Chugach A	10	80	30	150	85%	36,720
Chugach B	6	70%	25	120	55%	6,930
Chugach C	3	50%	17	90	50%	1,148
Southeast B	6	50%	64	120	70%	16,128
Southeast C	3	30%	13	120	50%	702
Interior A	10	80%	25	90	85%	15,300
Interior B	6	60%	161	90	70%	36,514
Interior C	3	60%	136	90	60%	13,219

STATE PARK FEE
SCHEDULE

A $10.00	B $6.00	C $3.00	D FREE	H TBA
1. Flush toilets	1. Vaulted latrines	1. Vaulted or pit latrines	1. Vaulted or pit latrines or no latrines.	Fees for these areas may be charged if demand for facility is high enough and if facility has a finished product to offer
2. Running water	2. Clearly defined spaces	2. Spaces not clearly defined.	2. Dirt roads and pads.	
3. Individual spaces with separation.	3. Recent major maintenance and upgrading.	3. Roads hard packed dirt or sand.	3. Facilities minimum or lacking.	I.e. Independence Mine SHP Yes Fort Abercrombie SHP - No for historic portion.
4. Campground Host on duty - Ranger/maintenance staff. Daily on grounds.	4. Hand pump or running water.	4. With or without drinking water.	4. May be no drinking water.	
5. Close to or within major population center.	5. Road surfaced with gravel.	5. No host - Rangers/Maintenance. Staff intermittantly.	5. Sporadic or infrequent maintenance and enforcement.	
6. Proximity to good roads.	6. Single entrance.	6. May be remote from hard surfaced roads or major highways.	6. Multiple entrances.	
7. May have dump station.	7. Rangers/maintenance Staff/Volunteer Host frequently on grounds.		7. Fewer than 6 over night spaces.	
8. Single entrance.			8. More than 40 miles from maintenance station.	

Province of
British Columbia
Ministry of
Lands, Parks
and Housing

FORUM

SELF REGISTRATION IN PARKS A SUCCESS

Will B.C. campers voluntarily register and pay for campground use when there isn't an official there to ask for their money? The answer is an overwhelming "yes", as the Parks and Outdoor Recreation Division showed this year in 52 provincial parks.

Two years ago, the division launched a pilot program of self-registration fee collections in seven parks, then increased it to 11 parks in 1979 and 52 this year. The objective was to monitor both the response of campers and the effectiveness from an operations standpoint. It has proven to be an entirely valid system for both users and operators.

B.C. was the first Canadian province to use the self-registration system, but credit for its organization goes to the U.S. Forest Service, which pioneered it in the early 1970's.

The principle behind self-registration is simple: the responsibility for registering and paying camping fees falls to the camper rather than park staff. The advantage to campers is obvious: convenience. They can now pay their fee when they arrive instead of waiting for a collector to come around at a specified time. They can also pay in advance for as many nights as they wish. Assuming they do (and statistics now show this to be an entirely valid assumption), fee collectors are now free to work in other areas of park operations to improve service to the public.

The implementation of the system is also fairly simple: as campers enter the campground, a sign advises them that attendants do not collect fees. Campers are asked to select a site, then go to the self-registration station and pay. At these fee stations, strategically located in the campground, envelopes are provided, the camper fills in the registration information, puts the fee in the envelope, seals it, and deposits it in a vault, first tearing off the receipt stub. During the evening, park staff check each vault to ensure payment has been received.

During the two year period, the average voluntary compliance rate was over 80% and, when additional information, instructions, or reminders were given, the average was a stunning 96%! This rate is as high as that achieved with traditional methods of fee collection. Based on B.C.'s experimental program, Yoho National Park started a similar system in the summer of 1979. Their volunteer compliance averaged 92% — another indication of the system's viability and people's basic honesty!

To get public reaction to the new system, the division monitored some of the 20,000 camping parties who participated in the 1978 pilot program. At that time, users did not show any strong objections to the system. They were undecided as to whether or not there was a decrease in contact with staff and it was generally felt there were no problems with change, foreign currency (American) or the instructions. They did, however, remark on the appearance of the fee station, because it did not blend with park environment. This response was welcomed because the fee stations and vaults were designed to be easily identified.

As with most new concepts, improvements are an integral part of their success. The self-registration system was no exception. Several recommendations were made by field staff and improvements and modifications were made.

Ron Kerr of the Parks and Outdoor Recreation Division Operations Branch demonstrates the self-registration fee system. Ron is filling out the permit envelope following the instructions on the sign. In the foreground is the vault where Ron will deposit the permit envelope and camping fee.

LOOK FOR CHANGES IN FORUM

The upcoming issues of the *Forum* newsletter will reflect some of the changes suggested by many of you in completing the recent questionnaire. The answers to the questionnaires are being tabulated and a summary will be printed in the next issue. As you have no doubt noticed, *Forum* already looks different! Keeping in mind your comments, other changes will be incorporated into future issues, thereby hopefully making *Forum* the most informative and well-read newsletter put out by any ministry.

Your on-going comments are welcome at any time. Many thanks to all of you who took the time to complete the questionnaire.

The Editor

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: 2/3/84

REQUEST
Bill/Resolution No.: HB 486
Title: State Park Facility Fees

Sponsor: Bettisworth
Requestor:
Date of Request: 2/2/84

FISCAL DETAIL
Agency Affected: Natural Resources
Program Category Affected: NRM&EC

BRU, Program or Subprogram(s) Affected:
Parks, Park Management/Operations

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES		13.5	14.0	14.6	15.2	15.8
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300 CONTRACTUAL		3.0	4.5	4.5	4.5	4.5
400 SUPPLIES		1.5	1.5	1.5	1.5	1.5
500 EQUIPMENT		3.0				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING		21.0	20.0	20.6	21.2	21.8
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FEDERAL FUNDS						
OTHER						
TOTAL		56.7	37.9	38.5	21.2	21.8

POSITIONS:

FULL-TIME						
PART-TIME		1	1	1	1	1
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: Al Meiners/Mike Lee/Mary Halloran
Phone: 265-4506, 465-2407
Division: Parks/Management
Date: 2/2/84

Approved by Commissioner: Robert D Arnold
Date: 2/3/84
Agency: Department of Natural Resources Deputy

Distribution (by Agency preparing fiscal note):
- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

12/1/83

Alaska State Legislature
HOUSE OF REPRESENTATIVES
COMMITTEE ON RESOURCES

JOHN RINGSTAD, CO-CHAIRMAN
RICHARD SHULTZ, CO-CHAIRMAN
POUCH V
JUNEAU, ALASKA 99811
(907) 465-3715

MEMORANDUM

To: House Resource Committee Members

From: Committee Staff

Date: February 22, 1984

Re: CSHB 486

The only difference between this new CS and the original CS can be found on lines 13 and 14.

Initially the language had been more of a general nature in that fees could be levied for the use of recreational and educational facilities.

With the new language contained in the latest CS, fees can only be charged for the use of developed campsites, guided tours of historical sites, and public use cabins.

The original fiscal note has not been altered by the change in language.

These changes have been made with the concurrence of both the sponsor and the Director of the Division of Parks.

HB

518

Alaska State Legislature
HOUSE OF REPRESENTATIVES
COMMITTEE ON RESOURCES

JOHN RINGSTAD, CO-CHAIRMAN
RICHARD SHULTZ, CO-CHAIRMAN
POUCH V
JUNEAU, ALASKA 99811
(907) 465-3715

TO: House Resources Members

From: Committee Staff

DATE: March 25, 1984

RE: CSHB 5[redacted], ESTABLISHING A FISHERIES BUSINESS TAX CREDIT

Section one: This section sets up the fisheries business tax credit program. Under the program a fish processor is entitled to receive a credit of not more than 50% of its raw liability for capital investments in shore-based facilities. The program has a consecutive five year eligibility period for each fish processor, which the processor can initiate in any year through 1988. Fish processors will be allowed to carry eligible investments forward during their five year period, but will be unable to begin a tax credit for an item which has already been credited under this program.

This section also provides for an annual report to the legislature on the benefits and utilization of this tax credit program (to begin in 1986).

Section two: This section provides that the calculation of raw fish tax refunds to local governments will not change and will continue as if the raw fish tax credit did not exist.

Section three: This section puts the definition of "capital expenditure" in the statutes under the definition section of Chapter 75.

Section four: This section repeals the raw fish tax program in 1993; after all eligibility under the program has expired.

Alaska State Legislature

HOUSE OF REPRESENTATIVES

COMMITTEE ON RESOURCES

JOHN RINGSTAD, CO-CHAIRMAN
RICHARD SHULTZ, CO-CHAIRMAN
POUCH V
JUNEAU, ALASKA 99811
(907) 465-3715

TO: House Resources Members

From: Committee Staff

NEW VERSION

DATE: April 2, 1984

RE: CSHB 518(Res), ESTABLISHING A FISHERIES BUSINESS TAX CREDIT

Section one: This new section deletes the word "cannery" and replaces it with "fisheries business". This action cleans up the statutes because in the definition section of Chapter 75, AS 43.75.140(3), "cannery" is defined as a "fisheries business". AS 43.75.140(3) states:

> (3) "fisheries business" means a person who engages in processing fisheries resources for sale by freezing, cooking, salting, or other method and includes but is not limited to canneries, cold storages, freezer ships, and processing plants.

Also, throughout the original committee substitute bill, the word "cannery" has been deleted because the words "fisheries business" already defines "cannery" in the definition section of this chapter.

Section two: This section sets up the fisheries business tax credit program. Under the program a fish processor is entitled to receive a credit of not more than 50% of its raw liability for capital investments in shore-based facilities. The program has a consecutive five year eligibility period for each fish processor, which the processor can initiate in any year through 1988. Fish processors will be allowed to carry eligible investments forward during their five year period, but will be unable to begin a tax credit for an item which has already been credited under this program.

This section also provides for an annual report to the legislature on the benefits and utilization of this tax credit program (to begin in 1986).

Section three: This section provides that the calculation of raw fish tax refunds to local governments will not change and will continue as if the raw fish tax credit did not exist.

Section four: This section puts the definition of "capital expenditure" in the statutes under the definition section of Chapter 75. This is language from the Department of Revenue.

Section five: This section repeals the raw fish tax program in 1993; after all eligibility under the program has expired.

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date 03/26/84

REQUEST
Bill/Resolution No: CSHB 518(Fish)
Title: Fisheries Business Tax Credit

Sponsor: Zharoff, Grussendorf
Requestor: H. Resources
Date of Request:

FISCAL DETAIL
Agency Affected: Department of Revenue
Program Category Affected: Collection and Management
BRU, Program of Subprogram(s) Affected: Audit Division

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES	-	-	-	-	-	-
200 TRAVEL	-	2.0	-	-	-	-
300 CONTRACTUAL	-	1.0	-	-	-	-
400 SUPPLIES	-	-	-	-	-	-
500 EQUIPMENT	-	-	-	-	-	-
600 LANDS & STRUCTURES	-	-	-	-	-	-
700 GRANTS, CLAIMS	-	-	-	-	-	-
800 MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	-	3.0	-	-	-	-
CAPITAL	-	-	-	-	-	-
REVENUE	-	(7,250.0)	(7,250.0)	-	-	-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	3.0	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
TOTAL	-	3.0	-	-	-	-

POSITIONS:

FULL-TIME	-	-	-	-	-	-
PART-TIME	-	-	-	-	-	-
TEMPORARY	-	-	-	-	-	-

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis.

Prepared By: Maureen O'Brien
Phone: 465-2320
Division: Audit Division
Date:

Approved by Commissioner: Bruce Botelho
Date: 3/29/84
Agency: Revenue

Distribution (by Agency preparing fiscal note):
- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

Analysis for CSHB 518(Fish):

Travel $2.0 - passage of CS HB 518 will require the Audit Division to draft regulations and conduct public hearings throughout the state. Air fare and per diem costs are estimated at $2,000 for travel to Ketchikan, Anchorage and Kodiak by one Audit Division employee.

Contractual services $1.0 - conducting public hearings requires the presence of a court reporter and advertising in state-wide newspapers.

The above estimates are derived from the Revenue Sources January 1984 projections for fisheries business taxes, and provide for tax credits effective in FY 85. The estimates reflect the maximum revenue loss the state would experience if all fisheries business tax returns for shore-based canneries and shore-based fisheries businesses applied for a 50 percent tax credit, and were subsequently approved by the department. It should be noted that although the fish processors would be the primary beneficiaries of the tax credit, there exists the possibility in certain cases where, if the processors are given a 50 percent credit and the remaining 50 percent is refunded to local governments per AS 43.75.130, the state could eventually not receive any revenues from those fisheries business taxes.

Estimates are duplicated for FY 86 and not shown beyond since price/catch projections are unknown.

Sec. 43.75.130. Appropriations to Commercial Fishing and Agriculture Bank. [Repealed, § 20 ch 117 SLA 1981.]

Sec. 43.75.140. Definitions. In this chapter

(1) "department" means the Department of Revenue;

(2) "developing commercial fish species" means those species of fish and shellfish annually designated by the commissioner of fish and game under AS 16.05.050(12);

(3) "fisheries business" means a person who engages in processing fisheries resources for sale by freezing, cooking, salting, or other method and includes but is not limited to canneries, cold storages, freezer ships, and processing plants;

(4) "fishery resource" means fin fish, shellfish and fish by-products, including but not limited to salmon, halibut, herring, flounder, crab, clam, cod, shrimp, and pollock;

(5) "floating fisheries business" means a fisheries business which is not a shore-based fisheries business; the term includes, but is not limited to, a shore-based fisheries business as defined in (6)(B) of this section when it is removed from the state;

(6) "shore-based fisheries business" means a fisheries business

(A) operated from a facility which is permanently attached to the land; or

(B) operated from a facility which remains in the same location in the state for the entire tax year;

(7) "taking" means pursuing, fishing, capturing, or harvesting a fisheries resource in any manner;

(8) "value" means the actual price paid for the fisheries resource by the fisheries business, including indirect consideration such as fuel, supplies, or gear, whether paid at the time of purchase of the fisheries resource or tendered as a deferred or delayed payment, except that "value" means the market value of the fishery resource if the taking of the fishery resource is done in company-owned or company-subsidized boats operated by employees of the fisheries business or in boats which are operated under lease or other arrangement. (§ 3 ch 79 SLA 1979; am § 46 ch 94 SLA 1980; am § 46 ch 113 SLA 1980; am §§ 11, 12 ch 117 SLA 1981).

Revisor's notes. — Reorganized in 1983 to alphabetize the defined terms.

Effect of amendments. — The first and second 1980 amendments both repealed the definition of "year".

The 1981 amendment added "the taking of" preceding "the fishery resource" and substituted "done" for "procured" preceding "in company-owned" in the definition of "value". The amendment also added the definition of "taking".

Chapter 76. Salmon Enhancement Tax.

Section

10. Three percent salmon enhancement tax
11. Two percent salmon enhancement tax
15. Election to approve or terminate salmon enhancement tax
20. Termination of salmon enhancement tax
25. Collection of tax and disposition of proceeds
28. Liability for tax on salmon shipped from state
30. Accounting of financing received as a result of the salmon enhancement tax
40. Definition

Editor's notes. — For findings and purpose of enacting legislation, see § 1, ch. 154, SLA 1980, in the Temporary and Special Acts.

What is a Fisheries business - Compared to Cannery?

Hein
3/26/84

DRAFT

Original sponsors: Zharoff and Grussendorf

IN THE HOUSE BY THE RESOURCES COMMITTEE

CS FOR HOUSE BILL NO. 518 (Resources)

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTEENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act establishing a fisheries business tax credit."

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

* Section 1. AS 43.75 is amended by adding new sections to read:

Sec. 43.75.018. FISHERIES BUSINESS TAX CREDIT. (a) A cannery or fisheries business is entitled to a credit of not more than 50 percent of the cannery's or business's tax liability under AS 43.75.-015 for capital expenditures related to a shore-based cannery or a shore-based fisheries business facility in the state made during the tax year if an application for the credit is approved by the department.

(b) A cannery or fisheries business may claim a credit under (a) of this section for a maximum period of five consecutive years. An applicant for the credit may elect to begin the five-year period with any tax year from 1984 through 1988.

(c) The portion of a capital expenditure that exceeds the amount eligible for a credit under (a) of this section during a single tax year may not be carried back to a prior taxable year, but may be claimed as a credit under (a) of this section for a subsequent tax year within the five-year period elected under (b) of this section. In no event may tax credits be approved for more than 100 percent of a capital expenditure.

(d) The department may not approve a tax credit under (a) of this section if the property for which the capital expenditure was

made was the subject of a previous capital expenditure by another taxpayer for whom a corresponding tax credit under (a) of this section has been approved.

(e) The department shall adopt regulations providing for the application for a credit under (a) of this section and for the review and approval or disapproval of an application.

(f) The department shall approve or disapprove an application for a credit under this section not later than 60 days after receiving the application.

Sec. 43.75.019. TAX CREDIT REPORT. Not later than the 60th legislative day of each regular legislative session the Department of Revenue, in conjunction with the Department of Commerce and Economic Development, shall submit to the legislature a report on the fisheries business tax credit program under AS 43.75.018. The report shall describe the expenditures for which a credit was claimed during the previous tax year and, if possible, the increase in employment and processing capacity by the canneries and fisheries businesses for whom the credit was approved. Reporting under this section shall begin with the second regular session of the Fourteenth Alaska Legislature.

* Sec. 2. AS 43.75.130 is amended by adding a new subsection to read:

(b) For purposes of this section, tax revenue collected under AS 43.75.015 from a person entitled to a credit under AS 43.75.018 shall be calculated as if the person's tax had been collected without applying the credit.

* Sec. 3. AS 43.75.140 is amended by adding a new paragraph to read:

(9) "capital expenditures" includes the price paid for equipment and the costs of improvements made to depreciable property, but does not include expenditures that are deducted entirely for federal income tax purposes in the year in which they accrued or were

paid.

* Sec. 4. AS 43.75.018, 43.75.019, 43.75.130(b), and 43.75.140(9) are repealed June 30, 1993.

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date

REQUEST
Bill/Resolution No CS HB 518 (Fish)
Title: Act establishing a fisheries business tax credit.
Sponsor: Zharoff
Requestor: Special Comm. of Fisheries
Date of Request: January 18, 1984

FISCAL DETAIL
Agency Affected: Revenue
Program Category Affected:

BRU, Program of Subprogram(s) Affected:

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES	-	-	-	-	-	-
200 TRAVEL	-	2.0	-	-	-	-
300 CONTRACTUAL	-	1.0	-	-	-	-
400 SUPPLIES	-	-	-	-	-	-
500 EQUIPMENT	-	-	-	-	-	-
600 LANDS & STRUCTURES	-	-	-	-	-	-
700 GRANTS, CLAIMS	-	-	-	-	-	-
800 MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	-	3.0	-	-	-	-
CAPITAL	-	-	-	-	-	-
REVENUE	-	(7,250.0)	(7,250.0)	-	-	-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	3.0		-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
TOTAL	-	3.0	-	-	-	-

POSITIONS:

FULL-TIME	-	-	-	-	-	-
PART-TIME	-	-	-	-	-	-
TEMPORARY	-	-	-	-	-	-

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis.

Prepared By: Robert W. Elliott
Phone: 465-2173
Division: Research Section
Date: 01/19/84

Approved by Commissioner: Robert Elliott
Date: 1/24/84
Agency: Dept of Revenue

Distribution (by Agency preparing fiscal note):
- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

Travel $2.0 - passage of HB 518 will require the Audit Division to draft regulations and conduct public hearings throughout the state. Air fare and per diem costs are estimated at $2000 for travel to Ketchikan, Anchorage and Kodiak by one Audit Division employee.

Contractual services $1.0 - conducting public hearings requires the presence of a court reporter, and advertising in statewide newspapers.

The above estimates are derived from the Revenue Sources January 1984 projections for fisheries business taxes, and assume the legislation would become effective in FY 85. The estimates reflect the maximum revenue loss the state would experience if all fisheries business tax returns for shore-based canneries and shore-based fisheries businesses applied for a 50 percent tax credit, and were subsequently approved by the department. It should be noted that although the fish processors would be the primary beneficiaries of the tax credit, there exists the possibility in certain cases where, if the processors are given a 50 percent credit and the remaining 50 percent is refunded to local governments per AS 43.75.130, the state could eventually not receive any revenues from those fisheries business taxes.

Estimates are duplicated for FY 86 and not shown beyond since price/catch projections are unknown.

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date:

REQUEST
Bill/Resolution No. CSHB 518 (Fish)
Title: Fisheries business tax credit
Sponsor: Zharoff
Requestor:
Date of Request:

FISCAL DETAIL
Agency Affected: ADEC
Program Category Affected: None
BRU, Program or Subprogram(s) Affected: None

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: Richard Peifer Phone: 465-2600
Division: Seafood & Animal Industry Date: 1/24/84

Approved by Commissioner: [illegible] Date: 1/24/84
Agency: Department of Environmental Conservation

Distribution (by Agency preparing fiscal note):
- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

12/1/83

CS HOUSE BILL 518 (Fish)

An act establishing a fisheries business tax credit

POSITION PAPER

DEPARTMENT OF ENVIRONMENTAL CONSERVATION

The Department of Environmental Conservation supports the concept of this bill. Improvement of quality control and facilities, and development of new commercial fish species represent significant costs to the industry. These costs constitute a major deterrent to much-needed improvements in industry processing methods, facilities, and product quality.

The incentive offered by this legislation represents an investment in the economic future of the State of Alaska.

Dated: January 24, 1984

Richard A. Nevé
Commissioner
Department of Environmental
Conservaton

Letter of Intent to Accompany CSHB 51E (Fisheries)

It is the intent of the Legislature of the State of Alaska that the Fisheries Business Tax Credit program is enacted primarily for increasing capital investments in equipment relating to:

(1) processing developing commercial fish species;

(2) meeting quality control guidelines; and

(3) upgrading and modernization of existing processing facilities.

The program is designed to make capital available for investment in equipment for shorebased facilities within Alaska and not for purchase of land or processing facilities.

The Legislature expects eligible capital expenditures to be the price paid to acquire equipment, including costs of improvements and betterments made to property, but not expenditures which are taken as a deduction in computing federal taxable income for the taxable year.

Adelheid Herrmann

Adelheid Herrmann, Chair
House Special Committee on Fisheries

CITY OF KODIAK
RESOLUTION NUMBER 09-84

FEB 14 1984

A RESOLUTION OF THE COUNCIL OF THE CITY OF KODIAK SUPPORTING USE OF THE STATE PORTION OF THE RAW FISH TAX TO PROVIDE TAX CREDITS TO SHORE-BASED FISH PROCESSORS

WHEREAS, investment capital for onshore processing facilities is recognized as a top priority in Kodiak's fishing community; and

WHEREAS, because the Kodiak King Crab season did not open in 1983, and may not open in the near future, diversification is needed; and

WHEREAS, the potential growth of Kodiak's bottomfish industry makes it especially important that this segment of the processing industry be promoted,

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Kodiak, Alaska, that the Governor and the Legislature be and are hereby urged to provide raw fish tax credits against the State's fifty percent for upgrading and modernization of shore-based fish processing facilities.

BE IT FURTHER RESOLVED that copies of this resolution be forwarded to:

The Honorable Bill Sheffield, Governor of Alaska
The Honorable Stephen McAlpine, Lieutenant Governor of Alaska
All Alaska State Senators
All Alaska State Representatives
The Kodiak Island Borough
The Kodiak Area Chamber of Commerce

PASSED AND APPROVED this 9TH day of FEBRUARY, 1984.

CITY OF KODIAK

Jim R. Pick
MAYOR

ATTEST:

Marcella Walker
CITY CLERK

HB

529

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date:

REQUEST
Bill/Resolution No.: HB 529
Title: Veterans' discount on state land disposals
Sponsor: Uehling et al
Requestor:
Date of Request:

FISCAL DETAIL
Agency Affected: Natural Resources
Program Category Affected: NRMEC
BRU, Program or Subprogram(s) Affected: Land and Water Management

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING		-0-	-0-	-0-	-0-	-0-
CAPITAL		-0-	-0-	-0-	-0-	-0-
REVENUE		-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL		-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME		-0-	-0-	-0-	-0-	-0-
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: Sharon Barton Phone: 465-2400
Division: Commissioner's Office Date: 3-2-84

Approved by Commissioner: Robert D Amend, Director Date: 3-2-84
Agency: Department of Natural Resources

Distribution (by Agency preparing fiscal note):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)

12/1/83

CHAIRMAN
HOUSE SPECIAL COMMITTEE
ON STATE LOANS

VICE-CHAIRMAN
HOUSE RESOURCES COMMITTEE
HOUSE LABOR AND COMMERCE COMMITTEE

MEMBER
JOINT OIL & GAS COMMITTEE
HOUSE FINANCE SUBCOMMITTEE ON
ADMINISTRATION, REVENUE
AND THE GOVERNOR'S OFFICE

Alaska State Legislature

House of Representatives
Representative
RICK UEHLING

ANCHORAGE
DISTRICT 12-SEAT A
1634 JUNEAU DRIVE
ANCHORAGE, ALASKA 99501
(907) 274-4256

POUCH V
JUNEAU, ALASKA 99811
(907) 465-4921

M E M O R A N D U M

DATE: 29 February 1984

TO: Representative Ringstad

FROM: Representative Rick Uehling

SUBJECT: HB 529

You requested that I provide you with a synopsis of HB 529.

This bill creates a 25 percent discount for veterans, where none now exists, on the purchase price of state lands disposed of under land disposal programs that are not for commercial or industrial uses.

The discount only applies to the acquisition of surface rights to state land and may not be applied to survey costs, road costs, and utility assessments.

The discount also can be applied to the purchase of land from a sale restricted to veterans under AS 28.05.067.

In the Senate SB 324 has been incorporated into SB 375, the omnibus land bill for the Title 38 rewrite.

FEB 29 1984

STATE OF ALASKA
THE LEGISLATURE

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

M E M O R A N D U M February 29, 1984

SUBJECT: Sectional analysis of HB 529

TO: Representative Rick Uehling

FROM: Edward H. Hein EH
Legislative Counsel

Section 1 reestablishes a discount on the price of state land purchased by a veteran. Former AS 38.05.058, which was repealed in 1983, provided for a discount of 75 percent or $37,500, whichever was less. This bill provides a 25 percent discount. To be eligible a veteran must be at least 18 years of age, must have been a state resident for at least one year, must have served in the armed forces for at least 90 days, and must have received a discharge under honorable conditions. A veteran is entitled to only one discount. The discount may be applied to a purchase of surface rights to land, but not to survey costs, road development costs, utility assessments, or other costs specified by the commissioner of natural resources. The discount may be applied to land purchased in a sale restricted to veterans in accordance with AS 38.05.067.

Section 2 provides for an immediate effective date.

EHH:ojb
J4/021

State Land Programs*

LAND PROGRAM	TYPE OF LAND OFFERED	INTEREST GAINED	SIZE OF PARCEL	APPLICANT REQUIREMENTS: AGE	APPLICANT REQUIREMENTS: AK. RESIDENCY	METHOD OF DETERMINING WINNER	PRICE TO PURCHASER	TERMS	ON-SITE REQUIREMENTS FOR TITLE	MISCELLANEOUS PROVISIONS	FREQUENCY OF PARTICIPATION	OVER THE COUNTER
Lottery	1) Subdivisions 2) Small ag parcels 3) Odd lots	1) Fee title to subdivisions 2) Title to ag interest only 3) Fee title to odd lots	Any	18	1 year	Drawing	Appraised value	Five percent down, maximum 20-year payoff	Complete farm development plan on ag parcels, if required	Purchaser of ag parcels receives ag interest only.	One per eight years (may also purchase one parcel in major ag project every eight years)	Applies to remaining parcels
Homesite	Subdivisions	Entry permit/ fee title	Generally five acres or less	18	1 year	Drawing	Purchaser reimburses state for surveying, platting, and administrative costs	Payments for surveying and platting costs may be contracted for up to 20 years.	Construct dwelling within five years, occupy land 35 months within seven years	Entry permits are non-assignable.	One in a lifetime per household	Applies to remaining parcels
Remote Parcel	Unsurveyed acreage	Lease/fee title	Maximum 40 acres	18	1 year	1) Unlimited entry areas: First-come, first-served basis 2) Limited Entry areas: Drawing	Lease: $10 per acre per year Purchase: Appraised value as of date of lease	Five percent down, maximum 20-year payoff	Stake corners, brush property lines; survey parcel	Lease cannot be assigned, conveyed, or otherwise transferred. Land may not be sold, leased, conveyed, or subdivided for 10 years from date of sale contract. Program will be discontinued as of July 1, 1984.	One per eight years	1) Unlimited entry areas: Not applicable 2) Limited entry areas: Applies to remaining entry authorizations
Homestead	Unsurveyed acreage	Entry permit/ fee title	Up to 40 acres of non-ag land or up to 160 acres of ag land	18	1 year	Drawing or Open staking	1) Prove up: $5 per acre entry fee; surveying, platting, and improvement costs 2) Purchase: $5 per acre entry fee; surveying and platting costs; appraised value as of date of entry permit	1) Prove up: Not applicable 2) Purchase: Five percent down, maximum 20-year payoff	1) Prove up: Stake corners, brush property lines within 90 days, survey parcel within 2 years, construct dwelling within three years, occupy 25 months within five years. Also clear and prepare for cultivation 25 percent of ag land 2) Purchase: Stake corners, brush property lines within 90 days, survey parcel within 2 years. Also clear and prepare for cultivation 25 percent of ag land	1) Prove up: There are restrictions on the sale, lease, conveyance, and subdivision of land for five years after patent. 2) Purchase: There are restrictions on the sale, lease, and conveyance of land for five years after patent, and on the subdivision of land for 10 years after patent.	Once in a lifetime per person	When available
Agricultural Development Project	Ag parcels in large scale projects	Title to ag interest only	Any	18	Residency of up to one year may or may not be required	1) Drawing or 2) High bid at public auction	1) Appraised value or 2) High bid (minimum bid: appraised value)	Five percent down, maximum 20-year payoff	File an approved conservation plan; complete farm development plan	Ag. development project sales are not regularly scheduled, as they are funded directly by the legislature. Purchaser receives ag interest only.	One per eight years (may also purchase one parcel in lottery program every eight years)	Applies to remaining parcels
Auction	Any	Fee title	Any	18	None	High bid at public auction	High bid (minimum bid: appraised value)	Five percent down; maximum 20-year payoff	May be some on-site requirements		One parcel per auction	Applies to remaining parcels
Lease	Any	Temporary use	Any	18	None	1) High bid at public auction 2) May be negotiated for up to 5 years and $250 per year rent at fair value	Lease rate: 1) High bid or 2) Percentage of appraised value	Lease available up to 55 years	Not applicable	Development plan for commercial/industrial use may be required.	One parcel per auction	Applies to remaining parcels
Land-use Permit	Any	Temporary use	Not applicable	18	None	By application	User fees required for some activities	All permits, except for grazing purposes, are issued for up to one-year periods, and may be reissued upon application. Grazing permits may be issued for periods up to five years.	Not applicable	Permits are non-transferable. Permanent structures are prohibited. Permits are required for all uses other than generally permitted activities. Permits may be revoked by the state.	Not applicable	Not applicable
Remote Cabin Permit	Any	Temporary use	Not applicable	18	None	By application	Rent: $100 per year	Permits available for 25 years	Not applicable	Assignable by original permit holder	Not applicable	Not applicable

Alaska Department of NATURAL RESOURCES

*This chart contains general requirements only. It does not list all conditions or exceptions. For detailed information about the department's programs, please contact one of these offices.

Southcentral District Office
Frontier Building, 10th Floor
3601 C Street
Pouch 7-005
Anchorage, Alaska 99510
(907) 276-2653

Mat-Su Area Office
Century Plaza, Suite 202
Mile 4 Knik Road
Pouch 4008
Wasilla, Alaska 99687
(907) 376-4595

Northcentral District Office
4420 Airport Way
Fairbanks, Alaska 99701
(907) 479-2243

Southeastern District Office
Marine View Apartments, Room 407
2305 Franklin Street
Juneau, Alaska 99801
(907) 465-3400

HOUSE RESOURCES COMMITTEE OBSERVER/WITNESS SIGN-UP SHEET

HB 529

DATE: 3/09/84 SPONSOR: UEHLING

SUBJECT(S): VETERAN'S DISCOUNT

NAME	REPRESENTING	ADDRESS	PHONE	Observer	Witness	For	Against
Margot Knuth	Atty Gen's Off	Pouch K	3600		X		

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date:

REQUEST
Bill/Resolution No.: HB 529
Title: Veterans' discount on state land disposals
Sponsor: Uehling et al
Requestor:
Date of Request:

FISCAL DETAIL
Agency Affected: Natural Resources
Program Category Affected: NRMEC
BRU, Program or Subprogram(s) Affected: Land and Water Management

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING		-0-	-0-	-0-	-0-	-0-
CAPITAL		-0-	-0-	-0-	-0-	-0-
REVENUE		-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL		-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME		-0-	-0-	-0-	-0-	-0-
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: Sharon Barton Phone: 465-2400
Division: Commissioner's Office Date: 3-2-84

Approved by Commissioner: Robert D Ahmed, Deputy Date: 3-2-84
Agency: Department of Natural Resources

Distribution (by Agency preparing fiscal note):
- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

12/1/83

CTO - 310 Liska Cowd Vehl Shul 3
Ringstad Bussel

016 - Margo Knuth - AG's ofc - Some problems
- Equal protection clause - AK Const: no case law
- Some / must establish reason
- Already have preference - 1st option on sale of lands
- Article 8, Sec. 17 - equal treatment of laws and regulations -
- Not clearly unconst.

049 - Liska - Unconstitutional ??
- Not clearly - possibley 10% chance Supreme Ct. would hold uncons.
? Why? Establish correlation between vet's sacrifice and discount.

083 Cowd - What difference - past discounts up to 50% ^ Knuth - provision repealed in anticipation it would be found unconst. - re: Kenai peninsula

104 Bussell - Why only 10%, when Perm. Fund investment wd. be 90% chance. ^ Knuth diff. const. provisions - can't give distinct answer.

127 Rep Vehling moved o/c HB529 out indiv. recs. Subcom. announcement

135 Mtg adj. 3:20

Wayne Mundy
P.O. Box A-34
Chugiak, AK 99567

Representative Randy Phillips
Alaska State Legislature
Pouch V (MS 3100)
Juneau, Alaska 99811

February 9, 1984

Dear Sir:

I have recently been informed of HB 529 which apparently proposes giving veterans who are residents of Alaska a discount on land purchases. Since I am a veteran I wish to support such legislation. However, I wish to point out an inequity in the general application of land discounts. In June 1983 I received a parcel of land through the State land disposal lottery. This lottery was the first not to have the land discount available because of an attorneys opinion that the statute was not valid. Therefore, the participants in the disposal program from May 1983, to date have not received any discount. If HB 529 passes, it will be six years before this class of people can qualify for another lottery and use the discount.

I strongly recommend the bill be modified to allow the land discount to be applied retroactive so I and others may claim the discount which has been denied. I do not want to be a "land baron" and have found my piece of state land on Lake Louise. It is expensive without the discount, but it is the parcel I wanted. I am making monthly payments of over $250 for 20 years. If I could have received the ~~[illegible]~~ discount under the previous program my monthly payment would be approximately $100.00, much more affordable.

Please consider this a request for equity. Also consider these comments as the bill rewriting Title 38 is being considered. If you have any questions please let me know. I wish to be informed if this bill is open for public hearing and notified of time and place. I appreciate your assistance in this matter.

Sincerely,

Wayne [illegible]

HB

538

MAR 1 1984

PHONE 277-8615 ● P.O. BOX 773 ● ANCHORAGE, ALASKA 99510
● LOCATION: 737 WEST 5TH AVENUE

A NON PROFIT CIVIC ORGANIZATION

February 28, 1984

Representative Rick Uehling
Alaska State Legislature
Pouch V (MS 3100)
Juneau, Alaska 99811

Dear Representative Uehling:

I have been in contact on several occasions this last week with John Gary from your office regarding proposed changes in the definition of a Fair in the State of Alaska.

First let me say for the Officers, Directors, and many Volunteers of the Anchorage Fur Rendezvous that we sincerely appreciate your efforts on our behalf.

It would appear that the main reason to change the definition as discussed with John would be to eliminate Rondy from the state funds now available to fairs.

While it is possible that, even with the change, we might qualify due to the many exhibits including homemaker crafts, baking, canning, knitting, 4H etc. as well as the livestock in the form of riding and draft horses, show and working dogs, llamas and other animals it would make it very difficult for us. This is the only funding we get from any governmental entity. It is these dollars that provide premiums for all the people who enter exhibits similar to and the same as the State Fair.

We hope your efforts to protect Fur Rendezvous in this matter will receive the support of Legislators from Anchorage and other areas.

As you are aware Rondy receives media attention throughout the United States and Canada as well as abroad and is one of the major draws for winter tourism. As such it is certainly a worthy investment of State funds.

Please let me know if we can provide additional information to support your efforts.

Sincerely,

C. Weymouth Bowles

C. Weymouth Bowles
Executive Director

CWB/ceh

ANCHORAGE FUR RENDEVOUS

PHONE 277 8615 ● P.O. BOX 773 ● ANCHORAGE, ALASKA 99510
● LOCATION: 737 WEST 5TH AVENUE

A NON PROFIT CIVIC ORGANIZATION

March 7, 1984

Representative Rick Uehling
Alaska State Legislature
Pouch V (MS 3100)
Juneau, Alaska 99811

Dear Representative Uehling:

This is a follow up to my last letter regarding the proposed changes in the definition fo a Fair in Alasks.

As I related to John Gary in our phone conversation on this date our main concern is in the use of the word and in the place of or in the sensitive areas of the definition.

This change would redefine an entity such as the Anchorage Fur Rendezvous if one facet of the Fair description is missing. Livestock competition for example.

We would very much appreciate your looking into this and if the effect of the change does produce the above results, working to eliminate the change from or to and.

Thank You.

Sincerely,

C. Weymouth Bowles

C. Weymouth Bowles
Executive Director

STATE OF ALASKA
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

MAR 2 1984

POUCH Y STATE CAPITOL
JUNEAU, ALASKA 99811
907 465 3800

M E M O R A N D U M March 2, 1984

SUBJECT: Effect of changing "or" to "and" in HB 538

TO: Representative Rick Uehling

FROM: Richard C. Folta
Legislative Counsel

You have asked for an opinion on the effect of changing the word "or" to "and" on line 11, page 2 of HB 538. A review of court decisions indicate that the words as used in statutes are not usually interchangeable, being strictly of a conjunctive and disjunctive nature, and their ordinary meanings should be followed if it does not render the sense of the statute dubious. Barr v. Sun Exploration Co. Inc., 436 NE 2d 821, 824. "And" means in addition to, while "or" means one or the other of propositions, never both.

AS 03.20.080(1) lists fair activities. The use of the word "and" could be interpreted to mean that all activities listed must be included in a fair before it would be eligible for funding under AS 03.20.020. The use of the word "or" could be construed to mean that only some of the activities, but not all must be included in a fair before it would be eligible.

If the intent of the definition is to express choices of activities for fair eligibility then the word "or" would be better than "and".

RCF:ojb
J4/033

Rmq Shul Lars Goll
Lisk Oehl Vask
Cowd

305

010 - Shultz - line 27 P1 change "and" to "or"
P2 line 10 "and" to "or"

035 - legal counsel opinion

055 Oehling - Q: Changes in Sec 1 -
Shultz reviewed
gen'l discussion

120 - Liska - Q: Fiscal note is zero?
A Ringstad - appropriation is year-by-year
according to DNR budget req.

135 - Larson - Who decides what one qualifies
Rings A DNR Div of Ag.

155 - Goll - Q: requirements of all 6 -
Ringstad A not problem at this time

175 - Larson - apply by Aug 1st date - don't know
whether funds will come
Ringstad A money for next year's fair

205 - Liska - Reservations about operations - Money-making?
Larson A Alaska State fair is, but by end of year, receipts
do not cover expenses

235 Uehling - making $$ all year long -
Ringstad - State $# small part

254 Shultz moved CS with changes, asked u/c no objs.

270 Uehling moved amend "shall" to "may" line 24, Pg 1
Goll objected -
Uehling - need more flexibility
Ringstad - supposed to be guidelines
Uehling, such as culinary exhibits not listed

302 Larson - "Ag and Industrial Fair" misleading

312 Bill Haring - kept "and industrial" because wd have to rewrite chapter. - stemmed from farm implements

330 Goll - legal Svcs should have been able to search "and industrial" and change them

359 Vote - Yea Vaska, Uehling - Nay - Goll, Liska, Larson, Shultz, Ring

362 - Motion - Uehling delete 4-H, FFA, Liska Obj -

373 - Larson - should help grow leaders

378 - Vaska - Should open up to all other groups
Larson - wouldn't restrict others

3

390- Liska - 4H, FFA backbone of fairs

398- Vaska - amend wdn't eliminate

405- Goll - Shouldn't

414- Larson - Student leadership org - better attendance when compelled

420- Vaska - Restricted

427- Vote - Yea - Vask, Vehl., Nay Goll, Lisk, Lars, Shultz, Ring

440 Larson - should require some quality of exhibits

447- Shultz moved CSHB 538, w/c. no obj.

458- Ringstad - mtg. Friday HB 529 3pm

463- Adjourn 3:45

Alaska State Legislature
HOUSE OF REPRESENTATIVES
COMMITTEE ON RESOURCES

JOHN RINGSTAD, CO-CHAIRMAN
RICHARD SHULTZ, CO-CHAIRMAN
POUCH V
JUNEAU, ALASKA 99811
(907) 465-3715

ANALYSIS OF PROPOSED CS

FOR HB 538

Section 1. The proposed change to AS 03.20.020(a) would eliminate the limit of one "basic grant" of $10,000 per election district, regardless how many fairs may be operating or started up within a district. If existing statutes are enforced, multiple fairs within a district would have to compete with each other for the available basic grant, which would be divided among them. This has apparently not been a problem to date, however, with the change, each fair would be eligible for a basic $10,000 grant of its own.

Section 2. This section provides a new subsection (d) to AS 03.20.030 which clearly defines what constitutes an "agricultural and industrial fair" by requiring competitive exhibits in each and every of the following six categories:

1. 4-H and FFA
2. Agriculture, industry, horticulture, plants & livestock
3. Potential of a renewable resource
4. Sewing, knitting, quilting and other household arts
5. Culinary exhibits (jams, breads, cakes, canning)
6. General interest (hobbies, arts, crafts, photography)

Section 3. This is a technical change to the definitions section of Chapter 20 to reflect the proposed definition in section 2 (above) of an "agricultural and industrial fair".

Section 4. This section would repeal current language which pro-rates the basic grant available to an election district among the fairs which apply and are eligible for state assistance.

2/27/84
Folta
Version 2

DRAFT

Original sponsor: Shultz

IN THE HOUSE BY THE RESOURCES COMMITTEE

CS FOR HOUSE BILL NO. 538 (Resources)

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTEENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act relating to agricultural and industrial fairs."

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

* Section 1. AS 03.20.020(a) is amended to read:

(a) Fairs may be held each year within the state [IN EACH OF THE HOUSE ELECTION DISTRICTS,] and state aid for the operation and maintenance of the fairs may not exceed a basic grant of $10,000; however, fairs in existence five years or longer may receive an increment grant not to exceed $2,500 per year of existence to a maximum of $75,000. The people [OF EACH DISTRICT] sponsoring a fair are not eligible for state aid unless they subscribe to spend from their own funds for that purpose an amount equal to the amount of the state aid and have or organize an agricultural and industrial fair association for the operation and maintenance of the fairs. Each fair receiving state aid is open to entries by the people of the whole state and special provision shall be made for exhibits from boys' and girls' clubs.

* Sec. 2. AS 03.20.030 is amended by adding a new subsection to read:

(d) In order to receive funds as an agricultural and industrial fair, a fair shall include competitive exhibits

(1) by a 4-H club or a Future Farmers of America chapter;

(2) relating to agriculture, industry, horticulture, native plants and livestock;

(3) indicating past, present, or future potential of a renewable resource that is related to the community, region, or state;

(4) showing household arts such as sewing, knitting, and quilting;

(5) showing culinary exhibits such as canned vegetables, jams, breads, and cakes; and

(6) including general interest subjects such as hobbies, arts, crafts, photography, and school education.

* Sec. 3. AS 03.20.080(1) is amended to read:

(1) "agricultural and industrial fair" means a community, regional or state fair that includes in its activities exhibits of agriculture, industry, horticulture, native plants, livestock, [and] or related domestic arts produced in the community, region, or state [, THE MAJOR FOCUS OF WHICH IS DISPLAYS, EXHIBITIONS, DEMONSTRATIONS, CONTESTS OR PROMOTIONS OF AGRICULTURAL OR INDUSTRIAL CONCERN TO THE REGION IN WHICH THE FAIR IS LOCATED, OR ANY FAIR WHICH, BEFORE JULY 1, 1980, HAS RECEIVED A GRANT UNDER THIS CHAPTER];

* Sec. 4. AS 03.20.050 is repealed.

HB

542

ANALYSIS OF HB 542

1. Section 1---AS 38.05.315 is amended to allow the State of Alaska to lease land not located within the boundary of a municipality to a licensed public utility authorized to collect and dispose of garbage or trash at less than its appraised value.

2. Proveides for the Commissioner to determine the annual rental after considering the purpose for which the land will be used.

3. Provides that a licensed public utility may not construct permanenet improvements on land leased for refuse unless improvements are directly related to the purpose of the lease.

which the land is to be used and the financial resources of the applicant. The rental may not be less than one percent of the fair market value on lands acquired primarily for development, or less than five percent of the fair market value on university or acquired lands. Rent may not be charged for state land leased for a youth encampment. For the purposes of this subsection, "youth encampment" shall be defined by the commissioner by regulation. Renewal leases may be issued at the discretion of the director upon the expiration of a primary or renewal term. Each lease shall contain a provision for its termination as to all or part of the lands upon a finding by the director that the land or a part of it has not been used by the lessee for the purpose specified in the lease for a period of two years. No lease may be assigned or subleased except with the consent of the director, and in any case may only be transferred to an applicant eligible under (b) — (d) of this section. A lessee may not change the use specified in the lease to another or additional use except with the consent of the director. If, at any time after the land is leased, the lessee attempts to assign the lease or transfer control over the land to another, or if the land is devoted to a use other than that for which the land was leased without the consent of the director, the lease automatically terminates.

(e) The lease, sale, or other disposal of state land at appraised fair market value may be negotiated with a licensed public utility or a licensed common carrier by the director with the approval of the commissioner if the utility or carrier reasonably requires the land for the conduct of its business under its license.

(f) The commissioner shall lease state land for telephone or electric transmission and distribution lines for less than the appraised value of the land if the lessee is a nonprofit cooperative association organized under AS 10.25.010 — 10.25.650. Before he determines the annual rental, the commissioner shall consider the nature of the public service rendered by the nonprofit cooperative association and the terms of the grant under which the land was acquired by the state. A nonprofit cooperative association may not construct improvements other than transmission or distribution lines and substations on land leased under this subsection. (§ 4 art III ch 169 SLA 1959; am § 1 ch 155 SLA 1960; am § 1 ch 137 SLA 1962; am § 1 ch 36 SLA 1976; am § 12 ch 257 SLA 1976; am § 1 ch 76 SLA 1980; am §§ 34, 35 ch 113 SLA 1981)

Effect of amendments. — The 1980 amendment added subsection (f).

The 1981 amendment added "and" preceding "38.05.095" and deleted "and AS 38.05.100" preceding "the director" in the first sentence of subsection (b). In subsection (d), the amendment substituted "the" for "but in no case may the" preceding "rental," added "may not" preceding "be less than one," deleted "school" preceding "university" and deleted "mental health" preceding "or acquired lands" in the second sentence and added the present third and fourth sentences.

Sec. 38.05.315. Public and charitable use. (a) The lease, sale, or other disposal of state land or resources may be made to a state or federal agency or political subdivision, or the lease, sale, or disposal of coal deposits suitable for mining may be made to a utility owned and operated by a government agency or nonprofit cooperative association organized to participate under the Federal Rural Electrification Act for the purpose of generating electric power and energy or the production of process steam, or both, for less than the appraised value as determined by the director and approved by the commissioner to be fair and proper and in the best interests of the public, with due consideration given to the nature of the public services or function rendered by the agency, subdivision, or utility making application, and of the terms of the grant under which the land was acquired by the state.

(b) Notwithstanding AS 38.05.070 — 38.05.080 and 38.05.095, the director, upon application filed by an applicant eligible under (b) — (d) of this section, may, by negotiation and without public auction in the manner prescribed in (b) — (d) of this section, lease state land for a term of not more than 55 years. Before leasing, the director shall prepare a land use plan and a land classification to insure that the proposed use is compatible with area utilization. Before the land may be leased under (b) — (d) of this section, it must be shown to the satisfaction of the director that the land is to be used for an established or definitely proposed project, and that the eligible applicant has the financial ability to carry out the project. The commissioner may establish limitations on the acreage which may be leased under (b) — (d) of this section to an applicant.

(c) Eligible applicants under (b) — (d) of this section are limited to nonprofit corporations, associations, clubs, or societies organized and operated exclusively for charitable, religious, scientific, or educational purposes, or for the promotion of social welfare, if the project for which the land is desired conforms to those objectives and not commercial development. No lease of land may be granted under this section for a project closed to the use and enjoyment of the general public. In every case the applicant shall submit evidence that it is exempt from payment of federal income tax. As a condition of and in consideration of the rights acquired under a lease granted under (b) — (d) of this section, each eligible organization and its parent or subsidiary organizations shall (1) maintain and preserve books, accounts, and records that the director prescribes by regulation as necessary and appropriate; and (2) accord at all reasonable times to the state and its authorized agents and auditors the right of access to those books, accounts and records for the purpose of inspecting, examining and copying them. Any information provided the state in the course of an audit becomes a matter of public record.

(d) The director may lease the land to an eligible applicant at a reasonable annual rental, taking into consideration the purposes for

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: 2/29/84

REQUEST
Bill/Resolution No.: HB 542
Title: An Act ...leasing Land for Refuse Disposal.
Sponsor: Rep. Schultz
Requestor: House Resources
Date of Request: 2/29/84

FISCAL DETAIL
Agency Affected: DNR
Program Category Affected: NRMEC

BRU, Program or Subprogram(s) Affected:
Land and Water Management

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

No Fiscal Impact

ANALYSIS: Attach a separate page for analysis

Prepared By: Ned Farquhar NF Phone: 465-2400
Division: Commissioners' Office Date: 2/29/84

MH Approved by Commissioner: Dennis D Arnold, Deputy Date: 2/29/84
Agency: Natural Resources

Distribution (by Agency preparing fiscal note):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)

12/1/83

Alaska State Legislature

House of Representatives

Official Business

Pouch V
State Capitol
Juneau, Alaska 99811

BACKGROUND of HB 542

Rural communities in unorganized boroughs or any community without a central government have been handicapped in obtaining property to be used as a land refuse. This has been due to the inability of the Department of Natural Resources to allow lease of the land for less than the appraised value to any one other than a municipality, a Co-op or a registered non-profit entity. Non-profit entities are discouraged from participating in this lease program due to the amount of paper work involved and the University of Alaska is becoming adamant about not leasing any more of their land for refuse disposal. Co-ops can not use their leased land for garbage disposal.
THIS BILL will permit DNR to lease State owned land at less than the appraised value to licensed public utilities who are authorized to collect and dispose of garbage and refuse in thier area. The public utilities --under this bill--will be able to make a minimal charge to their customers to amortize their release rather than a prohibitive one.

This bill will benefit all residents of an unorganized community and solve a very difficult and impossible situation with regard to obtaining land for garbage disposal.

When this bill is enacted, it is predicted the air pollution problem will be improved in many parts of Alaska.

HB
546

Offered: 6/16/83
Referred: Rules

Original sponsor: Shultz

1 IN THE HOUSE BY THE JUDICIARY COMMITTEE

2 2d SENATE CS FOR CS FOR HOUSE BILL NO. 163 (Judiciary)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to harassment of persons lawfully

7 engaged in hunting, fishing, camping, or trapping."

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

9 * Section 1. AS 16.05 is amended by adding new sections to read:

10 Sec. 16.05.925. HARASSMENT OF PERSON LAWFULLY ENGAGED IN HUNT-

11 ING, FISHING, CAMPING, OR TRAPPING. (a) A person may not knowingly

12 interfere with a person lawfully engaged in or attempting to lawfully

13 engage in sport hunting, subsistence hunting, commercial hunting,

14 sport fishing, subsistence fishing, camping, or trapping with the

15 intent of hindering or preventing the person's activity.

16 (b) A person may not knowingly disturb fish or game or the

17 habitat of fish or game with the intent of hindering or preventing a

18 person lawfully engaged in or attempting to lawfully engage in sport

19 hunting, subsistence hunting, commercial hunting, sport fishing,

20 subsistence fishing, camping, or trapping.

21 (c) A person who violates this section is guilty of a mis-

22 demeanor punishable by a fine of not more than $500 or by imprisonment

23 for not more than 30 days, or by both.

24 Sec. 16.05.926. CIVIL REMEDIES. (a) A person aggrieved by

25 conduct in violation of AS 16.05.925 or threatened with such conduct

26 may petition a superior court to enjoin the respondent from engaging

27 in such conduct.

28 (b) A person aggrieved by a violation of AS 16.05.925 is

29 entitled to recover general damages and special damages, including

1 license and permit fees, travel costs, guide fees, special equipment
2 and supplies, and other related expenses.
3 (c) A court may award punitive damages in addition to the dam-
4 ages set out in (b) of this section.

Veto

2dSCS CSHB 163(Jud)

The following letter dated July 25, 1983, was received:

Re: 2d SCS CSHB 163 (Jud) -- Relating to harassment of persons lawfully engaged in hunting, fishing, camping, or trapping.

Dear Mr. Speaker:

Under the authority granted in art. II, sec. 15, of the Alaska Constitution, I have vetoed 2d Senate Committee Substitute for Committee Substitute for House Bill 163 (Jud) which makes it a misdemeanor to interfere with hunting, fishing, camping and trapping activity. Existing law, particularly the disorderly conduct, assault, criminal mischief, and general harassment statutes provide adequate penalties for criminal acts that interfere with these activities.

This legislation also presents a constitutional problem because it fails to define what constitutes "interference" with the protected activities. Conceivably, a person who talks too loud near a salmon stream may be subject to arrest and 30 days imprisonment under this bill for interfering with a sport fisherman's ability to catch a salmon. Criminal statutes must be sufficiently precise for the ordinary citizen to know what conduct is prohibited. Because the coverage of this statute is so vague, and since existing criminal statutes provide adequate coverage for physical interference with hunting and fishing activities, I have vetoed this bill.

Sincerely,

/s/ Bill Sheffield
Bill Sheffield
Governor

Veto

SCS CSHB 109(HESS)amS

The following letter dated July 27, 1983, was received:

Re: SCS CSHB 109(HESS) am S -- Relating to persons 16 or 17 years of age who are charged with unclassified or class A felonies; and amending the children's proceedings waiver provisions.

HB 47

January 24, 1983

Representative Dick Schultz
State Capitol Building
Juneau, Alaska 99801

Dear Dick:

On January 5, 1983 the Tok Cutoff-Nabesna Road Advisory Committee met in a general meeting to discuss hunting regulations. There were several things discussed with two of them pertaining to you.

#1 We would like to see legislation written and passed that would control or rather stop harrassment of hunters, trappers, and fishermen. We would be able to carry on our life-style without harrassment from the "greenies".

#2 We would like to see legislation written and passed that would eliminate the $25 trophy tag for resident grizzly/brown bear hunters. We believe the State is rich enough without charging its residents a $25 fee.

Our committee will be meeting within a few weeks and correspondence from you would be appreciated. I would like to able to tell the folks something about these two items.

Good luck and if there is anything I or this committee can do to help, please let me know.

Sincerely,

Bill

Bill Ellis, Chairman
Tok Cutoff-Nabesna Rd. Advisory Committee
S. R. Box 380
Gakona, Alaska 99586
907/822-3426

friends of animals, inc. 11 West 60th Street, New York, N.Y. 10023 • (212) 247-8120

TIPS FOR HUNT SABOTEURS

Fourteen million Americans will be shouldering their rifles and shotguns within the next few months, marching off to their annual offensive against our wildlife. These legions, which are more numerous, and generally better equipped than the entire Nazi armies of the Second World War, will take a bloody toll before the season ends. They will kill deer and rabbits, ducks, dogs, cats, a few children, and even a few hunters.

It is time for friends of animals to start organizing a defense that will serve to at least temper the wanton destruction. There are many ways that a friend of animals can become a forest partisan on behalf of our wildlife, and we offer here a few suggestions that range in effort, depending upon a person's abilities and commitment:

1. Deny the hunter the land to hunt on. Much hunting is done on private lands. To protect these animals, encourage your neighbors, especially those who own large tracts such as farms and ranches, to post their land and forbid hunting. Try to convince them that hunters invariably cause more damage to agriculture than the wild animals do.

2. Many areas have hunting restricted to a specified number of hunters who have special permits. Commonly, these permits allow the hunter to use a particular blind or hunt less common species, such as bear. Apply for these permits yourself. The permits are usually awarded by a simple lottery selection. If you're lucky, you'll win a permit and deny a hunter his kill.

3. Get into the woods yourself the day before the hunting season. If you're familiar with the most commonly hunted areas, try to drive wildlife away. A stroll through the forest with a nice loud radio and a dog on a leash, will serve to make wildlife more wary of humans. This is particularly important for younger animals that have not yet had the traumatizing experience of being hunted.

4. Certain substances, such as rotten eggs, when rubbed into hunting blinds, make these enclosures even more uncomfortable for the hunters. Uncomfortable hunters are irritable, and are also poorer shots. Plastering the floor of a hunting blind with cow dung is another good idea.

5. If you're familiar with wildlife habits in your neighborhood, try to encourage them to break these habits shortly before hunting season. For instance, many hunters like to stalk along deer tracks which are pretty well defined to a good woodsman. Placing deer repellent (available at many feed and hardware stores) along these tracks will encourage the deer to move away and leave the hunter with a route devoid of the species. If you want to save money, just scoop up a bag of human hair from a local barber shop and hang handfuls of it in little bags about two or three feet from the ground, along the deer track. The deer will soon get the message that there are humans in the area and will drift away.

6. If there is much hunting with dogs in your area, try to get hold of a female dog in heat and lead her, on a leash, through an area that is heavily hunted. Male dogs in the hunter's pack will "get wind" of the female and lose their enthusiasm for chasing rabbits or deer.

7. Hunters frequently like to ambush their prey by setting out food and then hiding in blinds. Commonly, bushels of apples are set out a few days before hunting season to encourage deer to browse in this area. When hunting season comes, the hunter merely comes to the site, climbs into a blind, and waits for the deer to come to him. To disrupt this, there are two alternatives. First, remove all apple piles immediately on finding them during the days preceding hunting season. Second, if there are just too many apples to carry away, give them a good spraying with deer repellent and spread barber shop hair clippings all over the area.

8. Encourage your municipality to pass an ordinance that bans, in the interest of public safety, the use of all weapons within its limits. Rifles, shotguns, bows and arrows have been known to kill people too.

9. If you have a portable tape recorder, get a cassette recording of wolf howls. Play this in the woods a few times in the days before hunting season. It will make wildlife wary.

10. Try to develop strong anti-hunting sentiment in your community by writing letters to the editor of your local newspapers, meeting with neighbors, getting on talk shows. Creating public awareness of the problem is a vital point. Let your neighbors know that the law recognizes wildlife as belonging to all people, and they are not the exclusive property of hunters until after they have been murdered.

11. Work on a project to get your State to pass a law that would require all hunters to carry written permission from the landowners of the places they hunt. This further curbs the hunter's battlegrounds because many farmers are reluctant to sign permits that would allow people to hunt on their lands. Also, much land is owned by summer residents, corporations, etc. that are nearly impossible to get hold of.

12. Approach your Congressperson and Senators with demands that hunting and trapping be prohibited on national wildlife refuges and all public land.

13. If you have any old, stuffed animal toys, set these around commonly hunted areas. Hunters often don't take the time to check if an animal is real. Better to have a hole in a cotton rabbit than a real one - and the noise of the gun going off might serve to scare away other wildlife.

14. We will be trying to put together a better activist's guide for next hunting season, so if you have any ideas or procedures you've found effective, please let us know. Mail them in to Bill Clark, Friends of Animals, 11 West 60th Street, New York, NY 10023.

Use your imagination. There are plenty of ways to frustrate the hunt, depending on your own abilities and enthusiasm. The main point here is to do something. By your work, you will be helping animals in two ways. First, you will be protecting them from the hunters and second, you will be letting the hunters know that friends of animals are in the woods. This serves to anger them, and angry hunters do not stalk so quietly, their aim is not so precise. Emotions can play heavily in the success of a hunt, and the most effective killers are cool and methodical. Disrupt!

ANTI-HUNTERS VS. HUNTERS: WAR IN THE WOODS

Greenpeace fanatics are harassing hunters in the field. It's a vicious and very dangerous movement, and you could be the next victim. Here's what to expect plus some very good advice on what not *to do about it.*

By Richard Starnes, Editor-at-Large

The lush alpine valleys and rugged highlands of northeastern British Columbia have witnessed the opening skirmishes in what threatens to become all-out war between big-game hunters and anti-hunting zealots who have sought to stop them by harassment, abuse, intimidation and—it is charged—physical violence.

How much violence has occurred to date is in dispute, but there have been several angry confrontations involving hunters and anti-hunting activists, one beating has already taken place, and feeling is running so high that Canadian provincial authorities are alarmed at the prospect of more violence when the big-game season opens this fall.

"It's only a question of time before some hothead loses his composure and someone gets hurt," said one hunter who was victimized by the anti-hunters.

Arrayed against each other in the conflict are the hunters, outfitters, and game-management officials of British Columbia, and a dedicated, well-financed, implacable organization of anti-hunters who call themselves Greenpeace.

Greenpeace is no collection of saloon conspirators content to crank out mimeographed anti-hunting diatribes and picket sporting-goods stores. It is slick, professional, worldwide, and growing rapidly. Its Vancouver chapter alone budgets nearly $500,000 a year for anti-hunting activities. Its tools are $1,000-a-day helicopters, expensive sound cameras, and self-confessed expertise at manipulating the press and television. Its tactics are harassment, confrontation, and attempts physically to restrain hunters. Its leader, Dr. Patrick Moore of Vancouver, made it clear in an interview with OUTDOOR LIFE that episodes of harassment and intimidation that took place in the rich hunting grounds of British Columbia in 1979 and 1980 were only the opening salvos in the conflict.

"We'll be back this year," he said. "They can't stop us. We intend to stop trophy hunting, first in British Columbia, ultimately all over the world."

How Greenpeace seeks to frustrate hunters is perhaps best told in the words of Richard A. Mielke, a 50-year-old Pontiac, Michigan, fire fighter who last year took a 21-day hunt-of-a-lifetime in the rugged, 1.6-million acre Spatsizi Wilderness Park in British Columbia. He and his partner, Darryl Hastings, 40, a computer broker from Rochester, Michigan, encountered the Greenpeacers on the first day of the hunt.

"They barged right into our camp," Mielke said. "They stuck sound cameras right in our faces. They harangued and abused us. One of them screamed at me, 'Is there something wrong with your sex life? Is that why you're up here killing animals?' When we tried to ride out of camp they locked arms across the trail to stop us. One of them grabbed the bridle of my horse. That was dangerous. That's rough country up there. If the horse had shied and fallen I could have been badly hurt."

Eventually the hunters and their guide broke free and continued the hunt, but on nearly every day of the hunt the harassment continued. On one day Mielke took his rifle—unloaded—to a dock on tiny Bug Lake to scope a wolf that had been howling near the camp.

"One of these Greenpeace guys crowded up against me, bumped me, and yelled, 'You're not going to shoot that animal while I'm here!' He grabbed my rifle, and then he fell into the lake."

"They would taunt you in every way they could," Hastings added. "You

couldn't even go to the john without one of them sticking a camera in. It's hard to keep your cool under those circumstances, yet I couldn't give them the satisfaction of bothering me."

Although the Greenpeacers scornfully characterize hunters such as Mielke and Hastings as "jet-set headhunters," both are men of modest means.

"I scrimped and saved and worked at odd jobs for two years to get the money for that hunt," Mielke said. "By the time I'd paid air fares, outfitters' fees, and license and trophy fees it cost me around $10,000."

Hastings put the cost of his hunt at near $12,500, and noted it would be a long time, if ever, before he could afford another hunt of that magnitude.

Both hunters report that attempts to reason with the anti-hunters were futile.

"We were after Stone sheep, principally," Hastings said. "But they kept alluding to them as 'bighorns.' I told one of them, 'You're such a phony; you don't even know what species you're talking about.' "

Both men got trophy sheep as well as other trophy specimens, but the Greenpeace activitists succeeded in blighting what would otherwise have been an idyllic hunt.

"There were several days when I didn't hunt because of them," Hastings said.

Complaints to provincial wildlife authorities were to no avail. "Early in the hunt a park ranger came into our camp," Hastings said. "We asked him why he wouldn't protect our right to carry on a lawful activity. I'd paid around $1,000 for licenses and tags, and these people were trying to deprive me of my right to hunt. The ranger replied that there was nothing he could do. 'It's a public park,' he told me. 'They can go anywhere they please.' "

Later, after the anti-hunter fell (Greenpeacer Moore says he was pushed) into the lake, four Royal Canadian Mounted Police officers and two B.C. Fish and Wildlife Department officials arrived at the Mielke-Hastings camp by helicopter. Again the two hunters repeated their plea for protection, again the officials said there was nothing they could do.

"They told us they were trying to figure out how to resolve the issue," Hastings told OUTDOOR LIFE. "But all they did was to tell us, 'We want you fellows to be patient and keep the peace.' " (There are indications, however, which we will come to later, that B.C. officials are preparing to abandon their policy of noninterference when the 1981 season opens.)

Violence against them would give Greenpeace "proof" that all hunters are thugs and violence-prone killers.

Even after Mielke and Hastings quit their camp to return home, the Greenpeace contingent pursued them. After alerting press and television, the anti-hunters continued their tactics of harassment. They followed the two hunters into the airport at Vancouver, taunting them, haranguing and vilifying them, and waving professionally-made anti-hunting placards for the benefit of news and television cameras. Several wore animal costumes, including horns or antlers. The Greenpeacers drove the two hunters to take refuge in the airport lounge, where the bartender did what the Royal Canadian Mounted Police and game department officials had been unable or unwilling to do. He chased the anti-hunters out of the place.

What was possibly an even uglier incident took place during the 1979 season in Spatsizi. Gary Zechel, an engineer with the Ford Motor Company, who lives in the Detroit area, was hunting Ranger Creek with his wife Jo-Carole, who is a hunter, but wasn't hunting on this occasion. Accompanied only by an Indian guide, the Zechels were traversing one of the wildest, most primitive areas in North America.

"We were six or eight hours by horseback from our base camp, staying in a spike camp," Zechel recalled, "when these Greenpeace people showed up. There were seven men and one woman. There was lots of taunting, harassment, and intimidation. They said they would do whatever they could to stop us. They said if they couldn't persuade us to abandon our hunt they would restrain us physically. When we rode out for a day of hunting, they locked arms in front of us. When I tried to go to my wife's aid, one of them grabbed my horse's reins. Eventually our guide broke through, and my wife and I got away from them. They chased us several hundred yards up the trail, and our guide's horse fell into a bog. That was very dangerous. Even a minor injury is serious in that remote wilderness."

Like Mielke and Hastings, Zechel is an experienced hunter and outdoorsman, clearly able to take care of himself. But some insight into the psychological impact of the Greenpeace tac-

In the fall of 1980, the Gary Zechel hunting party camped in the Spatsizi wilderness in British Columbia and ran into harassment by eight Greenpeace agitators (left). When Zechel and his wife rode out of their camp for a day of hunting with their guide, the Greenpeacers locked arms across the trail to block their way and screamed abuse. A female Greenpeacer grabbed Zechel's reins to hold him back. The guide broke through the human barrier, and the Zechels pulled away and rode around them. Gary Zechel stated that his greatest fear was that one of the horses would spook and injure or kill someone. The painting is based on a photograph supplied by the Greenpeacer organization! At right, Greenpeacers in animal costumes harass Richard A. Mielke and Darryl Hastings in the Vancouver airport after their successful hunt.

Illustration by Domenick D'Andrea

tics can be won when Zechel says, "One of those guys had an ice ax he kept waving in my face. I felt more fear than I have felt in a long time."

Zechel's wife seems to have been singled out for particular attention by the Greenpeacers.

"They ran raving and yelling at her," he reported. "It was like a riot. They came within five or ten feet of her."

Exercising what can only be described as saintly restraint, the Zechels and their guide did their best to ignore the anti-hunters.

"This drove them into a frenzy," Zechel said. "They acted nearly hysterical, obviously looking to cause some action or incident." Not surprisingly, the Greenpeace tactics finally wore down Jo-Carole's emotional reserves. "She was terrified and finally broke down crying and screaming for them to leave us alone. They refused and she ran into the tent, sobbing 'They're crazy—I'm afraid of them.' She spent the final days of the hunt in her tent."

When the Zechels broke camp and returned to Smithers, he filed an assault charge against the Greenpeace anti-hunters. Although technically the charge is still pending, it has been "stayed" and provincial authorities made it clear they have no plans to prosecute it.

Ralph Aldrich, chief conservation officer of the British Columbia fish and wildlife agency, undertook to explained why.

"From an enforcement point of view we can only follow the law," he said in an interview. "There is no law against yelling. It's just like picketing. Of course, if they threaten assault and take some overt action, that may be assault."

Is it illegal to impede hunters' horses? Aldrich's reply was something less than definitive. "It depends," he said. Thereupon he passed the buck to Peter Ewart, crown counsel (prosecuting attorney) for the Spatsizi district. From Prince George, B.C., Ewart indicated that, while still open, the charges laid by Gary Zechel against the Greenpeacers would likely never be prosecuted.

"We took a look at the evidence and the probable outcome of a trial and put a 'stay' on the case," Ewart said. But then, plainly choosing his words carefully, Ewart laid out what may be provincial officials' plan to end the threat to one of British Columbia's prime industries. "I would have been much happier," he said, "if the charge had been intimidation instead of assault." British Columbia, he said, has a statute making it illegal to "impede or attempt to impede any person from carrying out a lawful activity" by threats, harassment, or coercion.

"What he says is a crock," bluntly charged Ray Collingwood, whose firm outfitted both the Zechel and Mielke-Hasting parties. "They didn't prosecute because of the expense of getting witnesses back up here to testify. I've lost all respect for the government."

Collingwood revealed what apparently is not known by provincial authorities—real violence has already broken out.

"One of these [Greenpeace] guys tried to stop one of our pilots from taking off from an airstrip we maintain in the park," he told OUTDOOR LIFE. "He grabbed a wing strut of the Beaver and tried to force our pilot to abort his take-off. The plane got off anyway and later the pilot returned, landed the aircraft, and punched the guy out. He knocked him down and slapped him around some. He just hung a little licking on him."

Despite the degree of restraint exercised by Mielke, Hastings and Zechel, provincial authorities are acutely aware of the potential for violence. Like the hunters themselves, provincial officials see the tactics of Greenpeace as calculated provocations designed to spark violent reaction. All agree that would be counterproductive and, as one put it, "would give Greenpeace 'proof' that all hunters are thugs and violence-prone killers." Chief conservation officer Aldrich pointedly noted that there will be combined Royal Canadian Mounted Police and game department patrols in Spatsizi during the 1981 season.

Greenpeace's Moore airly dismissed the prospect of being prosecuted under the intimidation statue.

"The attorney general (of British Columbia) hired a man last summer especially to research the question," he said. "He concluded there was no law that could stop us. Our activities are as legal as the hunters'. All we're doing is occupying nonconsumptive space, competing for resources with the hunters. They can't say we're interfering with their rights. Those [game] animals don't belong to anyone until they're actually taken into possession."

It is clear that Patrick Moore is the architect, principal voice, and presiding genius of Greenpeace. He conceived and created the organization while a graduate student at the University of British Columbia (he is now a doctor of ecology) five years ago. His title is Canadian director of Greenpeace International, but plainly his sway extends to the worldwide branches of the organization. He is one of 12 salaried, full-time employees of Canadian Greenpeace, and he is paid $1,200 a month. There are offices in Vancouver,

"We intend to shut down trophy hunting in Spatsizi to show that it can be done."

Victoria, Toronto, and Montreal, as well as branches in the United States, the United Kingdom, the Netherlands, France, New Zealand, and Australia. A Greenpeace "secretariat" in Washington coordinates the activities of the international branches, and it has an annual budget of $120,000.

"Our forte," Moore said in an interview, "is organizing expeditions into remote areas in order to confront in a nonviolent manner acts that we consider environmentally detrimental. Our funding is entirely private—donations from individuals that are generally less than $50. We have no foundation or government grants. Our methods are too controversial to attract money from conservative quarters."

Greenpeace's first confrontation took place when Moore and others chartered an 85-foot vessel and sailed to the Aleutian island of Amchitka in an attempt to halt the testing of nuclear bombs. "We lost that battle but we won the war," he said. "They've stopped testing now and Amchitka is a wildlife preserve."

Later Greenpeace made expeditions to the South Seas in an attempt to stop nuclear testing by France (they failed), and they have conducted offensives against whalers and seal hunters.

"But we cut our teeth on nuclear testing," Moore said. "From it we learned how to deal with the media and how to understand international politics. We're fortunate in having people who understand the media—that's how you communicate with people in the modern world, knowing what sort of images appeal to the media."

Although Canadian authorities are tippy-toeing around the Greenpeace campaign of intimidation in Spatsizi, the government ended similar tactics that were attempted against commercial hunters of harp seals in Newfoundland.

"They enacted what they called 'seal protection regulations'," Moore said, "just to keep us out. It's ironic, and very undemocratic."

Moore insists that ending all hunting is not his goal. "Hunting can be part of a harmonious relationship with nature," he said. "Indian bowhunters lived in a balanced state with nature for

10,000 years. But what we're saying is that the relationship between man and animals has changed dramatically. These hunters are an extension of the Detroit urban-industrial ecosystem. They have no place in Spatsizi. In a park set aside for protecting these animals, we must stop thinking of them as a natural resource and think of them as a national treasure."

Moore's disclaimer notwithstanding, Greenpeace's program would effectively end hunting. It would totally rule out all trophy hunting, even under the rigidly controlled conditions prevailing in Spatsizi. It would prohibit hunting by all outsiders, insisting that only food hunters "that are part of the (local) environment be permitted to hunt." It would, in short, permit only subsistence hunting, and then only if the cessation of hunting would "dramatically affect" the life-style of the hunter, and only if subsistence hunting remained in "balance" with the environment.

Moore repeatedly insisted that the hunters who were assailed by the Greenpeacers were unthinking trophy freaks who habitually left the meat of their animals to spoil after removing horns, antlers, and capes. All three hunters heatedly denied the charge, noting that they had painstakingly packed all usable meat back to camp, either for shipment home or for use by the outfitter's crew. The outfitters confirmed this. In fact, British Columbia law requires that the meat of game animals be removed and used for food, and in its exhaustive investigation of the incidents, the provincial game department found no violations of the law by the hunters.

For the record, Moore denies any of the Greenpeace activists at Spatsizi committed assault by grabbing anyone's arm. He denies that Mielke's rifle was pushed, but he insists that either Mielke or his companion shoved one of the Greenpeacers into the icy waters of Bug Lake. He concedes that they tried to block progress of the hunters' horses, but denies any member of his group seized them by the bridles. "They ran their horses at us," he insisted.

"They're crazy—I'm afraid of them," Gary Zechel's wife said. She spent the final days of the hunt in her tent.

"Our intention is to be there again this year. We intend to shut down trophy hunting in Spatsizi to show that it can be done. They say we are intefering with them. We deny that. We're competing, as is our right, and they can't stop us."

Perhaps more philosophical than many hunters would be, Richard Mielke warns future hunters of Spatsizi that the Greenpeace anti-hunters "are trying to provoke you into taking a poke at them. And that's the last thing anyone should do. It's exactly what they want."

Unfortunately, however, it isn't the last thing that's likely to happen—unless British Columbia takes a page from Newfoundland's book and contrives a way to keep the Greenpeace people away from the hunters. There are some indications B.C. officialdom, perhaps belatedly, is now working hard to find a way to end the harassment of hunters. In reply to a letter of complaint from Mielke, B.C. Minister of Environment Stephen Rogers wrote:

"I wish to extend my personal apologies for the harassment you suffered (and) I also want to congratulate you and your hunting partner for the restraint you both showed under trying circumstances. The hunters in Spatsizi by their good behavior, as opposed to the conduct of Greenpeace, gained in general public stature while Greenpeace suffered.

"We are working with the Parks Branch to see what can be done to prevent situations such as you experienced from recurring."

The Force Behind Friends of Animals

Alice Herrington Raises the Hackles of Sportsmen in Her War on Hunting

Alice Herrington

By E. J. NILSSON
Grit Staff Writer

Whether Alice Herrington is right or wrong, she is anything but a bore. As founder and president of Friends of Animals (FOA), Herrington arouses strong feelings among sportsmen and others in her crusade against hunting.

Herrington, who lives with eight cats in Little Silver, N.J., founded FOA in 1957 to try to reduce the numbers of stray dogs and cats. And that is still the major purpose of the organization, she said.

But the group's chief claim to fame is Herrington's verbal bouts with hunters and trappers.

"To call this a sport is just pure nonsense," she said about hunting. "It's a real cruelty. It can't be justified."

IN HERRINGTON'S view, the only people worse than hunters are trappers.

"Deer hunters are not nearly as bad as trappers," she said. "I can't imagine how hunters, who pride themselves on fine shooting, ally themselves with trappers, who practice sadism. Deer hunters are due a little credit for at least the speed of their kill."

Despite the fireworks that FOA ignites with its "full program of hunting and trapping disruption," Herrington wants to convince the public that there "are two cruelties."

Besides the killing of "free animals, which are called wildlife," she explained, she's concerned about man's treatment of all domesticated animals—including pets and livestock.

"It's an American syndrome to love kittens and puppies but then throw out dogs and cats," she said, adding that millions of dogs are killed "in American municipal dog pounds, but they were loved as puppies."

In 1970, Herrington organized low-cost spaying programs for 20,000 animals. By 1980, the number had risen to 60,000.

Last September in Neptune, N.J., she opened a low-cost spaying clinic, said to be "a model of its kind with room for 80 animals and two veterinarians." Across the nation, her group pays for part of the cost of spaying in cooperation with 750 participating veterinarians.

ONE OF the prime targets of Herrington and the FOA is the food business.

"Cruelty to animals is practiced on a larger scale by the food industry than by any other single sector of human activity," an FOA publication asserts.

And Herrington adds:

"If people want to support an industry that is destroying the land, then they can continue to eat these creatures. But if not they can eat vegetables."

Other institutions also are criticized by FOA, including zoos.

"Zoos must be phased out," said an FOA publication.

Herrington's concern for animals was heightened when she returned to the United States in 1954. Working as a War Department statistician, she had seen relatively few animals running loose in Europe.

In the United States, she said, "I was shocked to find stray animals everywhere."

HERRINGTON, a graduate of the University of Wisconsin in Madison, put her statistical talents to work calculating the rate of increase of dogs and cats. She said she realized that cutting the prolific birthrate was the only long-range solution.

This realization led to the founding of FOA, which worked with volunteers until 1967. Now the group has 12 full-time employees and [illegible]

Herrington was asked whether she would advise FOA members to take traps that were legally set.

"Yes! Why not? Certainly," she said.

But wouldn't the "solution" be stealing?

"You could say that it's stealing if you like," she replied, "but the Robin Hood approach to life is still a very nice way to go."

To Alice Herrington
OUT
3/25/81
CA

Humane Group To Seize Animal Leghold Traps

By STEVE GRANT

Friends of Animals Inc. said Friday it is going to trip up trappers by setting off their leghold traps when the season opens next week.

The organization said it will ask its 4,500 members in Connecticut to look for the traps, touch them off with a stick and remove them, because it believes the traps are inhumane.

"We can't as an organization advise people to remove legally set leghold traps. It wouldn't be a smart thing to do. What we're asking them to do is remove illegally set traps. Our guess is most of them are illegal," said Priscilla Feral, the organization's Connecticut director.

Game laws require all leghold traps to have the owner's name on them and they must be placed underwater or in an animal's burrow.

A spokesman for trappers questioned the new campaign, which will begin next Saturday, when the season opens.

"They're setting up a vigilante group. Vigilantes in any situation are not good. They don't know enough and they tend to break the law themselves," said Robert Crook of Madison, a member and former president of the Connecticut Trappers Association, which has about 800 members.

"I wouldn't object to anybody coming out and checking my traps, as long as they had the permission of the landowner, and as long as they didn't steal them, set them off or take animals out. But I really don't think that's their responsibility," Crook added.

He said the state Department of Environmental Protection is responsible for seeing that trapping is conducted legally and that he understood the group was told by DEP not to remove illegal traps but instead to report them to a game warden.

Ms. Feral said a trapper's name legally can be placed anywhere on a trap, so members would have to trip them to check. She said members would not be advised to reset legal traps.

"DEP can read the riot act to me if it wishes. But no way will we aid the trapper. Our object is to get rid of the leghold trap," she said.

The organization has argued that the trap, which has two steel jaws that slam shut when an animal touches a piece of bait, is barbaric because some animals die slowly or are left crippled. Ms. Feral said domestic animals also have been caught in the traps. There are other traps available that are more humane, she said.

Crook estimated that there are 8,000 trappers in Connecticut, with the average trapper placing 50 or 100 traps in the wild.

The most commonly trapped animal in the state is the muskrat, which can yield a pelt that will fetch up to $8. Raccoon, fox, mink, opposum, weasel, skunk and beaver also can be trapped legally, though the season for some of those animals does not begin until later.

Friends of Animals, which is based in New York, has waged other campaigns against hunters. Some members went into the Connecticut woods recently to play recorded wolf howls to alert animals of danger when the deer hunting season opened.

AN.ACT RELATING TO HARASSMENT OF PERSONS LAWFULLY ENGAGED
IN HUNTING, FISHING, CAMPING, OR TRAPPING

PRIME SPONSOR: SHULTZ.
CO-SPONSORS:
CURRENT STATUS: 1/16/84 EXPIRED 1ST SESSION

HB 163 HOUSE ACTION 14:22 2/27/84 PAGE 2 OF 5

DATE	SEQ	PAGE	LEGISLATIVE ACTION
02/04/83	01	0173	FIRST READING -- COMMITTEE REPORTS
03/21/83	02	0572	RES -- CS05, NR02
03/21/83	03	0572	RES F/NOTE EQUALS ZERO
04/20/83	04	0942	JUD -- DNP01, RES CS04, NR02, OTHER01
04/20/83	05	0957	NOT MOVED FROM RLS COMM BY DIV 12-25-03
04/21/83	06	0968	RLS -- CS05, NR02, OTHER02
04/22/83	07	0994	SECOND READING
04/22/83	08	0994	RLS CS ADOPTED BY UNAN CONSENT
04/22/83	09	0995	AM01 WITHDRAWN
04/22/83	10	0995	AM02 NOT ADOPTED BY DIV 15-19-06
04/22/83	11	0996	AM03 ADOPTED BY UNAN CONSENT
04/22/83	12	0996	AM04 ADOPTED BY UNAN CONSENT
04/22/83	13	0997	AM05 NOT ADOPTED BY DIV 14-18-08
04/22/83	14	0997	ADVANCED TO 3RD READING BY UNAN CONSENT
04/22/83	15	0997	THIRD READING
04/22/83	16	0997	PASSED BY DIV 24-09-07
04/22/83	17	0998	NOTICE OF RECONSIDERATION GIVEN
04/25/83	18	1029	RECONSIDERATION NOT TAKEN UP
06/26/83	39	2101	CONCURRED IN SENATE AMS BY DIV 31-09-00
07/05/83	40	2134	TRANSMITTED TO GOVERNOR

HB 163 SENATE ACTION 14:23 2/27/84 PAGE 4 OF 5

DATE	SEQ	PAGE	LEGISLATIVE ACTION
04/26/83	19	0808	FIRST READING -- COMMITTEE REPORTS
05/16/83	20	0990	RES -- DP02, NR04
05/27/83	21	1135	JUD -- CS05
06/10/83	22	1260	RLS -- JUD CS03, OTHER03
			TAKEN UP IMMEDIATELY
06/16/83	32	1334	JUD -- 2ND CS05
06/26/83	33	1529	RLS -
			TAKEN UP IMMEDIATELY
06/10/83	23	1263	SECOND READING
06/10/83	24	1263	JUD CS ADOPTED BY UNAN CONSENT
06/10/83	25	1263	ADVANCED TO 3RD READING BY UNAN CONSENT
06/13/83	30	1285	AM01 WITHDRAWN
06/13/83	31	1286	RECOMMITTED TO JUD BY UNAN CONSENT
06/26/83	34	1534	READ AGAIN SECOND TIME
06/26/83	35	1534	2ND JUD CS ADOPTED BY UNAN CONSENT
06/26/83	36	1534	ADVANCED TO 3RD READING BY UNAN CONSENT
06/10/83	26	1263	THIRD READING
06/10/83	27	1264	PASSED BY DIV 13-05-02
06/10/83	28	1264	NOTICE OF RECONSIDERATION GIVEN
06/13/83	29	1285	RETURNED TO 2ND READING BY UNAN CONSENT

HB 163 SENATE ACTION 14:23 2/27/84 PAGE 5 OF 5

DATE	SEQ	PAGE	LEGISLATIVE ACTION
06/26/83	37	1534	READ AGAIN THIRD TIME
06/26/83	38	1534	PASSED ON RECONSIDERATN BY DIV 17-03-00
****	**	**	*** *** ***

Hein
3/16/84

Original sponsor: Resources Committee

DRAFT

IN THE HOUSE BY THE RESOURCES COMMITTEE

CS FOR HOUSE BILL NO. 546 (Resources)

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTEENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act relating to the obstruction or hindrance of lawful hunting, fishing, or trapping."

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

* Section 1. AS 16.05 is amended by adding new sections to read:

Sec. 16.05.925. OBSTRUCTION OR HINDRANCE OF LAWFUL HUNTING, FISHING, OR TRAPPING. (a) A person may not perform an act with the intent to obstruct or hinder hunting, fishing, or trapping engaged in lawfully by another person.

(b) For purposes of (a) of this section, "lawfully" means

(1) in accordance with AS 16, regulations adopted under AS 16, and applicable federal statutes and regulations; and

(2) with the permission of the private landowner if the hunting, fishing, or trapping is engaged in on private land.

(c) A peace officer who reasonably believes that a person has violated this section may order the person to desist or to leave the area. The officer may arrest the person upon refusal to desist or leave.

(d) This section does not apply to obstruction or hindrance that is incidental to the lawful use of public or private land or water.

(e) A person who violates this section is guilty of a misdemeanor punishable by a fine of not more than $500 or imprisonment for not more than 30 days or both.

Sec. 16.05.926. CIVIL REMEDIES. (a) A person aggrieved by conduct in violation of AS 16.05.925 or threatened with such conduct

may petition a superior court to enjoin the respondent from engaging in such conduct.

(b) A person aggrieved by a violation of AS 16.05.925 is entitled to recover general damages and special damages, including license and permit fees, travel costs, guide fees, special equipment and supplies, and other related expenses.

(c) A court may award punitive damages in addition to the damages set out in (b) of this section.

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date:

REQUEST
Bill/Resolution No.: HB 546
Title: Act Relating to Harassment of Persons Lawfully Engaged...
Sponsor: House Resources
Requestor: House Resources
Date of Request: 2-23-84

FISCAL DETAIL
Agency Affected: Public Safety
Program Category Affected: Fish & Wildlife Protection
BRU, Program or Subprogram(s) Affected: Fish & Wildlife Protection

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: Paul Conger
Phone: 465-4333
Division: Administrative Services
Date: 2-22-84

Approved by Commissioner: [illegible]
Date: 2/24/84
Agency: Public Safety

Distribution (by Agency preparing fiscal note):
- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

12/1/83

DEPARTMENT OF PUBLIC SAFETY

POSITION PAPER - HB 546

Support

"HB 546 - An Act relating to harassment of persons lawfully engaged in hunting, fishing, or trapping."

The Department of Public Safety supports passage of HB 546.

This bill adequately addresses conduct that is illegally aimed at interfering with lawful hunting, fishing or trapping.

British Columbia has had severe problems between legal hunters and anti-hunting groups that have led to armed confrontations. The potential for that to occur in Alaska is evident and I think enacting a law to address this problem would be a good start toward prevention.

Robert J. Sundberg
Commissioner

Alaska State Legislature
HOUSE OF REPRESENTATIVES
COMMITTEE ON RESOURCES

JOHN RINGSTAD, CO-CHAIRMAN
RICHARD SHULTZ, CO-CHAIRMAN
POUCH V
JUNEAU, ALASKA 99811
(907) 465-3715

To: Co-chairman Ringstad

From: Committee Staff

Date: March 16, 1984

Re: SB 139

This legislation originated when legal revisors reviewing the statutes determined that the statutes involved were not serving a useful public purpose.

Agencies involved in the implementation of the big game transporter statutes also agreed that they were nearly impossible to enforce, and took time away from other, more important enforcement problems.

Senate Resources, after hearing testimony from big game guides, as well as appropriate agencies, passed SB 139, repealing the big game transporter provisions from Alaska statutes.

Nearly all parties agree that, although the legislation setting up these statutes was well-intended, it has caused more problems than it has solved.

STATE OF ALASKA
THE LEGISLATURE

POUCH Y STATE CAPITOL
JUNEAU, ALASKA 99811
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

M E M O R A N D U M March 13, 1984

SUBJECT: Harassment of hunters, fishers and trappers (CSHB 546 (Resources)(draft)

TO: Representative John Ringstad
Chairman, House Resources Committee

FROM: Edward H. Hein
Legislative Counsel

Enclosed is a draft of Resource Committee Subsitute for HB 546 requested by Dave Stancliff.

I have rewritten sec. 16.05.925(a) and (b) in an effort to address the problems raised in the second paragraph of Governor Sheffield's veto letter relating to HB 163 last year.

Also, I have attached copies of the laws relating to harassment of hunters, fishers and trappers in seven other states. Note that every one of the laws uses the term "interfere" without defining it. Despite this, it is my opinion that the words "obstruct" and "hinder" are slightly more precise and therefore preferable.

Feel free to contact me at your convenience if I may be of further assistance.

EHH:ojb
J4/072
Enclosures

NEVADA

Section 1. Chapter 503 of NRS is hereby amended by adding thereto a new section which shall read as follows:

1. It is unlawful for a group of people, acting together, intentionally to interfere with a person who is lawfully hunting or trapping. For the purpose of this subsection, hunting or trapping is "lawful" only if permitted by the owner or person in possession of the land, other than the government, in addition to any requirement of license or permit from a public authority.

2. The provisions of subsection 1 do not apply to any incidental interference arising from lawful activity by users of the public land, including without limitation ranchers, miners or persons seeking lawful recreation.

MAINE

§7541 Harassment prohibited.

1. Interference with taking. No person may willfully interfere with the lawful hunting, fishing or trapping of a wild animal, wild bird or fish.

2. Disturbing wild animals, wild birds or fish. No person may willfully disturb or attempt to disturb a wild animal, wild bird or fish with the intent to interfere with the hunting, fishing or trapping of them.

3. Violation. A violation of this section is a civil violation for which a forfeiture of not less than $100 nor more than $500 may be adjudged.

4. Property rights otherwise provided by law. This chapter shall not be construed in any way to limit the ownership use, access or control of property rights otherwise provided by law.

§7542 Injunction; damages.

1. Injunction. The District Court or Superior Court may enjoin conduct which would be in violation of section 7541 upon notification by a person affected or who reasonably may be affected by the conduct, upon a showing that the conduct is threatened or that it has occurred on particular premises in the past and that it is not unreasonable to expect that under similar circumstances it will be repeated.

SOUTH DAKOTA

Section 1. No person may intentionally interfere with any person or group of persons lawfully engaged in the process of taking or attempting to take any game or fish. No person may engage in any activity specifically intended to harass or otherwise prevent the lawful taking of any game or fish. No person may engage in any activity to scare or disturb any game with specific intent to prevent their lawful taking. This section may not be construed to prohibit a landowner from revoking a prior grant of permission to hunt on his land. A violation of any provision of this section is a Class 2 misdemeanor.

Section 2. Any person who fails to obey the order of a peace officer to desist from conduct in violation of section 1 of this Act, if the officer observes such conduct, or has reasonable grounds to believe the person was engaged in such conduct that day or intends to engage in such conduct that day on a specific premises, is guilty of a Class 1 misdemeanor.

Section 3. The court may enjoin conduct which is in violation of section 1 of this Act upon petition by a person affected or who reasonably may be affected by such conduct, upon a showing that such conduct is threatened or that it has occurred on a particular premises in the past and may reasonably be expected to be repeated. The court may award damages to any person adversely affected by a violation of section 1 of this Act. Damages may include an award for punitive damages, license fees, travel or other expenses which were rendered futile by preventing the licensee from taking game or fish.

Signed March 12, 1983.

ILLINOIS

[S.H.A. ch. 61, ¶301]

Section 1. Definitions. As used in this Act:

a. "wild animal" means any wild creature the taking of which is authorized by the fish and game laws of the State.

b. "Taking", means the capture or killing of a wild animal and includes travel, camping, and other acts preparatory to taking which occur on lands or waters upon which the affected person has the right or privilege to take such wild animals.

[S.H.A. ch.61, ¶302]

Section 2. Any person who knowingly performs any of the following is guilty of a Class C misdemeanor;

(a) interferes with the lawful taking of a wild animal by another with intent to prevent the taking.

(b) disturbs or engages in an activity that will tend to disturb wild animals, with intent to prevent their lawful taking.

(c) disturbs another person who is engaged in the lawful taking of a wild animal or who is engaged in the process of taking, with intent to dissuade or otherwise prevent the taking.

(d) enters or remains upon public lands, or upon private lands without permission of the owner or his agent, with intent to violate this Section.

[S.H.A. ch. 61, ¶303]

Section 3. Any person who knowingly performs any of the following acts is guilty of a Class B misdemeanor;

(a) fails to obey the order of a peace officer to desist from conduct in violation of Section 2 of this Act if the officer observes such conduct, or has reasonable grounds to believe that the person has engaged in such conduct that day or that the person plans or intends to engage is such conduct that day on a specific premises.

[S.H.A. ch. 61 ¶304]

Section 4. (a) Any court may enjoin conduct which would be in violation of Section 2 of this Act upon petition by a person affected or who reasonably may be affected by such conduct, upon a showing that such conduct is threatened or that it has occurred on a particular premises in the past and that it is not unreasonable to expect that under similar circumstances it will be repeated.

(b) A court may award damages to any person adversely affected by a violation of Section 2, which may include an award for punitive damages. In addition to other items of special damage, the measure of damages may include expenditures of the affected person for license and permit fees, travel, guides, special equipment and supplies, to the extent that such expenditures were rendered futile by prevention of the taking of a wild animal.

LOUISIANA

§ 648. Definitions

As used in this Subpart, the following definitions shall apply:

(1) "Wild animal" means any wild creature, including fish, wild birds, and wild quadrupeds, the taking of which is authorized by the provisions of this Title.

(2) "Process of taking" means any act directed at the lawful taking of a wild animal, including the acts of travel, camping, or other activity occurring in preparation for the taking which occurs on state-managed lands or waters governed by the provisions of R.S. 56:781–R.S. 56:787 or which occurs on private lands or waters with the permission of the owner or his agent.

Added by Acts 1982, No. 376, § 1.

§ 648.1. Harassment and disturbance prohibited

No person shall engage in any of the following activities on lands or waters managed by the state pursuant to R.S. 56:781–R.S. 56:787, or upon private lands or waters where a hunter, trapper, or fisherman has been given permission by the owner or his agent to take wild animals:

(1) Interfere with the lawful taking of a wild animal by a hunter, trapper, or fisherman or interfere with the process of taking, with intent to prevent the taking.

(2) Disturb a wild animal, or engage in any activity or place any object or substance that will tend to disturb or otherwise affect the behavior of a wild animal, with intent to prevent or hinder its lawful taking.

(3) Disturb any hunter, trapper, or fisherman who is engaged in the lawful taking of a wild animal or who is engaged in the process of taking, with intent to dissuade or otherwise prevent the taking, or to prevent such person's enjoyment of the outdoors.

(4) Enter or remain upon state-managed lands or waters or upon private lands or waters with intent to violate the provisions of this Section.

Added by Acts 1982, No. 376, § 1.

On authority of R.S. 24:253, subsection designations A to D as found in Acts 1982, No. 376 were changed to paragraph redesignation: (1) to (4).

Library References
Game ⟹7.
C.J.S. Game § 10 et seq.

§ 648.2. Remedies, damages, and penalties

A. The secretary may seek injunctive relief to restrain and prevent violations of R.S. 56:648.1, upon request by the person affected or who reasonably may have been affected by such conduct.

B. Any person adversely affected by a violation of R.S. 56:648.1 shall be entitled to recover actual damages, including expenditures of the affected person for license and permit fees, travel, guides, special equipment and supplies, to the extent that such expenditures were rendered futile by the actions of the person violating the provisions of this Section.

C. Violation of the provisions of R.S. 56:648.1 constitutes a class two violation.

Added by Acts 1982, No. 376, § 1.

§ 648.3. Failure to obey order; violation

A. It shall be unlawful for any person to continue any conduct in violation of R.S. 56:648.1 when ordered to desist by an enforcement officer who has observed such conduct or who has reasonable grounds to believe that the person has engaged in such conduct on that day or plans or intends to engage in such conduct that day on a specific property.

B. Violation of the provisions of R.S. 56:648.3(A) shall constitute a Class three violation.

Added by Acts 1982, No. 376, § 1.

ARIZONA

§ 17-316. Interference with rights of hunters; violation; classification

A. The commission may, by rule, establish designated hunting areas on public lands if it finds that a significant interference or disruption of a hunt is likely to occur on those lands.

B. It is a class 2 misdemeanor for a person while in a designated hunting area to intentionally interfere with the lawful taking of wildlife by another or to intentionally harass, drive or disturb any game animal for the purpose of disrupting a lawful hunt.

C. It is a class 3 misdemeanor for a person to enter or remain in a designated hunting area on any state lands including state trust lands with the intent to interfere with the lawful taking of wildlife.

D. The commission or any person properly licensed to take wildlife who is directly affected by a violation of this section may bring an action to restrain conduct declared unlawful in this section and to recover damages.

E. A peace officer who reasonably believes that a person has violated this section may order the person to desist or to leave the area or arrest such person upon refusal to desist or leave.

F. The conduct declared unlawful in this section does not include any incidental interference arising from lawful activity by public land users, including ranchers, miners or recreationists.

Added by Laws 1981, Ch. 239, § 1.

MICHIGAN

312.10. Unlawful hunting

Sec. 10. (1) Unless otherwise specified, a person shall not do any of the following:

(s) Intentionally interfere in any manner with the lawful hunting, pursuing, or taking of a wild bird or a wild animal by another person.

Hunter harassment: it's an issue to note in Alaska

To hunt, or not to hunt.

That is a question being addressed in a more and more political and emotional overtone in the past few years. While hunters haven't yet questioned the right of others not to hunt, groups who don't hunt are challenging the rights of hunters to lawfully pursue their quarry.

In British Columbia, Greenpeace "hunt saboteurs" have confronted big game hunters in their remote camps. According to a report from the pro-hunting Wildlife Legislative Fund of America, anti-hunters verbally abused and assaulted hunters and drove away wildlife.

Richard F. Schmitz

A Greenpeace "anti," as hunters term hunt-saboteurs, fired a flare gun at a guide in the Spatsizi Preserve. In one case a fight erupted between the groups, resulting in injuries.

In Arizona, a group called the Animal Defense Council disrupted a bighorn sheep hunt in the Catalina Mountains and later extended its activities to disrupt other hunters, according to the Arizona Game and Fish Department and the WLFA.

The most active hunter harassment is in the East.

A 120,000-member New York City-based group called the Friends of Animals Inc., publishes a list of tips for hunt saboteurs.

Among the suggested activities:

- Enter the hunt area a day before the season opens and play loud radios, musical instruments, or bring along a leashed dog.
- Foul hunters' blinds with rotten eggs or cow dung.
- Get a female dog in heat and take it in a hunt area to disrupt hunting dogs.
- Play recordings of wolf howls and spray deer repellant in heavily hunted areas.
- Apply for permits to deny hunters access.

"Let hunters know friends of animals are in the woods," the Friends of Animals publication says. "This serves to anger them, and angry hunters do not stalk so quietly, their aim is not so precise. Emotions can play heavily in the success of a hunt, and the most effective killers are cool and methodical. Disrupt!"

Friends of Animals compares hunters with Nazi armies. "They will take their bloody toll of deer, rabbits, ducks, dogs, cats and a few children," the Friends warn.

"FoA encourages all its members and sympathizers to sabotage the sport hunter. Wild animals belong to ALL citizens," the group continues, "and as citizens we're unwilling to see animals murdered by hunters who find a perverted interpretation of sport in butchering innocent animals."

One Alaska legislator who is trying to head off these anti-hunting tactics is Delta Junction Rep. Dick Shultz. He sponsored House Bill 163, an act designed to make unlawful deliberate harassment of hunters, trappers, fishermen or campers.

Shultz said he wasn't specifically isolating the problem of organized anti-hunting activity. His intent, he said, was to include the problems sometimes created in public campgrounds and picnic areas by unruly behavior.

So far, Alaska has been spared from this kind of activity. But that could change.

Bob Hinman, acting director of the Division of Game, said organized hunter harassment hasn't yet occurred in Alaska. But threats of harassment have.

During the state's last wolf hunt in the Interior, Hinman said, threats were made by environmental groups and individuals to disrupt hunters. The threats included shooting and sabotaging aircraft and blocking runways.

The threats, however, were never carried out.

Greenpeace reseacher Michael Bailey, when contacted in Seattle Wednesday, said his organization's ship Rainbow Warrior II was currently docked in Dutch Harbor, but not to harass Alaskans. It's mission, Bailey said, is to harass Japanese gillnetters off the Aleutian Islands. From there the Rainbow Warrior was headed for Nome and Soviet waters, he said.

Bailey said Greenpeace had no present plans to harass hunters in Alaska, although they continue to hold keen interests in environmental issues in this state.

But another group may have Alaska hunters in its sights. A Vancouver, B.C.-based organization, Life Force, may be interested in blocking Alaskan trophy hunting, Bailey said. Life Force has been active in sabotaging northern and western B.C. big game hunters and its range may be extended to include S.E. Alaska.

Life Force was unavailable for comment.

Why do the anti-hunters have such a keen drive?

World-class trophy hunter and University of Alaska-Fairbanks sociology Professor Sarkis Atamian has one explanation:

"It's part of the liberal radical left political activism of the day," he said. "They have common philosophical cause with pro-abortion and pro-homosexual groups.

"They are not really interested in preserving wildlife. They love wildlife because they hate hunters," Atamian said. "They oppose traditional American values — which they see in hunters — and want to substitute their own counter-cultural values. It's a very political thing. It's a miserable movement.

"There are some moralists who oppose hunting on moral grounds, but these people — who are well-motivated — tend not to form groups."

New battles loom over right to hunt

By WILLIAM E. GEIST
The New York Times

NEPTUNE, N.J.—When Susan Russell strolls through the woods playing classical music on her tape player, the deer, muskrats and other wildlife of the forest run the other way. A muskrat may linger momentarily over a few notes of Chopin, but John Philip Sousa always sends them crashing through the brush.

Russell is one of tens of thousands of animal lovers who patrol the woods during hunting and trapping seasons, blaring everything from Sousa marches to recorded wolf howls in a nationwide campaign to set animals running for their lives before hunters arrive. She has found the hunter has

(See HUNTERS, page 8)

HUNTERS . . .

(Continued from page 1)

no more appreciation for her music than the muskrat.

A growing number of confrontations between hunters and these protectors of wildlife has led a New Jersey legislator to introduce a bill that would make it illegal to "interfere or attempt to interfere with the lawful hunting, pursuit, killing or taking of an animal, bird or freshwater fish." Violators would be fined.

The legislator, Assemblyman Joseph W. Chinnici, Republican of Bridgeton, himself a hunter, said his legislation was needed to protect both the hunters from harassment and the animal protectors from reprisals. Such legislation recently became law in Arizona and is under consideration in several other states in response to the growing militance of animal protectionists.

"There's a war going on," said Russell, a spokesman for Friends of Animals, a national organization with headquarters here and in New York that distributes "Tips for Hunt Saboteurs" to its 120,000 members. The tips range from lobbying for changes in the law with local, state and national officials to such guerrilla tactics as taking a female dog in heat into the field to turn the heads of male hunting dogs, and scattering rotten eggs and cow dung in duck blinds.

Russell sees nothing extreme in any of this.

"Wildlife belongs to everybody," she said. "We think it is audacious of hunters to say they can shoot animals but we cannot protect them."

But Chinnici has said, "If this isn't stopped immediately," "someone is going to get hurt."

Implicit in his warning, and those voiced by concerned hunters throughout the state, is that the side carrying tape players is at a distinct disadvantage in confrontations with those carrying rifles and shotguns.

Chinnici said he had received reports of "anti-sportsmen's groups" blaring car horns and firing weapons to scare off game and in one instance even flying a helicopter over a hunting area.

His bill has been referred to the Assembly's Agriculture and Environment Committee, where four of the five committee members are cosponsors. Both opponents and proponents believe the bill has substantial support in the Legislature.

Bob Busnardo, host of the weekly radio program "Sportsmen's Hot Line" on a Bridgeton station, said "these antis" (one of the more pleasant terms hunters use to describe those opposed to hunting) had disrupted his hunting excursions by playing radios, honking car horns, letting air out of tires and swerving their automobiles toward him as he stood on country roads.

"The confrontations have been verbal so far," he said, "but when you harass someone long enough and hard enough, eventually there are going to be serious problems."

Opponents charge that Chinnici's bill would infringe on their rights of speech and assembly.

"Whenever there is a protest of anything," said Russell, "whether it be civil rights or women's rights or whatever, there is the chance of confrontation. But someone cannot just do away with our right to speak out on things we disagree with. If they do, I believe that in good conscience we would have to continue to protest as we are now."

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HARASSMENT

Official Business

Alaska State Legislature
House Resources Committee

SIGN-IN FEB 27, 1984

HB 546

NAME	ADDRESS	PHONE	REPRESENTING
Dennis Kelso	Box 3-2000 Juneau, AK	x4100	ADF&G
Ron Somerville	3280 McKinnie Dr.	9-3450	Alaska Outdoor Council
[illegible]		465-4960	Rep. [illegible]
G Horetski	Pouch K C, Juneau	x3428	LAW

163 - Somerville - Supported concept
- Put policy before people in village before problem becomes exacerbated - "constitutionally vague"
look at subsistence law - Present laws do not adequately protect - Don't intend to interfere w/trespass rights of private landowners

250 Goll - What particular actions would you have prohibited
△ Somerville - intent

390 - Larson - Penalty sufficient deterrent?
△ Somerville - probably adequate
HR 3713 federal legislation

426 - Vehling - work w chair, move rather swiftly to adopt

448 - Russell - dissent by 14th amendment rights rationale

482 Rings intent adjourn 435

(1) 2/27/84

Bush

305 - Rings Lars Goll Vaska Cowdl Uehling Liska

016 - Sen Faiks intro SB 349
"Let's talk about it - adopt regs / animal user group

046 - Liska - allowing dogs.
△ Can't hardly prevent legit use of dogs in parks

065. Aska - any objection to park ranger shooting dogs
△ Probably need other legis -

075 Cowberry - Sleds & racing - nothing wrong w/that
research on horses - Mr. Miller on dedication rode on horse to cut ribbon - supports -
Cowberry - action thru Commis Wannicke

108 Goll - division can already destroy dogs - "AAC
already have power to decide compatibility of animals
What does bill accomplish
△ makes user group in Statutes

155. Uehling - wouldn't want stronger language?
△ No - user groups signed off

170 Lars - Who are "them" to be notified?
△ User groups

Larson - how identified?
Δ Faiks organized, registered clubs & associations

198 Bussell - Where under G is A of present statute?
Δ Rings b creates a out of existing statute.

218 Cowdery moves CSSB 349 out, asked u/c
no objection

225 Rings brought up HCR 51

232 - Bill Haring - explained proposed CS changes

249 Uehling - bison drift barrier
Δ Rings explain

272 Uehling moved adopt u/c
no obj.

276 Uehling moved out CSHCR 51 Res, u/c no obj.

280 HB 546 - Rings brought up

292 Jack Geddard - statement
Confrontation in remote areas - high cost - violence
Bristol Bay - fish negotiations

340 - Goll - prior written testimony ADF&G
What about camping?
Vehling - Gov. didn't like camping

357 - Goll - no resolution where hunting conflicts with camping.

365 - Cowdery hunting a right or privelege
Δ Rings - probably priv - licensed
Cowd - hunter - trapper
Cowd - private landowner
Cowd - now relate to fed or native land?
Goddard - should have cause
Cowd - protect Sea World?
Goddard - don't know

448 - Liska - about time to get appropriate statutes

470 Larson - Why don't mention "commercial fishing"

500 Goll - examples - competition of use
Doesn't give priority to first-user
Δ Goddard - that's what courts are for

545 - Dennis Kelso - 1 - support opportunities to engage lawfully in activities 2 - Whether bill is appropriate, defer

to gov's veto message — Changes in 546 do not modify 163 to please gov - veto msg. stands

579 - Liska - any recommendations on changes
△ Kelso - approach within legal framework -

595 Cond - wd protect SeaWorld in Orca capture ?
△ Kelso - fed statutes apply - jurisdiction problem
Scientific/educ. collection

631 Larson - Comm-fish out? △ don't know -
How does this legis differ from other states △ don't know
last yr.

64[illegible] - Suggested changes in Statutes in lieu of this bill ?
△ just those in HB 404

710 - Liska - How applic. to comm-fish - harassment
△ differenciate between tough compet. & harassment

740 - Larson - how to enforce ?
△ Officers where enough - citizen's arrest sticky

775 - Condemning two competing for same animal
△ Gov's veto - ~~cop~~ vagueness

800 Gail Horetski - Substantial problems
- overbreadth & ambiguity - "interference"
- draws clear preference for hunting, fishing, trapping
- marks v Anchorage 1972 - Deletion of commfish brings problem to fore.
- Protected under 1st amendment

950 - Ringstad - prove intent -
Δ Wouldn't have to intend to stop hunting, but perhaps because they were there first -

Tape Change - Ringstad - Policy?
- Δ Yes

005 - Cowdery - privilege v. right

047 - Cowd - protect Sealfield?

057 - Basl - Policy question on part of legislature
Δ Did not ever say Dept of Law supported
Basl - preventative tool - from either Law or ADF&G

112 Cohlings - ambiguity - improve or drop bill

131 Liska - what wd Horetski recommend to test?
Δ Can get from other states + define terms

98TH CONGRESS
1ST SESSION

H. R. 3713

To amend title 18 of the United States Code to penalize the obstruction of hunts, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JULY 29, 1983

Mr. MARLENEE introduced the following bill; which was referred to the Committee on the Judiciary

---

A BILL

To amend title 18 of the United States Code to penalize the obstruction of hunts, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Hunters' Protection Act
4 of 1983".

5 CRIMINAL PENALTIES AND CIVIL REMEDIES

6 SEC. 2. Chapter 3 of title 18 of the United States Code
7 is amended by adding at the end the following:

8 **"§ 48. Obstruction of hunting**

9 "(a) Whoever with another, willfully devises or partici-
10 pates in any scheme or plan affecting interstate commerce to

1 obstruct or impede the participation of any individual in a
2 lawful hunt or hunting season; shall be punished as provided
3 in subsection (b) of this section.

4 "(b) The punishment for an offense under subsection (a)
5 of this section is—

6 "(1) a fine of not more than $5,000 or imprison-
7 ment for not longer than five years, or both, if the
8 scheme or plan involved the use of violence against the
9 person of another or the destruction of property of an-
10 other; and

11 "(2) a fine of not more than $500 or imprison-
12 ment for not longer than sixty days, or both, in any
13 other case.

14 "(c)(1) The Attorney General, the head of a State
15 agency with jurisdiction over fish and wildlife management,
16 or any individual intending to participate in the affected
17 lawful hunt or hunting season may in a civil action obtain
18 injunctive relief against a violation of subsection (a) of this
19 section.

20 "(2) A person aggrieved by a violation of subsection (a)
21 of this section may in a civil action recover actual and puni-
22 tive damages and reasonable attorneys' fees.

23 "(d) As used in this section, the term 'lawful hunt or
24 hunting season' means a game hunt or hunting season (in-
25 cluding fishing and a fishing season) authorized by the law of

1 the State in which it takes place and not prohibited by the
2 law of the United States.".

3 TECHNICAL AMENDMENT

4 SEC. 3. The table of sections at the beginning of chapter
5 3 of title 18 of the United States Code is amended by adding
6 at the end the following:

"48. Obstruction of hunting.".

O

HB

551

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: 2/6/84

REQUEST
Bill/Resolution No.: CS for HB 551
Title: Delta Junction Bison Range

Sponsor: Shultz
Requestor:
Date of Request: 2/6/84

FISCAL DETAIL
Agency Affected: Natural Resources
Program Category Affected: PreSuppression/Northcentral Small Timber Sale
BRU, Program or Subprogram(s) Affected: Forest Management/Forest Management

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

CS for HB 552 appropriates $60,000 from the general fund to DNR for administration of timber sale and fire suppression on the Delta bison range.

ANALYSIS: Attach a separate page for analysis

Prepared By: Carol Wilson
Phone: 465-2400
Division: Commissioner's Office - DNR
Date: 2/6/84

Approved by Commissioner: [illegible] Deputy
Date: 2/6/84
Agency: Department of Natural Resources

Distribution (by Agency preparing fiscal note):
- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

12/1/83

Dear Senator and/or Representative:

The Delta bison herd needs a winter home to roam! After years of conflict, a solution to the problems of bison versus agriculture in the Delta Junction area is finally at hand. If all of us who are concerned about bison will take just a few minutes now, we can insure a future for the free-ranging Delta herd and give them a home of their own.

The solution exists in legislation now before the Alaska House and Senate; Senate Bills 337 and 338, and House Bills 551 and 552. These bills would appropriate funds to complete the development of the Delta Junction Bison Range, and erect a bison drift fence to keep the animals out of the Delta Agricultural Project.

Far from being just a place for a band of bison, the Bison Range would add much needed public hunting opportunities for big and small game, as well as new moose habitat, outdoor recreation opportunities, new wood cutting areas, and bison and other wildlife viewing possibilities.

For this proposal to become reality, the support of all Alaskan lawmakers is critical. We urge your support.

Sincerely,

Ron Beck

Delta Area Fish & Game Advisory Committee

P.O. Box 294

Delta Junction, 99737 895-4381

MSG 84-00013541 PRTY 1 02/14/84 15:00:11 ORIG: LD00 IN= 0006 OUT= 0097
FROM: LINDA/DELTA TO: JNU
TARGET: LJHK SUBJ: POM'S

THE FOLLOWING SAME MSNG WAS RECEIVED FROM THE FOLLOWING LIST OF PEOPLE:

TO: ALL LEGISLATORS

FROM: LEIGH B. DENNISON
BOX 873
DELTA JUNCTION, ALASKA

ROBERT ARMENTROUT
BOX 1334
DELTA JUNCTION, ALASKA

ELSI COTTINGHAM
BOX 144
FORT GREELY, ALASKA

LEA SCHULZ
BOX 356
DELTA JUNCTION, ALASKA

BETTY MACHADO
MILE 1414 1/2 AK. HWY.
DELTA JUNCTION, ALASKA

FEB 16 REC'D

RE: BISON RANGE

THE PROPOSED BISON DRIFT BARRIER SHOULD BE LOCATED SOUTH OF THE ALASKA HWY. BEHIND ANY PRIVATE PROPERTY OR AGRICULTURAL LAND. LOCATING BARRIER NORTH OF THE HWY. WOULD CAUSE A VERY DANGEROUS SITUATION WITH BISON STOPPED JUST ACROSSED THE HWY. WITH NO PLACE TO GO.

****** DELTA INFO OFFICE *****
TO: ALL LEGISLATORS

FROM: DELTA FFA CHAPTER
BOX 883
DELTA JUNCTION, ALASKA
KRIS KNUPP, SECRETARY

FEB 16 REC'D

RE: BISON

OUR CHAPTER WOULD LIKE TO EXPRESS THEIR SUPPORT FOR SENATE BILL 337/338 AND HOUSE BILLS 551/552. OUR FORTY MEMBERS SUPPORT THE BISON RANGE AND DRIFT BARRIER FENCE. WE ALSO SUPPORT THE INCREAES OF THE BISON FEE TO $10.

****** DELTA INFO OFFICE *****

TO ALL LEGISLATORS

FROM: HENRY MUTH, PRES.
FFA ALUMNI
DELTA JUNCTION, ALASKA

FEB 16 REC'D

RE: BISON

ON BEHALF OF THE FFA ALUMNI ASSOCIATION , DELTA CHAPTER, WE URGE YOUR SUPPORT OF SB 337/338 AND HB 551/552. THESE BILLS ARE A STEP TOWARDS THE END OF A BIG PROBLEM. ANYTHING YOU CAN DO TO HELP SEE THESE MEASURES THROUGH TO COMPLETION WILL BE APPRECIATED BY ALL.

Alaska State Legislature
HOUSE OF REPRESENTATIVES
COMMITTEE ON RESOURCES

JOHN RINGSTAD, CO-CHAIRMAN
RICHARD SHULTZ, CO-CHAIRMAN
POUCH V
JUNEAU, ALASKA 99811
(907) 465-3715

To: Committee members

From: Resource Committee Staff

Date: February 7, 1984

Re: Analysis of HB 551, The Delta Junction Bison Range

I. Legislative History.

The Delta Junction Bison Range Area was created by law, HB 31, during the 1979 legislative session. The purpose of the Range was to perpetuate the free-ranging of bison in the Delta Junction area. Its goal was to allow for adequate winter grazing for the bison on the range. Also, because of the damage caused to the herds by the agriculture projects, the range was to aid in altering the seasonal movements of bison herds.

Originally, the Delta Junction Bison Range area was to only be in existence for three years, starting August 1, 1979, and terminating on August 1, 1982. (see Sec. 3 of Chapter 39, SLA 1979) However, this date was extended to August 1, 1989. (see Sec. 1, Ch. 73, SLA 1980)

II. The Situation Today.

Apparently, there still exists problems with the Delta Bison herd. The agricultural project provides a threat to the bison, due the fact that bison are a grazing animal, and they like barley. Thus, they graze on or near the site of the farms. The problem really exists because the Bison Range has never really been completed. The intent of the 1979 legislation has never been enacted.

This year, a group of Delta area residents began meeting to attempt to find a solution to the problem. The group is composed of farmers, sportsmen, a representative from the Division of Game, representatives from the logging industry, and other concerned Delta area residents.

HB 551 is one product of this Delta area group.

III. Sectional Analysis (what the bill does)

Section 1, lines 9 - 22, is existing language in the statutes, AS 16.05.346.

Section (b), lines 23 - 25, is new language, that establishes the application fee for the hunting of bison in the Delta Junction bison range area at $10.00.

Section (c), lines 26 -28, is original language, original section (b) of AS 16.05.346.

Section 2, on line 29, page 1, is a new section. this amends AS 16.20 by creating timber sales on the Delta Junction Bison Range. Requires that DNR, devision of Forestry, provide for the sale of timber on the range.

Section 3 repeals AS 16.20.300, 16.20.310, 16.20.315, and 16.20.320.

> 16.20.300 is the section that establishes the Delta Junction Bison Range.
>
> 16.20.310 establishes the Game management plan for the Bison Range Area.
>
> 16.20.315 establishes the Bison Range Timber Sales.
>
> 16.20.320 establishes that activities on the range area shall include activities permitted in accordance with the laws and regulations of this state, including hunting, trapping, and recreational activities.

Note that Section 6 of is bill, on line 11, page 2, does not allow for Section 3 to become effective until August 1, 1995. What this says is that the repeal of the Bison Range won't happen until 1995.

Section 4, line 8, pg 2, repeals Section 3, Chapter 39, SLA 1979, and Section 1, Chapter 73, SLA 1980.

> Section 3 of Chapter 39, SLA 1979 states that the Delta Junction Bison Range Area terminate three years after the effective date. The effective date was August 1, 1979.
>
> Section 1 of Chapter 73, SLA 1980, amends the termination date of Chapter 39, SLA 1979 by extending the termination date of the range to 10 years instead of three. So the termination date is August 1, 1989.

Section 5 is self explanitory.

Section 6. By having the repeal of AS 16.20.310-320 happen in 1995, this allows for the continued existence of the range till 1995, instead of 1989, an additional 6 years.

Summary:

Basically there are three major concerns addressed in this bill:

1. Creates a $10.00 application fee for hunting Bison, instead of the usual $5.00 fee.

2. Creates timbers sales on the Bison Range, through DNR, the Division of Forestry.

3. Extends the existence of the Bison range six more years, to 1995 instead of 1989.

IV. Comparison between HB 551 and CS HB 551.

The differences between the two bills are:

1. The Resource Committee Substitute deletes all of Section 1 of HB 551. This section was the legislative findings section.

2. The CS HB 551 also deletes all of Section 2 of HB 551. This section was to have created a "Bison Range Advisory Committee".

and steelhead trout sport fishing permit without charge." Further, the amendment, in subsection (d), inserted "one-half of" preceding "the nonresident rate."

The first 1983 amendment deleted ", fur" following "fish" in present paragraph (a)(14) and rewrote subsection (b).

The second 1983 amendment added the language to present (a)(16)(A) regarding the board's power to eliminate the tag and fee for a game management unit.

Editor's notes. — As enacted, § 1, ch. 21, SLA 1982, added a second sentence to present paragraph (a)(5) of this section. This new material, however, was renumbered as AS 16.05.341 by the revisor of statutes pursuant to AS 01.05.031.

Opinions of attorney general. — Construing subsection (d) with federal law (10 U.S.C. § 2671(a)), a member of the military who does not qualify as a resident under AS 16.05.940(20) is required to obtain an Alaska sport fishing license to engage in sport fishing on military lands. 1977 Op. Att'y Gen. No. 21.

Construing AS 16.05.330 and this section with federal law (10 U.S.C. § 2671(a)), a member of the military who does not qualify as a resident under AS 16.05.940(20) is not required to obtain an Alaska trapping license to trap on military lands. 1977 Op. Att'y Gen. No. 21.

The special small game hunting license for military personnel authorized by subsection (d) may not be used for hunting all game (including big game) once the holder achieves resident status. 1977 Op. Att'y Gen. No. 21.

Sec. 16.05.341. Free license for disabled veterans. A person may receive a resident hunting and sport fishing license (AS 16.05.340(a)(5)) without charge if the person

(1) has been discharged from military service under honorable conditions;

(2) is eligible for a loan under AS 18.56.101; and

(3) is certified by the United States Veterans' Administration as having incurred a 50 percent or greater disability during military service. (§ 1 ch 21 SLA 1982)

Revisor's notes. — Enacted as the second sentence of AS 16.05.340(a)(4). Renumbered in 1982.

Sec. 16.05.345. Musk oxen. [Repealed, § 4 ch 57 SLA 1980. For current law see AS 16.05.346.]

Sec. 16.05.346. Permit applications. (a) If the Board of Game declares an open season for musk oxen and has not reduced or eliminated the $500 resident tag fee under AS 16.05.340(a)(16), the department shall conduct a drawing for permits to take the musk oxen. If the Board of Game declares an open season for musk oxen for which the Board of Game has reduced or eliminated the resident tag fee, the department shall issue permits to take the musk oxen in the order in which applications are received by the department. A person is not eligible for more than one musk oxen permit a year. The department may not charge a fee for an application for a musk oxen permit for an open season in which the Board of Game has reduced or eliminated the resident tag fee under AS 16.05.340(a)(16). In all other cases the application fee for a musk oxen permit is $10.

(b) Except as provided in (a) of this section, the permit application fee for all species for which a limited drawing is conducted is $5. (§ 3 ch 57 SLA 1980)

(b) the board shall require the person or governmental agency to obtain the written approval of the commissioner as to the sufficiency of the plans or specifications before construction is commenced. (§ 2 ch 140 1972; am § 28 ch 206 SLA 1975)

Sec. 16.20.270. Additional critical habitat areas. The commissioner shall submit a list of additional critical habitat areas to the legislature annually. (§ 2 ch 140 SLA 1972)

Article 6. State Range Areas.

Section

300. Delta Junction Bison Range Area
310. Game management plan
320. Activities on range area

Cross reference. — For legislative purpose, see sec. 1, ch. 39, SLA 1979 in the Temporary and Special Acts.

Editor's notes. — Section 3, ch. 39, SLA 1979, as amended by sec. 1, ch. 73, SLA 1980, provides that the provisions of AS 16.20.300 — 16.20.320 "terminate" on August 1, 1989.

Sec. 16.20.300. Delta Junction Bison Range Area. The following described areas, excluding valid existing rights, are established as the Delta Junction Bison Range Area:

(1) Township 11 South, Range 12 East, Fairbanks Meridian

Section 28: S 1/2 SW 1/4, SW 1/4 SE 1/4 and that portion of the NW 1/4 SW 1/4 east of the west bank of Granite Creek excluding A.S.L.S. 78-93, Tract A, Unit 1

Sections 29, 32: those lands east of the west bank of Granite Creek

Section 33: all, excluding A.S.L.S. 78-93, Tract A, Unit 1

Section 34: S 1/2 NW 1/4, excluding A.S.L.S. 78-93, Tract A, Unit 1, S 1/2

Section 35: S 1/2, S 1/2 NW 1/4, that portion of the NE 1/4 lying south of the Alaska Highway excluding a corridor extending 1320 feet from the centerline of the highway

Section 36: that portion lying south of the Alaska Highway excluding a corridor extending 1320 feet from the centerline of the highway

(2) Township 12 South, Range 11 East, Fairbanks Meridian

Sections 13, 24-26, 35, 36: all

Sections 1, 11, 12, 14, 22, 23, 27, 34: those lands east of the west bank of Granite Creek

(3) Township 12 South, Range 12 East, Fairbanks Meridian

Sections 1-4, 7-25, 30, 36: all

Sections 5, 6: those lands east of the west bank of Granite Creek

(4) Township 12 South, Range 13 East, Fairbanks Meridian

Sections 5, 6, 9: that portion lying south of the Alaska Highway excluding a corridor extending 1320 feet from the centerline of the highway

Section 7: all

Section 8: all, excluding a corridor extending 1320 feet from the centerline of the Alaska Highway

Section 10: that portion of the SW 1/4 lying south of the Alaska Highway excluding a corridor extending 1320 feet from the centerline of the highway

Section 14: S 1/2 S 1/2 SW 1/4

Section 15: S 1/2, NW 1/4, excluding a corridor extending 1320 feet from the centerline of the Alaska Highway

Sections 16-22: all

Section 23: S 1/2, NW 1/4, S 1/2 NE 1/4, S 1/2 N 1/2 NE 1/4

Section 24: SW 1/4, S 1/2 NW 1/4, excluding a corridor extending 1320 feet from the centerline of the Alaska Highway, S 1/2 S 1/2 SE 1/4

Sections 25-36: all

(5) Township 12 South, Range 14 East, Fairbanks Meridian

Sections 19, 28-30, 33-35: that portion lying south of the Alaska Highway excluding a corridor extending 1320 feet from the centerline of the highway

Sections 31, 32: all

(6) Township 13 South, Range 13 East, Fairbanks Meridian

Sections 1-5, 9-15, 23-25, 36: all

(7) Township 13 South, Range 14 East, Fairbanks Meridian

Section 1: that portion lying south of the Alaska Highway excluding a corridor extending 1320 feet from the centerline of the highway

Sections 2-36: all

(8) Township 13 South, Range 15 East, Fairbanks Meridian

Sections 5, 6, 8-10, 15: that portion lying south of the Alaska Highway excluding a corridor extending 1320 feet from the centerline of the highway

Sections 7, 16-20, 30: all

Sections 21, 22, 28, 29, 31, 32: that portion lying west of the east bank of the Little Gerstle River

(9) Township 14 South, Range 14 East, Fairbanks Meridian

Section 1: that portion lying west of the east bank of the Little Gerstle River

Sections 2-6: all

(10) Township 14 South, Range 13 East, Fairbanks Meridian

Section 1: all

(11) Township 14 South, Range 15 East, Fairbanks Meridian

Section 6: that portion lying west of the east bank of the Little Gerstle River. (§ 2 ch 39 SLA 1979)

Sec. 16.20.310. Game management plan. (a) The commissioner of fish and game shall develop and may amend a game management plan for bison in the area described in AS 16.20.300. After holding public hearings in accordance with AS 44.62.310 and 44.62.312, the commissioner shall implement the game management plan.

(b) The game management plan shall include, but is not limited to

(1) planting grains for bison and planting other wildlife forage;

(2) altering existing plant cover to create additional range and year-round habitat for bison and other animal species in the area;

(3) tilling to produce forage.

(c) The commissioner of fish and game shall develop and amend the game management plan to coordinate, as closely as possible, the game management plan with the activities of the Agricultural Development Authority, Department of Natural Resources, relating to the Big Delta agricultural development project. (§ 2 ch 39 SLA 1979)

Sec. 16.20.320. Activities on range area. Nothing in AS 16.20.300 — 16.20.320 shall be construed as prohibiting activities on land described in AS 16.20.300 which are otherwise permitted in accordance with the laws and regulations of this state, including, but not limited to, hunting, trapping, engaging in recreational activities, using the land for access to adjacent areas and a 300-foot Alaska Railroad right-of-way. (§ 2 ch 39 SLA 1979)

Chapter 25. Stocking of Public Lands.

Section
10. Program adopted

Sec. 16.25.010. Program adopted. There is adopted a program of stocking land in the state with valuable game and fur-bearing animals which do not at present occur on the land. The department is responsible for establishing priorities on the species of animals to be stocked and the area of the stocking. Priorities shall be based on the habitat requirements of the species the population of native game animals present, and other factors that will effect the successful establishment of the species. (§ 39-7-1 ACLA 1949; am § 1 ch 97 SLA 1970)

Secs. 16.25.020 — 16.25.060. Projects enumerated; duties of department; stock and offspring property of state; unlawful taking; penalty. [Repealed, § 2 ch 97 SLA 1970.]

Chapter 30. Destruction of Big Game Animals and Wild Fowl.

Section
10. Wanton waste of big game animals and wild fowl
12. Possession of horns or antlers
15. Surrender of salvaged portions, license forfeiture
17. Defenses

AN ACT

Creating the Delta Junction Bison Range Area.

Section 1. It is the purpose of this Act to perpetuate free-ranging bison on the land described in this Act by management of the habitat to provide an adequate winter range for the bison. It is also the purpose of this Act to alter seasonal movements of bison herds on the land in order to diminish the damage caused by the herds to agriculturally developed land.

Sec. 2. AS 16.20 is amended by adding new sections to read:

ARTICLE 6. STATE RANGE AREAS.

Sec. 16.20.300. DELTA JUNCTION BISON RANGE. The following described areas, excluding valid existing rights, are established as the Delta Junction Bison Range Area:

(1) Township 11 South, Range 12 East, Fairbanks Meridian

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Sections 29, 32: those lands east of the west bank of Granite Creek

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Sec. 16.20.310. GAME MANAGEMENT PLAN. (a) The commissioner of fish and game shall develop and may amend a game management plan for bison in the area described in AS 16.20.300. After holding public hearings in accordance with AS 44.62.310 and 44.62.312, the commissioner shall implement the game management plan.

(b) The game management plan shall include, but is not limited to

(1) planting grains for bison and planting other wildlife forage;

(2) altering existing plant cover to create additional range and year-round habitat for bison and other animal species in the area;

(3) tilling to produce forage.

(c) The commissioner of fish and game shall develop and amend the game management plan to coordinate, as closely as possible, the game management plan with the activities of the Agricultural Development Authority, Department of Natural Resources, relating to the Big Delta agricultural development project.

Sec. 16.20.320. ACTIVITIES ON RANGE AREA. Nothing in AS 16.20.-300 - 16.20.320 shall be construed as prohibiting activities on land described in AS 16.20.300 which are otherwise permitted in accordance with the laws and regulations of this state, including, but not limited to, hunting, trapping, engaging in recreational activities, using the land for access to adjacent areas and a 300-foot Alaska Railroad right-of-way.

* Sec. 3. The provisions of secs. 1 and 2 of this Act terminate three years after the effective date of this Act unless the legislature provides otherwise by law.

Chapter 73

AN ACT

Relating to the Delta Junction Bison Range area.

Section 1. Section 3, ch. 39, SLA 1979 is amended to read:

* Sec. 3. The provisions of secs. 1 and 2 of this Act terminate 10 [THREE] years after the effective date of this Act unless the legislature provides otherwise by law.

FEB 16 REC'D

******* DELTA LIO ******

TO: ALL LEGISLATORS

FROM: ROBERT MACHADO
MILE 1414 ALASKA HWY,
DELTA JUNCTION, ALASKA 99737 PHONE: 895-4750

RE: BISON

"BISON DRIFT BARRIER" LOCATION SHOULD BE ON THE NORTHERN BORDER OF THE BISON RANGE. LANDOWNERS ALONG THE SOUTH SIDE OF THE ALASKA HWY. HAVE NOT BEEN CONSIDERED, NOR HAS THE DANGER OF ACCIDENTS ON THE HWY. IF BISON ARE STOPPED BY A BARRIER ON THE NORTHERN SIDE OF THE HWY., AND BLOCK THE HWY WHEN VEHICLES COME THROUGH.

FROM: KEITH HOGARTH
S.R. BOX 30959
FAIRBANKS, ALASKA 99701 PHONE: 479-9942

FEB 16 REC'D

RE: BISON

I'VE BEEN INVOLVED WITH THE BISON PROJECT FOR THE PAST 3 YEARS, AND I URGE YOU TO SUPPORT THE PASSAGE OF THE BISON BILLS. THIS REPRESENTS A COMMUNITY COMPROMISE FOR THE FARMERS, THE BISON AND THE COMMUNITY.

MSG 84-00013541 PRTY 1 02/14/84 15:00:11 ORIG: LD00 IN= 0006 OUT= 0097
FROM: LINDA/DELTA TO: JNU
TARGET: LJHK SUBJ: POM'S

THE FOLLOWING SAME MSNG WAS RECEIVED FROM THE FOLLOWING LIST OF PEOPLE:

TO: ALL LEGISLATORS

FROM: LEIGH B. DENNISON
BOX 873
DELTA JUNCTION, ALASKA

ROBERT ARMENTROUT
BOX 1334
DELTA JUNCTION, ALASKA

ELSI COTTINGHAM
BOX 144
FORT GREELY, ALASKA

LEA SCHULZ
BOX 356
DELTA JUNCTION, ALASKA

BETTY MACHADO
MILE 1414 1/2 AK. HWY.
DELTA JUNCTION, ALASKA

FEB 16 REC'D

RE: BISON RANGE

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****** DELTA INFO OFFICE *****
TO: ALL LEGISLATORS

FROM: DELTA FFA CHAPTER
BOX 883
DELTA JUNCTION, ALASKA
KRIS KNUPP, SECRETARY

FEB 16 REC'D

RE: BISON

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****** DELTA INFO OFFICE *****

TO ALL LEGISLATORS

FROM: HENRY MUTH, PRES.
FFA ALUMNI
DELTA JUNCTION, ALASKA

FEB 16 REC'D

RE: BISON

ON BEHALF OF THE FFA ALUMNI ASSOCIATION , DELTA CHAPTER, WE URGE YOUR SUPPORT OF SB 337/338 AND HB 551/552. THESE BILLS ARE A STEP TOWARDS THE END OF A BIG PROBLEM. ANYTHING YOU CAN DO TO HELP SEE THESE MEASURES THROUGH TO COMPLETION WILL BE APPRECIATED BY ALL.

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: 2/7/84

REQUEST
Bill/Resolution No.: HB 551
Title: Delta Junction Bison Range
Sponsor: Shultz
Requestor: House Resources Comm.
Date of Request:

FISCAL DETAIL
Agency Affected: Fish and Game
Program Category Affected: NRMEC
BRU, Program or Subprogram(s) Affected:

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE (Fish and Game Fund)	0	50.0	50.0	50.0	50.0	50.0

FUNDING: (Thousands of Dollars)

GENERAL FUNDS						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: Beverly Reaume
Phone: 465-4120
Division: Administration
Date: February 7, 1984

Approved by Commissioner:
Date: Feb. 7 1984
Agency: Fish and Game

Distribution (by Agency preparing fiscal note):
- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

12/1/83

Fiscal Note Analysis

HB 551

Sec. 16.20.312 would increase the application fee for a drawing permit for hunting bison in the Delta Junction bison range from $5 to $10. Approximately 10,000 applications are currently made, thus revenue would increase by approximately $50,000 annually.

THE FOLLOWING DOCUMENT(S) MAY NOT FILM LEGIBLY BECAUSE OF POOR QUALITY OF THE ORIGINAL.

FEB 1 6 1984

Dear Senator and/or Representative:

The Delta bison herd needs a winter home to roam! After years of conflict, a solution to the problems of bison versus agriculture in the Delta Junction area is finally at hand. If all of us who are concerned about bison will take just a few minutes now, we can insure a future for the free-ranging Delta herd and give them a home of their own.

The solution exists in legislation now before the Alaska House and Senate: Senate Bills 337 and 338, and House Bills 551 and 552. These bills would appropriate funds to complete the development of the Delta Junction Bison Range, and erect a bison drift fence to keep the animals out of the Delta Agricultural Project.

Far from being just a place for a band of bison, the Bison Range would add much needed public hunting opportunities for big and small game, as well as new moose habitat, outdoor recreation opportunities, new wood cutting areas, and bison and other wildlife viewing possibilities.

For this proposal to become reality, the support of all Alaskan lawmakers is critical. We urge your support.

Sincerely,

FEB 1 5 1984

Ron Beck
Delta Area Fish & Game Advisory Committee
P.O. Box [redacted] 294
DELTA JUNCTION, 99737
895-4381

THE PRECEDING DOCUMENT(S) MAY NOT FILM LEGIBLY BECAUSE OF POOR QUALITY OF THE ORIGINAL.

HB

552

DRAFT

DELTA JUNCTION BISON RANGE

A Proposal for Development

by

David M. Johnson

Division of Game

Department of Fish and Game

Region III

Delta Junction, Alaska

November 1983

DRAFT

DELTA JUNCTION BISON RANGE

A Proposal for Development

by

David M. Johnson

SUMMARY

This proposal is designed to carry out the mandates of the legislation establishing the Delta Junction Bison Range (AS 16.20.300). The proposal would, if implemented, provide fall bison range to reduce or eliminate crop depredations, bison winter range, and a variety of habitats for game and nongame species. Recreational opportunities, including hunting, trapping, viewing, and photography would be enhanced. Timber resources would be harvested, offsetting the costs of development over time and boosting the local economy.

The proposal would cost $1.8 million, to be spent over 3 fiscal years. One full-time project position would be funded, and funding for 3½ years of an existing seasonal position would be included. Purchase of equipment needed for light maintenance work is included. Maintenance costs are estimated to be less than $34,000 annually.

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BACKGROUND

The Delta Junction Bison Range was established by the Alaska Legislature in 1979 to "provide an adequate winter range for the bison," and to "diminish the damage caused by the herds to agriculturally developed land." The Range concept grew out of the Delta Land Use Plan, in which citizens and agencies involved in resource management recommended that the land north of the mountains and south of the Alaska Highway should be used for public recreation and wildlife, especially bison, and the land north of the highway should be developed for agriculture.

Several small appropriations for the Range and a $200,000 appropriation in FY83 permitted the clearing of about 600 acres. Around half of that

was planted by July 1983. Bison use of the Range has increased each year. After migrating from their summer range, the bison used the Range almost exclusively for nearly a month in fall 1983, leaving only after the bulk of the forage was exhausted. After that time, the bison crossed the Alaska Highway and caused extensive agricultural damage. Additional forage would have prevented most of those problems.

While the greatest bison use of the Range has been during the fall, the animals also use it during the winter months. They eat whatever perennial grasses are exposed by the scouring winds. Additional forage would mean much more winter use and would provide for the day when bison are excluded by fences from most or all of their former winter range.

The Bison Range provides an outstanding opportunity to develop techniques for improving wildlife habitats in interior Alaska, while providing for real wildlife needs at the same time. Prescribed fire, especially, can be used to advantage on the Range where the dominant cover type is old-growth black spruce. These fires can be used to develop additional forage for bison and to rejuvenate aging stands of deciduous trees for the benefit of moose, both at low per-acre cost.

OBJECTIVES

Short-term objectives are to provide the following:

1. Alternate fall forage for migrating bison to reduce or eliminate crop depredation losses;

2. Winter range for bison to compensate for increasing loss of traditional ranges;

3. New winter range for moose to allow expansion of the moose population;

4. Additional habitat for sharp-tailed grouse and other game birds;

5. New habitat for resident and migratory nongame species; and

6. New recreation opportunities for Alaskans and visitors.

Long-term objectives of Bison Range development are to:

1. Provide permanent wildlife habitat to mitigate for the loss of habitat to agricultural development; and

2. Provide retained public land to continue opportunities to hunt, trap, and view wildlife in an easily accessible area.

HABITAT MANAGEMENT

Capital Phase

1. Clearing

a. Purpose: Clearing provides a seedbed for planting perennial grasses that will be used by bison for long-term forage needs. The clearings also provide wide firebreaks for prescribed fires that will be used to develop additional habitat at low cost.

b. Procedure: Survey interior and exterior perimeters, cutting line with caterpillar tractor; chain down standing trees with heavy anchor chain; stack organic materials into tight berm rows; create

small clearings for sharp-tailed grouse, bison, and nongame species. See map for layout. Exact location dependent on soil survey results (available December 1983 from USDA Soil Conservation Service) and timber cruise data (this proposal).

c. Time Frame: Before June 1 in spruce stands for maximum soil preservation. Midsummer clearing may be acceptable in heavy aspen stands.

d. Cost: Estimated 1984 cost - 3,980 acres x $110/acre = $437,800 (portion of total acreage already cleared)

2. Berm Removal

a. Purpose: Berms should be removed to eliminate snow drifts building up in the lee of the berms, which reduce the amount of forage available during winter for bison. Berms also reduce the total acreage that may be planted and are a fire hazard during prescribed fires.

b. Procedure: Allow 1 or 2 years drying time; burn berms; restack and reburn; disc soil and rootrake.

c. Time Frame: Burn berms in October and November. Restack during summer. Disc, rootrake, and plant berm rows during year three.

d. Cost: Estimated 1984 cost - 4,620 acres (includes clearings, roads, and trails) x $20/acre = $92,400

3. Planting

a. Purpose: Bison require grasses for fall and winter forage. Other species, including moose, bears, and small game, use grasses to a limited extent.

b. Procedure: Disc soil with heavy or light disc depending on soil depth and amount of surface litter; rootrake with powered rake; plant up to 500 acres with a grass with hay value (e.g., brome); plant remainder with a low maintenance species such as bluegrass and native bluejoint. All plantings should be a mixture of annuals and perennials to protect the perennials in the first year. Suitable annuals include barley and oats.

c. Time Frame: June or early July to retard plant maturation to provide maximum palatability of the annual for bison. Plant about 1,000 acres during year one, the balance during years two and three. This allows drying time for especially ice-rich areas.

d. Cost: Estimated 1984 costs - 4,400 acres x $140/acre = $616,000

4. Prescribed Fire

a. Purpose: Fire would be used to rapidly and inexpensively treat large areas. Post-fire vegetative growth would be managed for bison, moose, and/or small game. Repeated fires produce grassy areas; sporadic fires can be used to produce brushy areas.

b. Procedure: Develop prescribed fire plans in cooperation with Alaska Division of Forestry; burn areas within cleared areas during prescription conditions in summer; use helitorch for maximum cost efficiency and safety.

c. Time Frame: Summer, when conditions permit.

d. Cost: Estimated 1984 costs - 5,680 acres x $20/acre = $113,600

5. Water Site Development

a. Purpose: Water is only sporadically available on the portion of the Range proposed for development. Water is available within

the daily movement limits of bison, but additional water within the proposed habitat development would provide an added incentive for bison to stay within the developed areas and would provide a focus for bison activity for viewers. The ponds would be constructed so as to be suitable for other species as well.

b. Procedure: Develop 2 water sites separated by about 10 miles, one in each rectangle; drill wells to a consistent water source (1 well currently in place); pump water with windmills into stock tanks, the overflow to be piped into earthen ponds lined with a water-impermeable membrane or material.

c. Time Frame: Construction of ponds during clearing activities or year two; erection of windmills during year two.

d. Cost: Estimated 1984 cost $20,000

6. Forest Openings

a. Purpose: Sharp-tailed grouse in Alaska are known to favor habitats with a mixture of shrubby brush and grassy openings. These openings will provide optimum habitat for grouse, as well as additional habitat for bison and the mixture of habitat types preferred by a variety of nongame species. If this procedure is as successful as expected, the technique could be used more widely on the Range at low cost at a later date.

b. Procedure: Within a 300-acre portion of one of the burned areas, clear plots varying in size from 2 to 20 acres, totaling 120 acres; stack organic materials in center of clearing and burn after suitable drying time; disc to break up aspen roots; allow native grasses to vegetate the openings.

c. Time Frame: Same as clearing

d. Cost: 120 acres x $110/acre = $13,000

7. Develop Forest Inventory

a. Purpose: A forest inventory would have the dual benefit of preventing loss of valuable forest products during habitat manipulation activities and would set the stage for future timber sales on the Range. Sale of forest products would in time help offset the cost of Range development and would improve the local economy.

b. Procedure: Using a reimbursable services agreement or other suitable instrument, contract with the Alaska Division of Forestry to provide timber cruise data on selected portions of the Range. Cooperate with Forestry to sell timber in areas designated for habitat manipulation (clearing, prescribed fire, etc.).

c. Time Frame: Begin in year one, complete work during year two, to allow time during the project to complete habitat work.

d. Cost: Estimated 1984 cost = $60,000

Maintenance Phase

1. Renovate Perennial Grasses

a. Purpose: Most grasses become sod-bound in time and require breaking up for optimum productivity. Woody plants will invade grasslands if not periodically disced.

b. Procedure: Using ADF&G equipment and personnel, lightly disc soil on about 10% of the grasslands annually; fertilize and replant as needed up to a maximum of about 50 acres per year.

c. Time Frame: Begin renovation in year three, annually thereafter.

d. Cost: Estimated 1984 cost -

(1) light discing: $20/acre x 440 acres = $8,800

(2) complete replanting: $100/acre x 50 acres = $5,000

Total = $13,800

2. Maintain Roads, Trails, and Forest Openings

a. Purpose: Vehicle passage, falling trees, high water, invasion of woody plants, and other considerations will require regular maintenance of access roads, trails, and forest openings.

b. Procedure: Use disc, light bulldozer (both ADF&G equipment, purchased this proposal), herbicide, prescribed fire, etc., as required to maintain openings, keep roads drivable, and trails passable by bison, pedestrian traffic, snow machines, dog teams, etc.

c. Time Frame: Annually, as needed

d. Cost: Less than $2,000 annually

3. Maintain Prescribed Fire Areas

a. Purpose: Burned areas tend to return to the vegetative cover initially burned. Management of these areas for bison will require annual or biennual burning to enhance grass production and to prevent invasion by spruce and deciduous trees. Areas managed primarily for moose and sharp-tailed grouse will probably require reburning every 10-20 years to keep the shrubby vegetation from growing out of reach of moose.

b. Procedure: Using prescribed fire, reburn previously burned areas as required to meet management objectives for each site.

c. Time Frame: Summer, beginning year two or three.

d. Cost: Costs will vary from $0 in some years to a maximum of about $10,000.

4. Maintain Water Sites

a. Purpose: Use of water sites by big game will damage equipment and the ponds. High winds will damage the windmills.

b. Procedure: Repair damaged equipment; reline ponds; reshape ponds as required; remove windmill blades October through May.

c. Time Frame: Summer

d. Cost: Less than $2,000 annually

5. Maintain Hay Fields

a. Purpose: The 500 acres planted to hay would be fertilized in early summer and mowed in late June. Refertilization would promote lush growth to attract bison in early fall.

b. Procedure: Contract with local farmer(s) to cooperatively farm this segment on the Range. The farmer would take the first cutting of hay in exchange for fertilization of the forage. This procedure is still experimental. Some cash input may be required.

c. Time Frame: Beginning year two or three as soon as hay is ready for first harvest.

d. Cost: Estimated 1984 cost less than $5,000 annually.

RECREATION ENHANCEMENT

Capital Phase

1. Roads and Trails

   a. Purpose: Visitors will need roads to enter the area. Trails will be used by wildlife, visitors, hunters, trappers, hikers, snow machines, and dog teams. Staff will require access to clearings and manipulated habitat for maintenance.

   b. Procedure: Cut necessary roads and trails during clearing operations using caterpillar tractor. Stack organic materials for burning later. Roads to be dirt; no fill or gravel to be added.

   c. Time Frame: During clearing, year one

   d. Cost: Estimated 1984 cost = $6,000

2. Viewing Facilities

   a. Purpose: Considerable interest exists in bison and other wildlife both among Alaskans and visitors. Viewing facilities will simplify viewing wildlife (especially bison) and provide a means for doing so that does not unduly alarm the animals.

   b. Procedure: Construct raised and camouflaged viewing platforms near water sites; construct nature drive or similar interpretative feature.

   c. Time Frame: Summers of years two and three

   d. Cost: Estimated 1984 cost = $10,000

Maintenance Phase

1. Roads and Trails: To be handled as part of habitat maintenance.

2. Viewing Facilities: Repair as required; add new facilities as opportunities present; erect information signs as appropriate. Annual cost less than $5,000.

EQUIPMENT AND FACILITIES

1. Helitorch - Helicopter-transported aerial firing device. Required for cost effective and safe ignition of prescribed fires. Usable by ADF&G and other resource management agencies statewide. On hand now

2. Tractor and Implements - A small- to medium-sized tractor with implements, including disc, broadcast spreader, rototiller, drill, and spare parts inventory. Use for the renovation of perennial grasses, maintenance of forest openings, fireline construction for prescribed fire, seeding and fertilizing of small areas, etc. Cost = $75,000.

3. Small Bulldozer - A small dozer with 6-way blade for road and trail maintenance, reshaping of ponds, light clearing, berm stacking, etc. Cost = $6,000.

4. Storage Barn and Shop - Needed for safe storage of equipment above and shop facilities for maintenance. Usable for storage of materials

and hand tools. Includes cost of electrical hookup, road, foundation pad, etc. Cost = $100,000.

STAFFING

1. Bison Range Manager - Three-year project position; permanent/full time Game Biologist II; total 36 man-months; cost $150,000 for 3 years.

2. Technician - An existing Fish and Game Technician IV position. Assist manager and continue maintenance work beyond project conclusion. Total 18 man-months during project. Cost = $56,000 (estimated annual cost during maintenance phase for 6 months work = $19,000).

BENEFITS

Implementation of this proposal will provide benefits for Alaskans and for area wildlife. Some benefits are:

1. A dramatic reduction in crop depredations in the Delta Junction area, which should in turn
2. Reduce the cost to the State of the proposed State-assisted crop damage insurance program;
3. New moose winter range to replace that lost to development in the Delta Agricultural Project and to provide for expansion of the local moose population;

4. An easily accessible area for recreational pursuits, including hunting, trapping, hiking, viewing, and photographing wildlife, dog sled racing, and so forth. While not a part of this proposal, 2 stocked lakes are on the eastern section of the Range;

5. A stable source of winter forage for bison that will allow maintenance of the free-ranging herd as new fences exclude bison from old winter ranges;

6. A reduction in State expense spent hazing bison out of agricultural areas;

7. A source of free firewood for area residents;

8. Revenue to the State from the sale of timber;

9. New habitat for sharp-tailed grouse and additional hunting opportunities for this and other game species, including bison, moose, bear, grouse, hares, and furbearers; and

10. Improved area and State economy through increased visitor use of the area.

11. Improved Alaska Highway safety and reduced road kills of bison as bison should remain south of the Alaska Highway.

COST SUMMARY

Capital Phase

		Thousands of Dollars	
1.	Clearing	$ 437.8	
2.	Berm removal	92.4	
3.	Planting	616.0	
4.	Prescribed fire	113.6	
5.	Water site development	20.0	
6.	Forest openings	13.0	
7.	Forest inventory	60.0	
	Total Habitat		$1,352.8
8.	Roads and trails	6.0	
9.	Viewing facilities	10.0	
	Total Visitor Facilities		16.0
10.	Tractor and implements	75.0	
11.	Small bulldozer	60.0	
12.	Storage barn/shop	100.0	
	Total Equipment		135.0
13.	Staffing	206.0	
	Total Staffing		206.0
	TOTAL CAPITAL PHASE		$1,809.8

Maintenance Phase

1.	Renovate perennial grasses	$ 13.8
2.	Maintain prescribed fire sites	0 to 10.0
3.	Maintain water sites	2.0
4.	Maintain visitor facilities	5.0
5.	Assist Division of Forestry timber sales	<1.0
6.	Maintain roads, trails, and openings	2.0
7.	Maintain hay fields	<5.0
8.	Seasonal staffing (6 mo)	19.0

TOTAL MAINTENANCE PHASE $ 57.8 (maximum)

LONG-TERM DIRECTIONS

1. Bison habitat maintenance should be a long-term commitment for the Delta Junction Bison Range. As conflicts with development are eased, and as summer range improvement continues, the Game Division should examine the possibility of increasing the bison herd beyond the present population goal (275 animals, precalving).

2. Recreational opportunities present a major challenge for the Division. Fast-paced development in the area has eliminated some recreational possibilities. Bison Range development should include new and improved opportunities for the spectrum of outdoor uses of wildlands.

3. The moose population in the Delta area is currently growing. Existing habitat may be outstripped in less than a decade. New habitat developed on the Bison Range should provide a large portion of the winter range needed. The prescribed fires described in this proposal should be only a beginning.

4. Timber management can parallel and in many situations complement wildlife habitat management. Sale of timber from the Range can provide the State continued revenues to repay costs of initial and subsequent development and a boost to the local economy. The Game Division should continue to closely cooperate at a local and district level with the Division of Forestry.

5. Visitors and Alaskans alike are greatly interested in bison. The Division should continually explore opportunities to make bison more accessible to people and should cooperate with the local Chamber of Commerce, Alaska Visitor's Association, and others as appropriate to optimize use of this resource.

DELTA JUNCTION BISON RANGE DEVELOPMENT SCHEDULE

	FY1984			FY1985					FY1986				FY1987			
Action	Fall	Winter	Spring	Summer	Fall	Winter	Spring	Summer	Fall	Winter	Spring	Summer	Fall	Winter	Spring
Clearing	Cut contract to clear to limit of funds	Monitor administrative progress of contract	Monitor work progress		Cut contract(s) to clear 4,100 acres; modify if necessary to allow timber harvest	Monitor contract progress	Monitor work progress		Cut contract for any uncompleted clearing, monitor and execute contract						
Berm removal	Burn only berms needed for prescription fire safety		Acquire DEC smoke permit	Restack berms	Burn restacked berms		Acquire DEC smoke permit		Burn only berms needed for prescription fire safety		Acquire DEC smoke permit		Burn berms		
Planting		Develop "in case" contract for planting remaining clearings	Fertilize existing forage; cut hay, cooperative farm/ refertilize	Plant remaining clearings (approx. 200 acres)	Cut planting contract 1,000 acres	Monitor contract progress	Monitor work progress	Select areas to plant	Cut planting contract 2,000 acres	Monitor contract progress	Monitor work progress		Cut planting contract on remaining clearings	Monitor contract progress	Monitor work progress
Prescribed fire	Burn berms (safety)	Revise prescription fire plan necessary	Ignite prescription fire as funds and weather conditions permit		Select areas to treat with prescription fire	Develop prescription fire plans	Ignite prescription fires as weather conditions permit		Burn berms (safety)		Ignite prescription fires as weather conditions permit				Ignite prescription fires as weather conditions permit
Water development					Cut contract for pond construction (in clearing contract)	Cut Purchase Requisition for equipment		Develop water sites							
Personnel			-----Fish and Game Technician IV funded-----	--Hire Game Biologist II Range Manager, position funded----------			-----Fish and Game Technician IV funded-----				-----Fish and Game Technician IV funded-----				----------Terminate Game Biologist II-- --Fish and Game Tech IV funded
Construct viewing facilities						Purchase materials	Construct viewing facilities			Purchase materials	Construct viewing facilities				
Construct roads and trails					Cut contract to develop roads/ trails		Monitor work progress						Burn berms on roads/trails	Restack berms	
Purchase equipment						Cut Purchase Requisition to purchase equipment	Receive equipment								
Construct storage facility					Cut contract to construct barn/ shop	Monitor contract administrative progress	Construction								
Forest inventory				Contract with DNR to develop Forest Data Timber Cruise	Timber Cruise Preliminary Report		Timber cruise	Timber cruise	Final Report						

Alaska State Legislature
HOUSE OF REPRESENTATIVES
COMMITTEE ON RESOURCES

JOHN RINGSTAD, CO-CHAIRMAN
RICHARD SHULTZ, CO-CHAIRMAN
POUCH V
JUNEAU, ALASKA 99811
(907) 465-3715

To: Resource Committee members

From: Committee Staff

Date: February 7, 1984

Re: HB 552, appropriations for the Delta Junction Bison Range

---

This act makes several appropriations for the development of the Delta Junction Bison Range and provides for an effective date.

I. Sectional Analysis.

Section 1. Appropriates $1,750,000 from the General fund to the Dept. of Fish and Game for:

Clearing	438,000
Berm Removal	92,400
Forage Planting	616,000
Prescribed Burning	110,000
Roads & Trails	5,000
Bison Viewing Facilities	5,000
Planting & Maintenance Equipment	135,000
Storage Barn	100,000
Water & Sewer Development	20,000
Forest Openings	13,000
Project Administration	206,000
TOTAL	1,750,000

Section 2. Appropriates $10,000 from the General Fund to the Department of fish and Game for a study, which would examine the possibilities of expanding tourist facilities at the range.

Section 3. Appropriates $60,000 from the General Fund to the Department of Natural Resources for the administration of timber sales and fire suppression. Includes a timber inventory.

Section 4. Provides an effective date of July 1, 1984.

II. Comparison of HB 552 and CS HB 552.

The difference is that the House Resources Committee Substitute to the bill deletes Section 3 of the original bill. This section appropriated $270,000 for the construction of a bison drift barrier (fence).

Greater Fairbanks **Chamber** of Commerce

First National Center
100 Cushman Street
(907) 452-1105
P.O. Box 74446
Fairbanks, Alaska 99707

February 17, 1984

Representative John Ringstad
Pouch V
Juneau, Alaska 99811

Dear John:

The Fairbanks Chamber of Commerce supports the bison bills now before the legislature. They are SB 337 and SB 338 by Moss in the Senate and HB 551 and HB 552 by Shultz in the House.

The bills are carefully tailored to allevieate the problems associated with the Delta bison herd. Bison are grazing animals and need grass type forage to prosper. The bison range is predominantly a forest area and needs to be manipulated to support the bison or they will continue to wander onto area farms causing crop and property damage and creating hazzards to equipment and people on the highway. Further, the welfare of the bison will be improved if the range is improved as they will not find it necessary to cross the Alaska Highway in search of food.

The apparent benefits if the bison bills are passed include:

1. Improved welfare of the herd.
2. Decreased crop and equipment damage on farms.
3. Reduced hazzard to people and equipment on the highway.
4. Improved tourist and sight-seeing activity.
5. Improved habitat for moose, grouse and bear.

We urge your support for these bills. If you have any questions, please give me a call.

Best personal regards,

Buki

Buki Wright
President

cc: Senator Pappy Moss
Representative Richard Shultz

Thanks for your time the other day!

Official Business

Alaska State Legislature
House Resources Committee

SIGN-IN

FEB. 7, 1984

HB 551
HB 552

NAME	ADDRESS	PHONE	REPRESENTING
Davin M Johnson	Dept Fish & Game PO Box 605 Delta 99737	895-4484	Fish & Game
Rupe Andrews	9416 Long Run Dr., Juneau	789-7422	Alaska Outdoor Council
Steve Talovich	P.O. Box 654 Delta Jct	895-9323	Self
[illegible] Barton	[illegible]	465-2400	DNR
Vince O'Reilly	[illegible]	2500	DCED
John Sturgeon	SRA Box 316M DNR	2400	DNR - Forestry
Rep. Schultz			

3:10 - Russell, Larson, Shultz, Liska
Cowdery, Ringstad

0008 Shultz - Intro bills
551 - CS

0039 Liska - advantage of extending to 1995?
Shultz - coming out -
0051 Ringstad - Resolution?
Shultz explained

Vaska - 315

0082 Shultz - HB 552

0105 Dave Johnson - Area Game biologist
Draft proposal
Said ADF&G couldn't support 552 because doesn't
appear in Gov's budget, but would use it if appropriated
Described plans for future

0212 Q Ringstad - Misnomer Bison Range?
Yes - Wildlife mgmt range

0222 Q: Liska - Reasonably say this would do job?
Yes - bison would have stayed, w/more forage
Shultz - fence in his capital exp.

0245 Q Liska: What planted, how many bison in ag?
300 acres - Essentially all went north, but
came back

0262 Rupe Andrews AK Outdoor Council
- Unqualified support to 551-552 to resolve
bison problem

Should consider putting 552 in Gov. Budget

0295 Q Rinstad - Money necessary
Rupe - State will realize significant return

0305 Bussell - how many bison taken
Johnson - 75 permitted, av. 30-50 from all over state.

0340 Vaska - raise to $10 ok w organization
Andrews - Yes

0348 Steve Tollovich - Delta support raising to $10, even higher if money will go back into range - would like to see Delta ag students work on range

0384 Ringstad - Constitution - no dedicated fund

0395 Vince O'Reilly - Support all 3 bills -

0410 Vaska - Dept. supports while ADF&G doesn't because it's not in Gov's budget.

0430 Vaska - What is administrations position
- Support concept

0444 John Sturgeon - DNR supports concept - prescribed fire & timber sales

0485 Ringstad - well coordinated between agencies
Sturgeon - yes - + realize positive cash flow to state -

0500 Bill Haring - former members of Delta ad hoc committee
Cost to maintain range 50,000, would be covered by raised fees

HB 553

0530 Shultz –

0545 Sharon Barton – DNR
Only variety now grown but not on schedule

0575 Q Liska – developed in AK
Yes – CAF, Plant center, made available

Ringstad – 552 –

0598 Shultz moved adopt CS 552 – appropriation bill

0605 Bussell asked about FN
A discussion ensued

0635 Liska moved CS from Comte w/ indiv. recs

0643 Shultz moved adopt CS 553
A discussion of loan programs ensued –

0690 Sharon Barton – discussed proposal to amend program to make it revolving

0740 Ringstad – No more fiscal impact?
None except to increase amount available in fund.

0756 Vaska – DNR handles fund?
Yes – separate process

0764 Bussell – What testimony re: sunset last year?
– New admin.

0780 Vaska – Fiscal impact
Discussion general

0800 Larson - What % grain unsold -
too early to tell - don't know how much participation
most farmers finding own market - may be more
as op. loans fall due.

Burton elaborated on Vaska's inq. re: fiscal impact
no new admin. burden.

0835 Vaska - how different from CFAB loans -
does not overlap w/CFAB - no grain collateral
or short term op. loans -

0860 Rings - do we want to adopt DNR amends?

0865 Bussell - CFAB - would only loan up to 50%?
Shultz - enables Alaska farmers to become
eligible for Fed program -

0930 Bussell - no oversight over bank account

0995 Shultz moved adoption of DNR amends 1,2,3
Vaska objected.
1015 Bussell asked Shultz remove motion
1028 Shultz withdrew - no obje

1035 Shutz moved CS553 w/mdiv recs no obje
Ringstad stated letter would accompany to
Loans cs. mte

1115 Mtg adjourned

Introduced: 1/30/84
Referred: Resources and Finance

Funding Information

General Fund	$2,090,000
Other Funds	-0-
	$2,090,000

1 IN THE HOUSE BY SHULTZ

2 HOUSE BILL NO. 552

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 special appropriations for development
7 of the Delta Junction bison range and construction of
8 a bison herd drift barrier; and providing for an
9 effective date."

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

11 * Section 1. Subject to AS 37.25.020, the sum of $1,750,000 is appro-
12 priated from the general fund to the Department of Fish and Game for com-
13 pletion of the Delta Junction bison range development program.

14 * Sec. 2. Subject to AS 37.25.010, the sum of $10,000 is appropriated
15 from the general fund to the Department of Fish and Game to conduct a study
16 for planning an expansion of tourist viewing facilities at the Delta Junc-
17 tion bison range.

18 * Sec. 3. Subject to AS 37.25.020, the sum of $270,000 is appropriated
19 from the general fund to the Alaska Agricultural Action Council (AS 44.33.-
20 450) for the construction of a bison drift barrier along the southern
21 boundary of the Delta Agriculture Project.

22 * Sec. 4. Subject to AS 37.25.020, the sum of $60,000 is appropriated
23 from the general fund to the Department of Natural Resources, division of
24 forestry, for the administration of timber sales on the Delta Junction
25 bison range and fire suppression activities associated with required burn-
26 ing on the range.

27 * Sec. 5. This Act takes effect July 1, 1984

John.

Legislature Audit

is that oversight.

Alaska State Legislature
HOUSE OF REPRESENTATIVES
COMMITTEE ON RESOURCES

JOHN RINGSTAD, CO-CHAIRMAN
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DELTA FISH & GAME
ADVISORY COMMITTEE

BOX 1082
DELTA JUNCTION ALASKA
99737

January 26, 1984

Senator Bettye Fahrenkamp, Chair
Senate Resources Committee
Alaska Legislature
Pouch V
Juneau, AK 99811

Dear Senator Fahrenkamp:

The buffalo need a home of their own to roam! The Delta Fish and Game Advisory Committee urges your committee to give favorable consideration to Senate Bills 337 and 338 that would solve the conflict between agriculture and bison.

This committee has been vitally interested in bison since we became active years ago. Since that time, we have seen problems with this important resource intensify, and spill over, at times, into a shooting war. We have seen a dozen dead bison scattered over a field after having eaten uncovered fertilizer. Then too, we have observed the bison decimate the farm profits of hard-working men and women.

These two bills offer the first real opportunity we have seen in years of observation for a lasting peace. They offer an opportunity for the business of agricultural development to continue without the threat of losses just at the moment of gain. They offer the opportunity for the bison herd to continue free-ranging on land that is set aside for them and the people that enjoy them.

Thank you for your consideration.

Sincerely,

Dean W. Cummings

Dean W. Cummings
Chairman
895-4619

cc: Senator Moss
Representative Shultz
Fairbanks Delegation

HB

553

Background analysis for HB 553 "An Act amending the Alaska Grain Reserve Program; and providing for an effective date"

The purpose of HB 553 is to allow the Director of the Division of Agriculture, Department of Natural Resources, to accept "hulless" barley as collateral to secure a loan made under the Alaska Grain Reserve Program.

To briefly recap the Grain Reserve Program - this loan program was established last session to give grain farmers a two year, state-funded loan program to encourage increased production. It allows DNR to loan up to 90% of the USDA target price for the grain offered as collateral, and graded number 4 or better. To limit the program to two seasons, the grain has to have been grown in 1983 or 1984.

Hulless barley is a hardy and heavy strain particularly well-suited to northern latitudes such as Alaska's. But, because it is not commonly grown in the Lower 48, the USDA has no grading standards for it, and it does not, consequently, qualify for the loan program. However, it does constitute a significant portion of the barley crop, and as hog production in the state increases, the production of hulless barley is expected to increase commensurately.

The proposed committee substitute is intended to accomplish two things:

1. It specifies "hulless barley", rather than the broad "grain that is not graded" of the original;

2. It requires that the commissioner of DNR approve the conditions under which hulless barley will be accepted.

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date:

REQUEST

Bill/Resolution No.: CSHB 553(RES)
Title: Grain Reserve Program Amendments
Sponsor: Schultz
Requestor:
Date of Request: 2-6-84

FISCAL DETAIL

Agency Affected: Natural Resources
Program Category Affected: Agriculture development
BRU, Program or Subprogram(s) Affected: Agriculture development

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: Sharon L. Barton Phone: 465-2400
Division: Commissioner's Office Date: 2-6-84

Approved by Commissioner: Norm D Dsmith, Deputy Date: 2-6-84
Agency: Department of Natural Resources

Distribution (by Agency preparing fiscal note):
- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

12/1/83

Official Business

Alaska State Legislature
House Resources Committee

SIGN-IN

FEB. 7, 1984

HB 553
GRAIN RESERVE

NAME	ADDRESS	PHONE	REPRESENTING
Sharon L Barton	Pouch M	465-2400	DNR
Vince O'Reilly		2500	DCED

MEMORANDUM State of Alaska

TO: The Honorable Richard Shultz
Co-Chairman
House Resources Committee

DATE: February 7, 1984

FILE NO:

TELEPHONE NO:

FROM: Sharon Barton
Special Assistant
Department of Natural Resources

SUBJECT: DNR Proposed Amendments - HB 553

As you know, the Grain Reserve Program was established in 1983 to make loans for crops grown in the 1983 and 1984 seasons. The Director of the Division of Agriculture has subsequently recommended to the Governor that the program be extended at least through 1987. He further recommended that the fund be converted to a revolving account to reduce or eliminate the necessity of requesting annual appropriations to the fund. The Governor adopted both of these propositions as part of his agricultural program.

As sponsor of the original legislation, DNR requests your assistance in effecting the necessary statutory changes. Specifically, we ask your consideration of the following additional amendments to CS HB 553 (Resources):

1. AS 03.12.040 is amended to read:

   Alaska grain reserve <u>revolving</u> loan fund. The Alaska grain reserve <u>revolving</u> loan fund is established in the department for the purpose of financing loans made under this chapter. The fund consists of appropriations made to it by the legislature, <u>repayments of principal and accrued interest on loans made from the fund</u>.

2. AS 03.12.200 is amended to read:

   (3) "fund" means the Alaska grain reserve <u>revolving</u> loan fund.

3. Sec. 3-5 1983 SLA Ch 100 are repealed.

With your approval, we will offer these amendments in the House Resources Committee hearing today at 3:00 p.m.

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date:

REQUEST
Bill/Resolution No.: CSHB 553(RES)
Title: Grain Reserve Program Amendments
Sponsor: Schultz
Requestor:
Date of Request: 2-6-84

FISCAL DETAIL
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FUNDING: (Thousands of Dollars)

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FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: Sharon L. Barton Phone: 465-2400
Division: Commissioner's Office Date: 2-6-84

Approved by Commissioner: Norm D Dsmith, Dept Date: 2-6-84
Agency: Department of Natural Resources

Distribution (by Agency preparing fiscal note):
- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

12/1/83

HB

576

DRAFT

IN THE HOUSE BY THE RESOURCES COMMITTEE

CS FOR HOUSE BILL NO. 576 (Resources)

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTEENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act relating to a grant of state land to the City of Whittier."

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

* Section 1. LEGISLATIVE FINDINGS. It is the finding of the legislature in enacting sec. 2 of this Act that the City of Whittier is uniquely lacking in available private land. The legislature seeks to correct this situation by providing a grant of land to the City of Whittier that the state had planned to offer for private ownership.

* Sec. 2. (a) The commissioner of natural resources shall grant 600 acres of state land to the City of Whittier. The grant shall include no less than 400 acres of state land from Shotgun Cove and no less than 200 acres from the Whittier Subdivision.

(b) As used in (a) of this section,

(1) "Shotgun Cove" means land within sections 11, 14, 15, and 16, Township 8 North, Range 5 East, Seward Meridian;

(2) "Whittier Subdivision" means land within sections 8, 9, and 18, Township 8 North, Range 5 East, Seward Meridian.

(c) Except for land retained by the City of Whittier for critical public purposes, land conveyed to the city under this section and not sold within 10 years of the enactment of this Act reverts to the state unless the commissioner of natural resources finds that the City of Whittier has diligently prepared for a sale of the land. If the commissioner finds that the city has diligently prepared for a sale of the land, the commissioner may extend the deadline for a period determined proper by the commissioner.

(d) Sale of land under this section shall occur after public notice and by a competitive method.

CITY OF WHITTIER

RESOLUTION NO. 1-19-84

A Resolution requesting the State Legislature act to convey certain lands to the City of Whittier.

WHEREAS: Whittier has an extremely limited land base to enable future community growth, (with exception of several small tracts of land less than fifteen acres). All available lands have been developed or are in the hands and restrictive ownership of the Alaska Railroad or U.S. Army, and

WHEREAS: The City needs to have maximum possible control over the remaining developable land to provide any growth, and

WHEREAS: The only land base the City has is lands purchased from the GSA at the time the Army terminated their interest in the area, and

WHEREAS: The State Department of Natural Resources is planning a land disposal of two tracts of land, (the only developable lands within the City limits) in a manner that would take the only remaining lands and put that land in the hands of speculators, and

WHEREAS: The City has a Master Plan for a Planned Community in the areas of the proposed land disposal,

NOW THEREFORE BE IT RESOLVED that the State legislature act to transfer these lands to the City of Whittier to develop into a Planned Community to enhance the Harbor areas and the beautiful Gateway to Prince William Sound.

PASSED AND APPROVED by a duly constituted quorum of the City Council of Whittier, Alaska this 19 day of January, 1984.

ATTEST:

Mayor

Acting City Clerk

RECEIVED DEC 1 6 1983

Alaska State Legislature

COMMITTEES
Co-Chairman — House Resources Committee
Chairman — REAA Budget Subcommittee
Member — House State Affairs
DOT — Finance Sub Committee

While in Session
Politics
State Capitol
Juneau, Alaska 99811
Phone: 907-465-4951
465-4940

Home: P.O. Box 385
Delta Junction, Alaska 99737

House of Representatives

Dick Shultz

December 13, 1983

Ms. Margaret J. Hayes, District Manager
Alaska Department of Natural Resources
Division of Land Management
3601 C Street, Pouch 7-005
Anchorage, Alaska 99510

Dear Ms. Hayes,

As you may or may not be aware, I have, as Co-Chairman of the House Resources Committee, been a constant and outspoken critic of Alaska's Land Disposal efforts. As a rural legislator, I have seen lands opened and ultimately placed in the hands of people from far outside the area in which the lands are located. This creates a multitude of problems for the local community, including a lack of planning ability due to the fact that much of this land is acquired for speculation. Additionally, those lands which are occupied put strong demands on local resources for the provision of services such as roads and power.

The City of Whittier is unique to all of Alaska. Whittier has virtually NO LAND BASE and what little land they do have has already been developed or is in the hands of the State, the U.S. Army or the Department of Transportation (for the Alaska Railroad). Even if the State were to acquire the railroad, this would have little effect on Whitter's ability to determine their own destiny.

I STRONGLY support Whittier's request to have all lands within the Whittier Subdivision and all remaining lands in Shotgun Cove transferred to City ownership. A municipal land disposal program would be in the best interests of all concerned, including the State, as it would allow for zoning, road development, power, etc.

Please feel free to contact me should you have questions concerning my position on Land Disposals; in general, or concerning Whittier in particular.

Sincerely,

DICK SHULTZ
District 17

DS/bh:A23

cc: 1.) Esther Wunnicke, Commissioner
Dept. of Natural Resources
2.) Paul Mullenix, City Manager
City of Whittier

THE CITY OF WHITTIER

September 15, 1983

Margaret J. Hayes
District Manager
State of Alaska
Department of Natural Resources
Division of Land Management
3601 C Street, Pouch 7-005
Anchorage, AK 99510

Dear Ms. Hayes,

You have asked for comments on the proposed disposal of lands in our area.

The City of Whittier agrees that the lands in both Shotgun Cove and Whittier Subdivision should be put in hands of developers so Whittier will have a chance to expand and become a planned community.

All lands in question are within the City limits of Whittier and fall within our planning efforts. Whittier has an extremely limited land base to enable future community growth. All available land in the City core area have been developed or are in the hands of the Alaska Railroad or U.S. Army.

The City needs to have maximun control over the remaining lands in our city limits to plan the direction for future growth.

The City requests that all lands within the Whittier Subdivision and all remaining lands in Shotgun Cove be transfered to City ownership. The City would then be able to establish a municipal land disposal program to guide disposal of these lands.

If the City had ownership of these lands, the City would be in a position to determine the tenancy, size, and natures of the land disposals and would be able to use revenues generated through land disposals to help offset the cost of providing service to these areas like road maintenance, utilities, police, and fire protection.

The City requests:

1. Lands identified for disposal in these two areas be transferred to ownership of the City of Whittier.

P.O. Box 608 Whittier, Alaska 99693 (907) 472-2327

2. Lands to be disposed of in the two areas comply with all applicable zoning and planning powers of the City of Whittier.

The City of Whittier's request for ownership of these lands should receive consideration because of Whittiers rather unique history of attempting to obtain a land base.

The only lands owned by the City of Whittier were obtained through purchase of GSA excess property at the time of the Army's termination of interest in the area.

The City has never received a Municipal Entitlement of lands in conjunction with incorporation or annexation and to date has never received any entitlement from the State.

Your consideration in the above matter will be appreciated.

Sincerely,

Paul Mullenix

Paul Mullenix
City Manager

McGrath Area

The Division of Municipal and Regional Assistance has been working with the City of McGrath and other communities along the Upper Kuskokwim in response to their concern about coordinating on issues of mutual interest. With them, we are in the early stages of developing a regional strategy for the area which would address, among other things, land disposals and other land management decisions. As the project becomes fully operational, the strategy effort may provide an opportunity for DNR to obtain additional input on the disposal areas and to benefit from a more coordinated regional response with respect to State lands and resource management decisions. This would seem especially true if DNR initiates an Upper Kuskokwim Basin Plan in FY 84-85.

Regardless of the progress of this planning effort, we would like to stress the importance of public hearings to review disposal projects. Although there has been considerable interest in State land disposals in McGrath, there have also been a number of concerns expressed throughout the area. There should be ample opportunity for local input.

Whittier Area

For the past year, the Division has been working with the City of Whittier to develop a comprehensive plan. Development of the plan has involved frequent discussions on future land use with the Whittier Planning Commission, City administration and local residents. The plan, projected to be submitted to the Whittier City Council for adoption by October, 1983, will provide direction on future land use. The comments offered below only reflect policies identified in the draft comprehensive plan and concerns expressed by Whittier residents during development of the plan. The comments do not reflect formal action taken by the City Council.

All lands within the proposed Whittier Subdivision disposal and the majority of and potentially all land within the Shotgun Cove disposal are within Whittier's municipal boundaries. The Poe Bay disposal is approximately 3 1/2 - 4 miles east of Whittier's municipal boundaries. Although the City is concerned with potential service delivery and secondary impacts on the City from the Poe Bay disposal, the majority of concern is focused on the Whittier Subdivision and Shotgun Cove disposals.

With the exception of lands in the Shotgun Cove and Section 18 areas (approximately 500 acres) that have been selected by Chugach Regional Native Corporation, lands identified by DNR

for disposal comprise virtually all remaining lands within Whittier's municipal boundaries that are suitable for residential development. As such, the City is very concerned that maximum beneficial use of this limited land base occurs to enable desired community expansion. The Division recommends that the following issues/actions receive consideration for any land disposals within Whittier's municipal boundaries.

As indicated, Whittier has an extremely limited land base to enable future community growth. With the exception of several small tracts of land (less than 15 acres), all available lands in the Whittier core area have been developed or are under the restrictive ownership of the Alaska Railroad. In addition, the majority of land within Whittier's boundaries is unsuitable for development because of extremely steep slopes, poor soils, poor drainage, and glaciation. These conditions underscore the need for the City to have maximum possible control over the remaining land base to provide avenues for future growth.

To assist in accomplishing this goal, we understand the City intends to request that the State transfer ownership of lands within the Whittier Subdivision and Shotgun Cove disposals to the City. If this transfer were to occur, the City would be able to establish a municipal land disposal program to guide disposal of these lands. Through ownership of these lands, the City could best determine timing, size and nature of the land disposals and would be able to use revenues generated through municipal land disposals to help offset future costs of providing municipal services to these areas, e.g., road maintenance, utilities and fire protection.

Whittier is very concerned with the potential future costs to the City for providing municipal services to these areas, and is particularly concerned that offering virtually all developable lands through these two simultaneous disposals will severely restrict the City's ability to accommodate future growth. The timing of these two disposals may encourage speculative and seasonal recreational development, as current housing, community development, and economic growth demands may not require disposal of this amount of acreage in 1986 to accommodate existing needs. The City's goal is to establish single family year-round residential development as the primary use for these areas, and Whittier is not sure this interest will be accommodated by the proposed disposals.

The only lands owned by the City were obtained through municipal purchase of GSA excess property when the U.S. Army terminated its interests in the Whittier area. The City conducted a municipal bond sale to generate sufficient revenues to purchase these lands in the Whittier core. In the

mid-1970's, the City annexed lands east of the core (including the majority of land within these two disposals) in an attempt to provide more lands for community growth. However, the City did not receive a municipal entitlement of lands in conjunction with this annexation and to date, has received no municipal entitlements from the State. The only lands projected to be transferred from the State to the municipality are approximately 100 acres in the Shotgun Cove area and these lands contain a covenant restricting use of public services related to the proposed Shotgun Cove small boat harbor. In addition, Whittier does not have a Native village corporation in its area. If a village corporation were in Whittier, 14(c)(3) provisions of ANCSA would mandate transfer of a maximum of 1,280 acres to the municipality. In short, Whittier has never received any land entitlements and has virtually no lands available to it to encourage or accommodate community expansion.

As a second overall concern, the Division supports use of the adopted Whittier Comprehensive Plan, Land Use Plan, and Zoning Ordinance as guides for land disposals in the Whittier Subdivision and Shotgun Cove areas, whether or not the land is transferred to the City. At present, these areas are designated as R-1 and R-2 zones. The R-1 zone allows single family homes on 3-acre minimum size lots. The R-2 zone allows single family homes on 1 1/2 acre minimum size lots or cluster development of two homes on 2 acre minimum size lots. The City recognizes that higher density may be necessary in the future, but prefers this density at present. Concerns with density are best addressed at the local level. The Division requests that DNR recognize the applicability of City plans and ordinances on land use and density within the municipal boundaries.

The Whittier Comprehensive Plan draft has also identified the desirability of a landward buffer zone a minimum of 50 feet in width from the mean high water level. This buffer zone would enable public access to the coastline in all areas. The Division requests this City draft policy receive consideration in DNR's disposal plans.

Consideration should also be given to scheduling the Whittier Subdivision disposal before the Shotgun Cove disposal. Access to much of the Whittier Subdivision disposal is available at present via the uncompleted Shotgun Cove road and would facilitate its development as a residential area. Access to the Shotgun Cove disposal area at present is possible only by boat, although road access may be possible in the future with construction of the Shotgun Cove road. Timing of the Shotgun Cove disposal should be coordinated with completion of the proposed Shotgun Cove small boat harbor and road project.

In summary, the Division requests that the following receive consideration in relation to the Whittier Subdivision and Shotgun Cove proposals:

Transfer to ownership of the City of Whittier

Applicable zoning and planning powers of the City of Whittier

A landward buffer zone a minimum of 50 feet in width from the mean high water level

The Whittier Subdivision disposal occur prior to the Shotgun Cove disposal and both be coordinated with the Shotgun Cove road and harbor projects

A requirement for low density year-round residential use

The impact on municipal services

The Department has minimal comments on the Poe Bay disposal. Major concerns are potential service delivery and secondary impacts on Whittier and potential conflicts with high recreational use of this area.

We appreciate the opportunity to comment and would request some indication by phone or letter as to your thoughts on the views presented here. We look forward to coordinating with you in the near future.

Sincerely,

Nelda Warkentin
Acting Planning Supervisor

cc: Department of Natural Resources

Linda Freed, Community Planning Department
Kodiak Island Borough

Paul Mollinex, City Manager
City of Whittier

STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES

OFFICE OF THE COMMISSIONER

RECEIVED JAN 19 1984

BILL SHEFFIELD, GOVERNOR

POUCH M
JUNEAU, ALASKA 99811
PHONE: 907-465-2400

January 11, 1984

Mr. Paul Mullenix
City Manager
City of Whittier
P.O. Box 608
Whittier, Alaska 99693

Dear Mr. Mullenix:

I appreciated your visit in November with Mr. Wheelright, Ms. Brown, Mr. Wootten, and Mr. Wardlow to discuss the possible conveyance of State lands to the City of Whittier. I have reviewed some of the issues and am able now to respond to your inquiries.

The City of Whittier, as you know, has no municipal entitlement, and I do not see any way that the City can become eligible for entitlement lands without major legislative action. Therefore, the options available include State land offerings in the Whittier area and public purpose conveyances of lands to the City for retention. If the City is able to pay for survey costs, the City could conduct an offering of State lands similar to the one at McGrath as we discussed.

The four proposed State land offerings in and near Whittier would expand Whittier's available land base for private ownership, and the State is willing to consider other nominations for State offerings. However, if the City proposes conducting the offerings itself, it will be necessary for you to seek funding for associated costs from the Legislature.

I suggest that you maintain your contacts with the staff of the Division of Land and Water Management, Southcentral District Office. Please contact me if there is anything further I can do.

Sincerely,

Esther C. Wunnicke

Esther C. Wunnicke
Commissioner

cc: Tom Hawkins, Director,
Division of Land and Water Management

0-JBLH

RECEIVED DEC 1 6 1983

Alaska State Legislature

COMMITTEES
Co-Chairman — House Resources Committee
Chairman — REAA Budget Oversight Committee
Member — House State Affairs
DOT — Finance Sub Committee

While in Session
Pouch V
State Capitol
Juneau, Alaska 99811
Phone (907) 465-4951
465-4940

Home - P.O. Box 355
Delta Junction, Alaska 99737

House of Representatives

Dick Shultz

December 13, 1983

Ms. Margaret J. Hayes, District Manager
Alaska Department of Natural Resources
Division of Land Management
3601 C Street, Pouch 7-005
Anchorage, Alaska 99510

Dear Ms. Hayes,

As you may or may not be aware, I have, as Co-Chairman of the House Resources Committee, been a constant and outspoken critic of Alaska's Land Disposal efforts. As a rural legislator, I have seen lands opened and ultimately placed in the hands of people from far outside the area in which the lands are located. This creates a multitude of problems for the local community, including a lack of planning ability due to the fact that much of this land is acquired for speculation. Additionally, those lands which are occupied put strong demands on local resources for the provision of services such as roads and power.

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Sincerely,

DICK SHULTZ
District 17

DS/bh:A23

cc: 1.) Esther Wunnicke, Commissioner
Dept. of Natural Resources
2.) Paul Mullenix, City Manager
City of Whittier

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The only lands owned by the City were obtained through municipal purchase of GSA excess property when the U.S. Army terminated its interests in the Whittier area. The City conducted a municipal bond sale to generate sufficient revenues to purchase these lands in the Whittier core. In the

mid-1970's, the City annexed lands east of the core (including the majority of land within these two disposals) in an attempt to provide more lands for community growth. However, the City did not receive a municipal entitlement of lands in conjunction with this annexation and to date, has received no municipal entitlements from the State. The only lands projected to be transferred from the State to the municipality are approximately 100 acres in the Shotgun Cove area and these lands contain a covenant restricting use of public services related to the proposed Shotgun Cove small boat harbor. In addition, Whittier does not have a Native village corporation in its area. If a village corporation were in Whittier, 14(c)(3) provisions of ANCSA would mandate transfer of a maximum of 1,280 acres to the municipality. In short, Whittier has never received any land entitlements and has virtually no lands available to it to encourage or accommodate community expansion.

As a second overall concern, the Division supports use of the adopted Whittier Comprehensive Plan, Land Use Plan, and Zoning Ordinance as guides for land disposals in the Whittier Subdivision and Shotgun Cove areas, whether or not the land is transferred to the City. At present, these areas are designated as R-1 and R-2 zones. The R-1 zone allows single family homes on 3-acre minimum size lots. The R-2 zone allows single family homes on 1 1/2 acre minimum size lots or cluster development of two homes on 2 acre minimum size lots. The City recognizes that higher density may be necessary in the future, but prefers this density at present. Concerns with density are best addressed at the local level. The Division requests that DNR recognize the applicability of City plans and ordinances on land use and density within the municipal boundaries.

The Whittier Comprehensive Plan draft has also identified the desirability of a landward buffer zone a minimum of 50 feet in width from the mean high water level. This buffer zone would enable public access to the coastline in all areas. The Division requests this City draft policy receive consideration in DNR's disposal plans.

Consideration should also be given to scheduling the Whittier Subdivision disposal before the Shotgun Cove disposal. Access to much of the Whittier Subdivision disposal is available at present via the uncompleted Shotgun Cove road and would facilitate its development as a residential area. Access to the Shotgun Cove disposal area at present is possible only by boat, although road access may be possible in the future with construction of the Shotgun Cove road. Timing of the Shotgun Cove disposal should be coordinated with completion of the proposed Shotgun Cove small boat harbor and road projects.

In summary, the Division requests that the following receive consideration in relation to the Whittier Subdivision and Shotgun Cove proposals:

Transfer to ownership of the City of Whittier

Applicable zoning and planning powers of the City of Whittier

A landward buffer zone a minimum of 50 feet in width from the mean high water level

The Whittier Subdivision disposal occur prior to the Shotgun Cove disposal and both be coordinated with the Shotgun Cove road and harbor projects

A requirement for low density year-round residential use

The impact on municipal services

The Department has minimal comments on the Poe Bay disposal. Major concerns are potential service delivery and secondary impacts on Whittier and potential conflicts with high recreational use of this area.

We appreciate the opportunity to comment and would request some indication by phone or letter as to your thoughts on the views presented here. We look forward to coordinating with you in the near future.

Sincerely,

Nelda Warkentin
Acting Planning Supervisor

cc: Department of Natural Resources

Linda Freed, Community Planning Department
Kodiak Island Borough

Paul Mollinex, City Manager
City of Whittier

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: 2/29/84

REQUEST
Bill/Resolution No.: HB 576
Title: An Act...Grant of State Land to...Whittier
Sponsor: Rep. Cato
Requestor: House Resources
Date of Request:

FISCAL DETAIL
Agency Affected: DNR
Program Category Affected: NRMEC
BRU, Program or Subprogram(s) Affected: Land and Water Management

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL	1.0					
300 CONTRACTUAL	.5					
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING	1.5	-0-	-0-	-0-	-0-	-0-
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

GENERAL FUND	1.5					
FEDERAL FUNDS	-0-					
OTHER	-0-					
TOTAL	1.5					

POSITIONS:

FULL-TIME	-0-					
PART-TIME	-0-					
TEMPORARY	-0-					

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

General Fund

ANALYSIS: Attach a separate page for analysis

Prepared By: Ned Farquhar NF
Phone: 465-2400
Division: Commissioners' Office
Date: 2/29/84

MH Approved by Commissioner: Dennis D Dougherty
Date: 2/29/84
Agency: Natural Resources

Distribution (by Agency preparing fiscal note):
- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

12/1/83

13-1912
Bradley
2/1/84

IN THE HOUSE BY CATO

HOUSE BILL NO.

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTEENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act relating to a grant of state land to the City of Whittier."

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

* Section 1. ~~STATEMENT OF~~ LEGISLATIVE ~~INTENT.~~ FINDINGS It is the ~~intent~~ finding of the legislature in enacting sec. 2 of this Act that ~~a more equitable land base be established for the City of Whittier beyond its present 15 acres of privately owned property.~~ the City of Whittier is uniquely lacking in the availability of private lands. The legislature seeks to correct this situation by providing a grant of land~~s~~ to the City of Whittier that the state ~~itself~~ had planned to offer for private ownership.

* Sec. 2. (a) The commissioner of natural resources shall grant 600 acres of state land to the City of Whittier. The grant shall include no less than 400 acres of state land from Shotgun Cove and no less than 200 acres from the Whittier Subdivision.

(b) As used in (a) of this section,

(1) "Shotgun Cove" means land within sections 11, 14, 15, and 16, Township 8 North, Range 5 East, Seward Meridian;

(2) "Whittier Subdivision" means land within sections 8, 9, and 18, Township 8 North, Range 5 East, Seward Meridian.

(c) Any land conve~~y~~ed ~~by~~ under this ~~grant~~ section and not sold by the City of Whittier, except ~~for~~ land~~s~~ retained by the City for criticial public purposes [in a sale area] shall revert to the State 10 years after the enactment of this Act. If the City has diligently prepared ~~for the eventual sale of~~ to sell the land, the commissioner may extend this deadline.

(d) A~~ny~~ sale~~s~~ of land ~~conveyed by this grant~~ under this section shall be subject to public notice and by a competitive method.

13-1912
Bradley
2/1/84

IN THE HOUSE BY CATO

HOUSE BILL NO.

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTEENTH LEGISLATURE - SECOND SESSION

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(c) Any land convenyed by this grant and not sold by the City of Whittier, except for lands retained by the City for criticial public purposes in a sale area, shall revert to the State 10 years after the enactment of this Act. If the City has diligently prepared for the eventual sale of the land, the commissioner may extend this deadline.

(d) Any sales of land conveyed by this grant shall be subject to public notice and by a competitive method.

CITY OF WHITTIER

RESOLUTION NO. 1-19-84

A Resolution requesting the State Legislature act to convey certain lands to the City of Whittier.

WHEREAS: Whittier has an extremely limited land base to enable future community growth, (with exception of several small tracts of land less than fifteen acres). All available lands have been developed or are in the hands and restrictive ownership of the Alaska Railroad or U.S. Army, and

WHEREAS: The City needs to have maximum possible control over the remaining developable land to provide any growth, and

WHEREAS: The only land base the City has is lands purchased from the GSA at the time the Army terminated their interest in the area, and

WHEREAS: The State Department of Natural Resources is planning a land disposal of two tracts of land, (the only developable lands within the City limits) in a manner that would take the only remaining lands and put that land in the hands of speculators, and

WHEREAS: The City has a Master Plan for a Planned Community in the areas of the proposed land disposal,

NOW THEREFORE BE IT RESOLVED that the State legislature act to transfer these lands to the City of Whittier to develop into a Planned Community to enhance the Harbor areas and the beautiful Gateway to Prince William Sound.

PASSED AND APPROVED by a duly constituted quorum of the City Council of Whittier, Alaska this 19 day of January, 1984.

ATTEST:

Mayor

Acting City Clerk

STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES

OFFICE OF THE COMMISSIONER

BILL SHEFFIELD, GOVERNOR

POUCH M
JUNEAU, ALASKA 99811
PHONE: 907-465-2400

RECEIVED JAN 19 1984

January 11, 1984

Mr. Paul Mullenix
City Manager
City of Whittier
P.O. Box 608
Whittier, Alaska 99693

Dear Mr. Mullenix:

I appreciated your visit in November with Mr. Wheelright, Ms. Brown, Mr. Wootten, and Mr. Wardlow to discuss the possible conveyance of State lands to the City of Whittier. I have reviewed some of the issues and am able now to respond to your inquiries.

The City of Whittier, as you know, has no municipal entitlement, and I do not see any way that the City can become eligible for entitlement lands without major legislative action. Therefore, the options available include State land offerings in the Whittier area and public purpose conveyances of lands to the City for retention. If the City is able to pay for survey costs, the City could conduct an offering of State lands similar to the one at McGrath as we discussed.

The four proposed State land offerings in and near Whittier would expand Whittier's available land base for private ownership, and the State is willing to consider other nominations for State offerings. However, if the City proposes conducting the offerings itself, it will be necessary for you to seek funding for associated costs from the Legislature.

I suggest that you maintain your contacts with the staff of the Division of Land and Water Management, Southcentral District Office. Please contact me if there is anything further I can do.

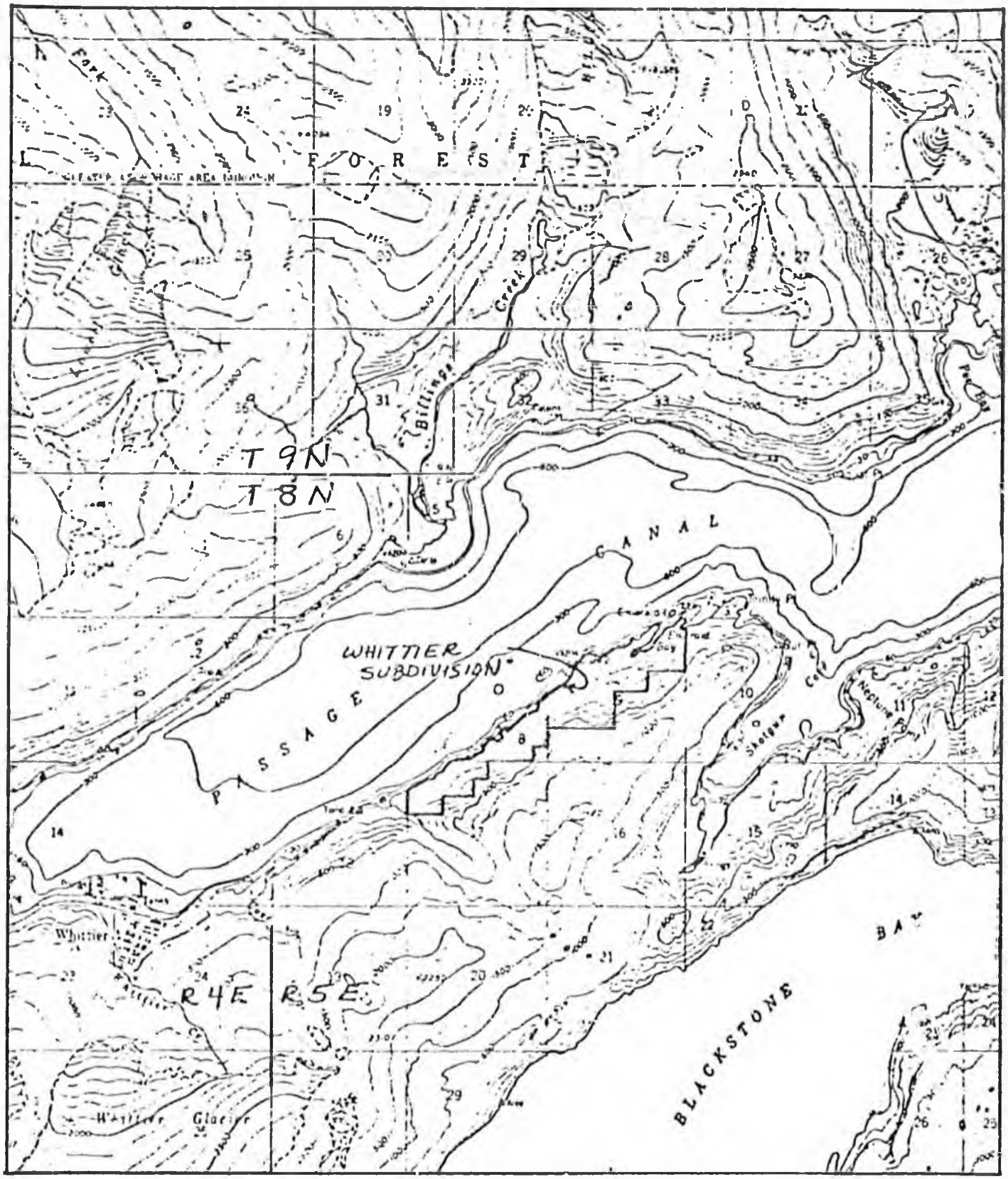
Sincerely,

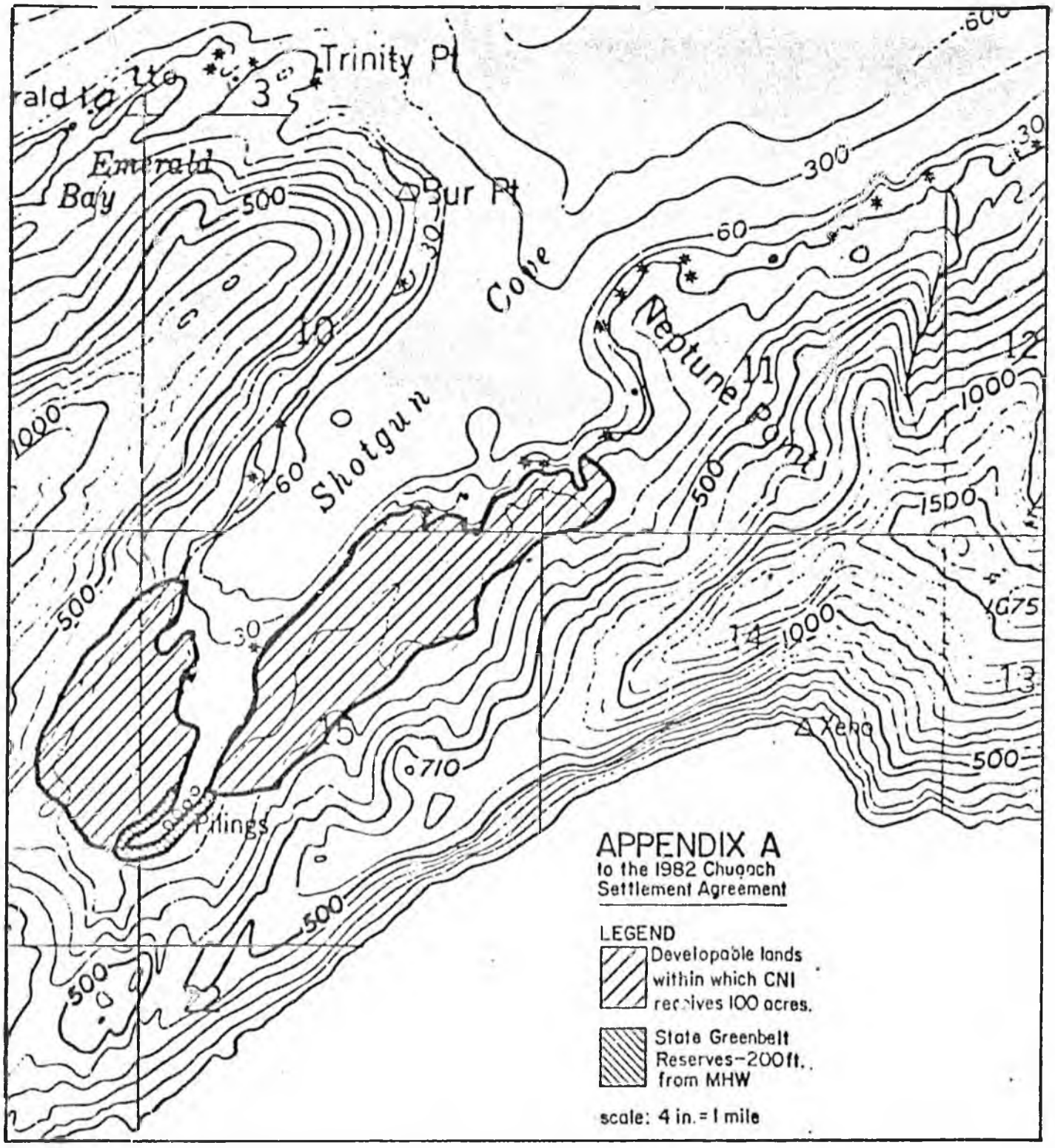
Esther C. Wunnicke

Esther C. Wunnicke
Commissioner

cc: Tom Hawkins, Director,
Division of Land and Water Management

0JOLH


FOREST
T 9 N
T 8 N
R 4 E
R 5 E
WHITTIER SUBDIVISION
PASSAGE
CANAL
BLACKSTONE
BAY
Billings Creek
Whittier
Whittier Glacier
Neptune
Shelter Cove


Trinity Pt
Emerald Bay
Bur Pt
Cape
Neptune
Shotgun
Xena
Pilings
APPENDIX A
to the 1982 Chugach Settlement Agreement
LEGEND
Developable lands within which CNI receives 100 acres.
State Greenbelt Reserves–200ft. from MHW
scale: 4 in. = 1 mile

Bradley
2/29/84

Original sponsors: Cato, Lindauer,
McBride and Shultz

IN THE HOUSE BY THE RESOURCES COMMITTEE

CS FOR HOUSE BILL NO. 576 (Resources)

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTIENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act relating to a grant of state land to the City of Whittier."

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

* Section 1. LEGISLATIVE FINDINGS. It is the finding of the legislature in enacting sec. 2 of this Act that the City of Whittier is uniquely lacking in available private land. The legislature seeks to correct this situation by providing a grant of land to the City of Whittier that the state had planned to offer for private ownership.

* Sec. 2. (a) The commissioner of natural resources shall grant 600 acres of state land to the City of Whittier. The grant shall include no less than 400 acres of state land from Shotgun Cove and no less than 200 acres from the Whittier Subdivision.

(b) As used in (a) of this section,

(1) "Shotgun Cove" means land within sections 11, 14, 15, and 16, Township 8 North, Range 5 East, Seward Meridian;

(2) "Whittier Subdivision" means land within sections 8, 9, and 18, Township 8 North, Range 5 East, Seward Meridian.

(c) Except for land retained by the City of Whittier for critical public purposes, land conveyed to the city under this section and not sold within 10 years of the enactment of this Act reverts to the state unless the commissioner of natural resources finds that the City of Whittier has diligently prepared for a sale of the land. If the commissioner finds that the city has diligently prepared for a sale of the land, the commissioner may extend the deadline for a period determined proper by the commissioner.

(d) Sale of land under this section shall occur after public notice and by a competitive method.

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: 2/29/84

REQUEST
Bill/Resolution No.: HB 576
Title: An Act...Grant of State Land to...Whittier
Sponsor: Rep. Cato
Requestor: House Resources
Date of Request:

FISCAL DETAIL
Agency Affected: DNR
Program Category Affected: NRMEC

BRU, Program or Subprogram(s) Affected:
Land and Water Management

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL	1.0					
300 CONTRACTUAL	.5					
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING	1.5	-0-	-0-	-0-	-0-	-0-
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

GENERAL FUND	1.5					
FEDERAL FUNDS	-0-					
OTHER	-0-					
TOTAL	1.5					

POSITIONS:

FULL-TIME	-0-					
PART-TIME	-0-					
TEMPORARY	-0-					

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

General Fund

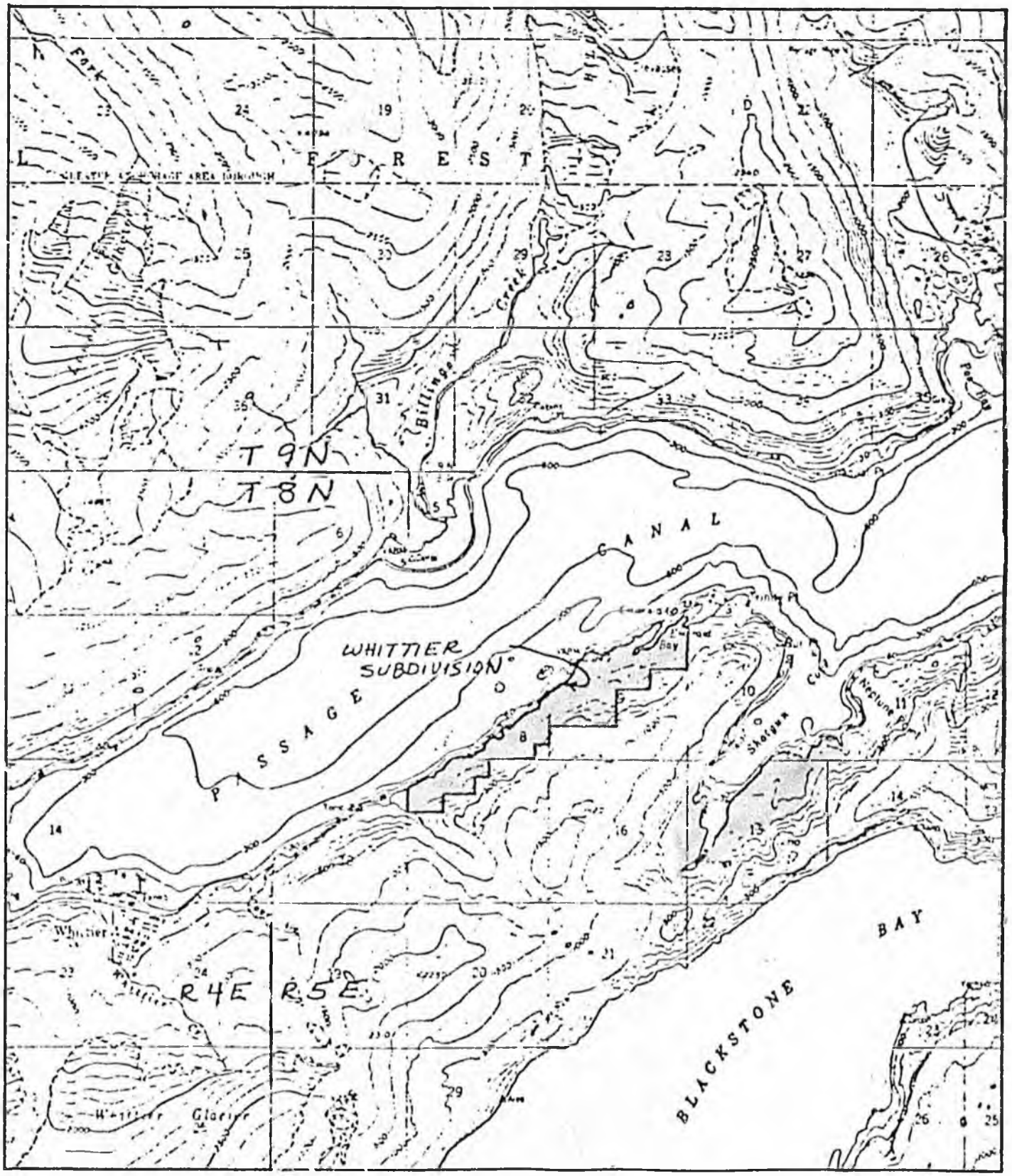
ANALYSIS: Attach a separate page for analysis

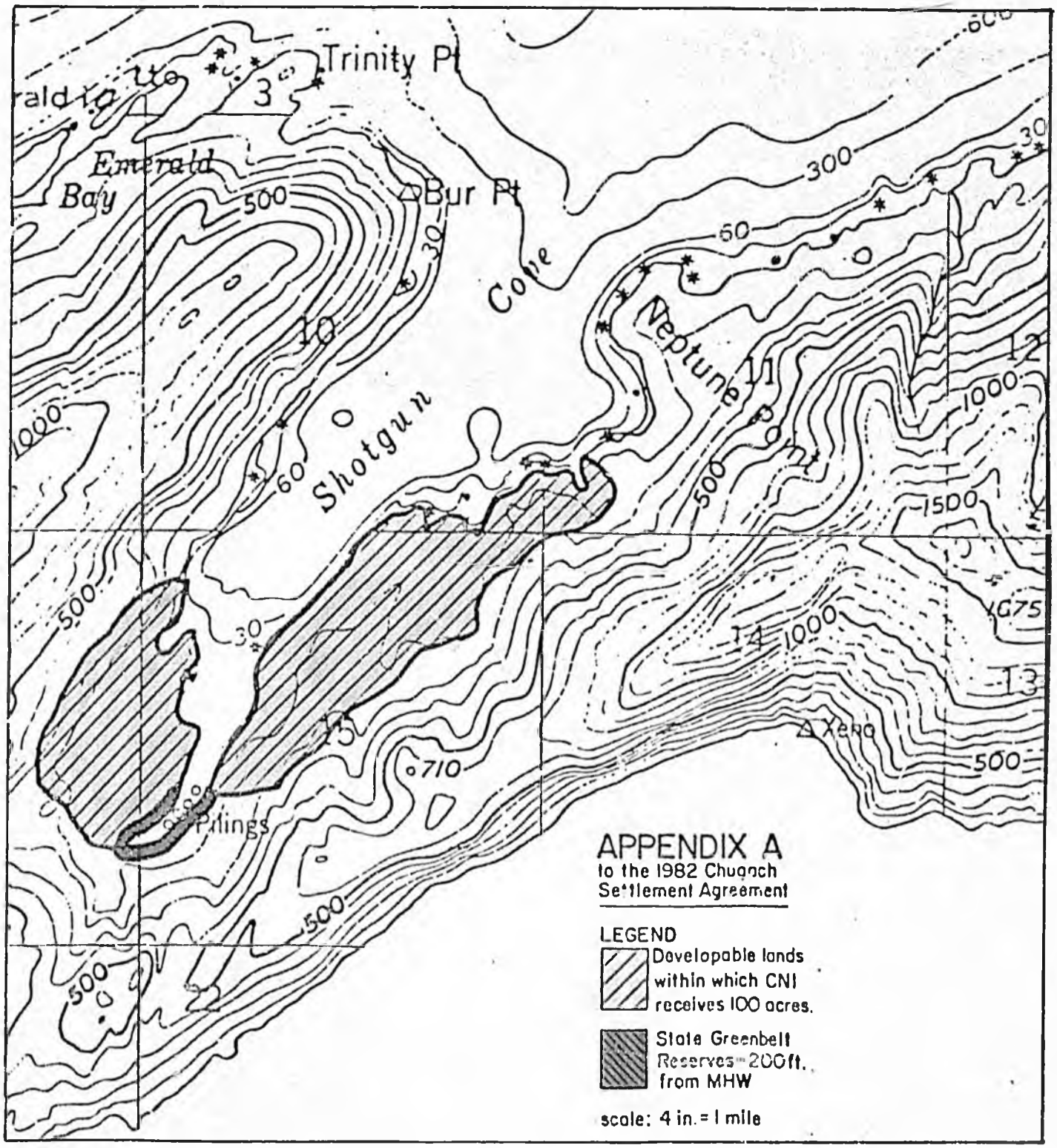
Prepared By: Ned Farquhar NF Phone: 465-2400
Division: Commissioners' Office Date: 2/29/84

MH Approved by Commissioner: [illegible] D [illegible] Deg[illegible] Date: 2/29/84
Agency: Natural Resources

Distribution (by Agency preparing fiscal note):
- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

12/1/83


F O R E S T
T 9 N
T 8 N
Billings
Creek
C A N A L
WHITTIER
SUBDIVISION
P A S S A G E
Neptune
Shotgun
Cut
BAY
BLACKSTONE
R4E R5E
Whittier
Glacier


Trinity Pt
Emerald Bay
Bur Pt
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Neptune
Shotgun
Pilings
Yerba
APPENDIX A
to the 1982 Chugach Settlement Agreement
LEGEND
Developable lands within which CNI receives 100 acres.
State Greenbelt Reserves=200ft. from MHW
scale: 4 in. = 1 mile

HB
589

Alaska State Legislature
HOUSE OF REPRESENTATIVES
COMMITTEE ON RESOURCES

JOHN RINGSTAD, CO-CHAIRMAN
RICHARD SHULTZ, CO-CHAIRMAN
POUCH V
JUNEAU, ALASKA 99811
(907) 465-3715

TO: House Resource Committee Members

FROM: Committee Staff

DATE: March 5, 1984

RE: CS HB 589, APA CLEAN-UP BILL, SECTIONAL ANALYSIS

SECTION 1.

Eliminates restrictions on industrial power rates.

Also provides for the combination of the Lake Tyee, Swan Lake, Solomon Gulch, and Terror Lake hydroelectric projects into one power project for purposes of the wholesale power rate calculation.

SECTION 2.

Describes the method for determining the wholesale power rate for the projects of the authority. As the four dams are combined into project, they would share the debt service for the entire "initial project", and there is a single cents-per-kilowatt-hour rate for debt service. The rate to cover costs of maintenance, operation, equipment replacement, safety inspections and investigations is determined separately for each facility.

In the original bill, Section 2 repealed the "Susitna Blackmail Clause." This has been reversed in the CS, and the blackmail clause is addressed in section 8.

SECTION 3.

Adds a sentence to AS 44.83.398(e) to allow the power authority to contractually limit the amount of debt service payable by power purchasers as a consequence of the later of new projects to the energy program for Alaska.

SECTION 4 and SECTION 5.

Refer to the "Susitna Blackmail Clause" and would be repealed by Sec. 8.

SECTION 6.

Repeals AS 44.83.398(d) upon immediate effective date. Section refers to wholesale power rates amended in Section 1 of the bill.

SECTION 7.

Provides immediate effective date for Sections 1-3 and 6.

SECTION 8.

Provides that sections 4 and 5 take effect upon approval of a constitutional amendment creating the major projects fund, which would require the financing of Watana portion of the Susitna Project.

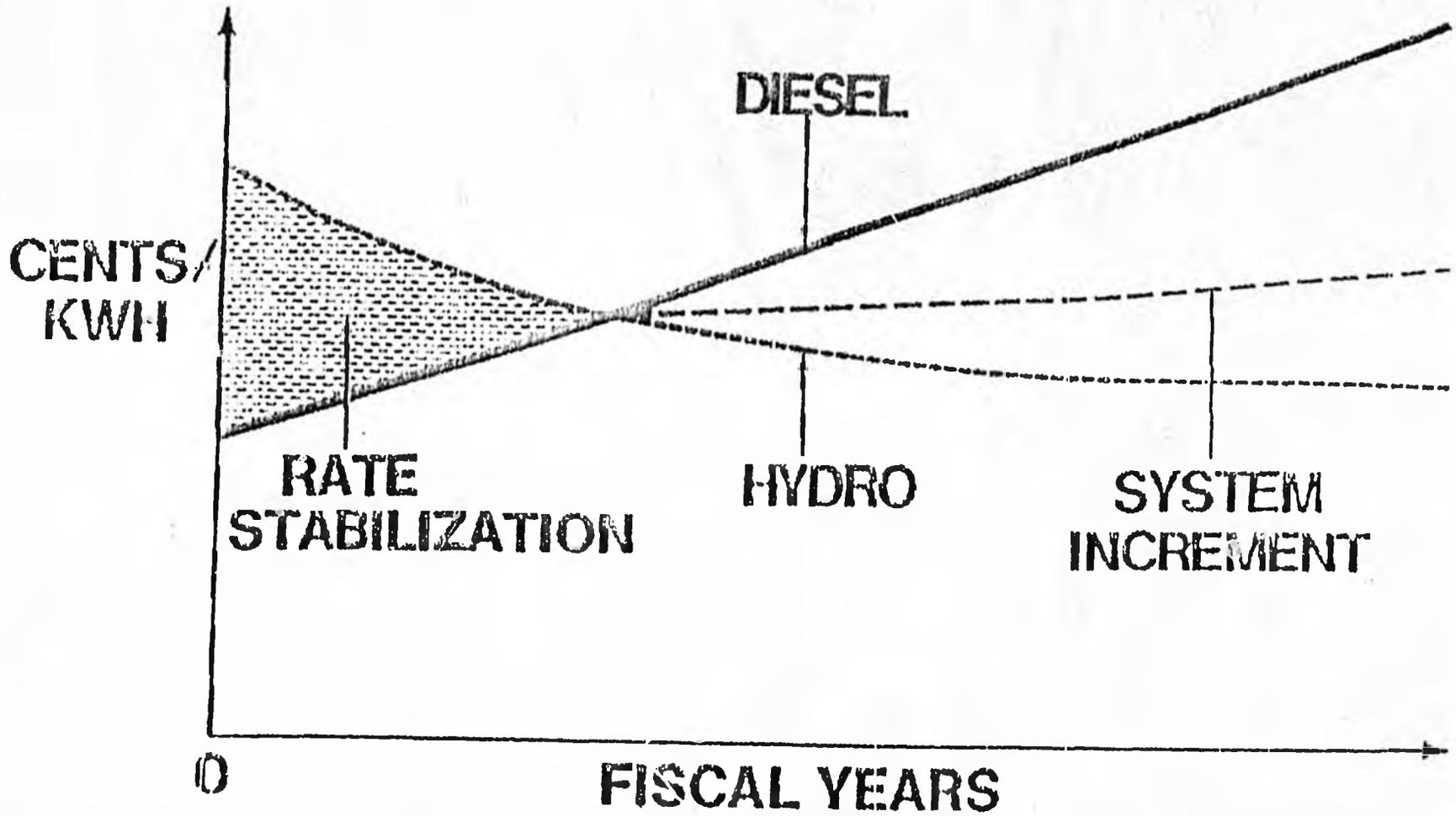
EXHIBIT H

RATE STABILIZATION FUND SCHEDULE**

Fiscal Year	Copper Valley	Ketchikan	Kodiak	Petersburg	Wrangell	Total
1985	$3,167,486	$3,114,153	$4,701,936	$1,115,967	$1,160,650	$13,260,192
1986	2,795,816	2,900,562	5,173,937	1,047,279	922,701	12,840,295
1987	2,464,771	2,607,345	4,474,900	471,433	1,134,154	11,152,603
1988	2,203,183	2,321,229	3,749,084	473,619	922,711	9,669,826
1989	1,560,540	1,920,336	2,776,647	354,398	826,998	7,438,919
1990	1,267,577	1,444,022	1,708,624	270,913	682,829	5,373,965
1991	975,502	890,397	546,722	---	511,810	2,924,431
1992	657,130	205,299	---	---	259,105	1,121,534
1993	298,906	---	---	---	54,142	353,048
1994	---	---	---	---	---	---
1995	---	---	---	---	---	---
	$15,390,911	$15,403,343	$23,131,850	$3,733,609	$6,475,100	$64,134,813

bject to change to reflect actual par value of bonds and interest rates.

ALASKA POWER AUTHORITY
COMPARATIVE COST OF POWER



ALASKA RURAL ELECTRIC COOPERATIVE ASSOCIATION, INC.

237 E. FIREWEED LANE • SUITE 301
ANCHORAGE, ALASKA 99503 • (907) 276-3235

February 29, 1984

The Honorable John Cowdery
Chairman, House Labor and Commerce Committee
Alaska House of Representatives
Pouch V
Juneau, Alaska 99811

RE: House Bill 684 and House Bill 589

Dear Representative Cowdery:

The statutory changes in House Bill 589 and the appropriation in House Bill 684 are both essential to resolving the problems which exist in relation to "the four dam pool."

It is the position of our association, established by a unanimous vote of the directors on February 21, 1984, that both of these bills should be enacted as a part of a comprehensive package which also includes:

1. A major projects fund which assures funding of Watana and Bradley Lake, and

2. A permanent funding mechanism for the power cost assistance program for the high cost rural utilities.

We urge your committee to advance these bills to House Resources where such a package can be assembled.

Sincerely,

Dave

David Hutchens
Executive Director

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date:

REQUEST
Bill/Resolution No.: HB 589
Title: Relating to the Alaska Power Authority
Sponsor: Governor
Requestor:
Date of Request:

FISCAL DETAIL
Agency Affected: Commerce & Economic Development
Program Category Affected: Development
BRU, Program or Subprogram(s) Affected: Alaska Power Authority

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: George Matz
Phone: 465-2079
Division: Dept. of Commerce & Economic Development
Date: 1/6/84

Approved by Commissioner: Richard A. Lyon
Date: 2/6/84
Agency: Dept. of Commerce & Economic Development

Distribution (by Agency preparing fiscal note):
- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

12/1/83

Repeal of the "Susitna Clause" will remove the obligation that the State must appropriate $5 billion to the Power Development Fund by 1991 in order to prevent triggering of a requirement that there be a 10 percent rate of return on power project investments.

BILL SHEFFIELD
GOVERNOR

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

February 8, 1984

The Honorable Jalmar Kerttula
Alaska State Senate
Pouch V
Juneau, AK 99811

Dear Senator Kerttula:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to the sale of power by the Alaska Power Authority. The bill amends portions of AS 44.83.398, which governs sale of power from projects in the energy program for Alaska. The amendments are necessary before power sales agreements can be signed and long-term financing can be put in place for the Lake Tyee, Swan Lake, Solomon Gulch, and Terror Lake hydroelectric projects -- the "four dam pool."

A section-by-section analysis follows.

Sections 1 (by amending AS 44.83.398(a)) and 5 (by repealing AS 44.83.398(d)) of the bill eliminate restrictions on industrial power rates that may be charged by utilities purchasing power from projects in the energy program for Alaska. The statute currently prohibits utilities from charging a retail power rate to industrial consumers that is less than the rate charged to residential consumers. The change allows utilities to offer a lower rate to large-volume consumers, or consumers who currently use their own generation sources, which should reduce the overall rate to all consumers. The authority has discussed with the utilities the use of fixed-term supply contracts with industrial users with the length of the contract limited so that, when usage of power from the hydroelectric facilities approaches capacity, more power will be available to residential consumers and they will not end up subsidizing industrial power rates.

Section 1 also provides for the combination of the Lake Tyee, Swan Lake, Solomon Gulch, and Terror Lake hydroelectric projects into one power project for the purposes of the wholesale power rate calculation in AS 44.83.398-(b)(1). This power project is referred to as the "initial project."

Section 2 deletes the "Susitna clause" in AS 44.83.398-(b)(2). Repeal of this provision is desired by both the authority and the purchasing utilities because of the potential effect on rates. It is also viewed as crucial to the long-term financing of the initial project and future projects in the energy program for Alaska. The rating services are reluctant to give a favorable rating to revenue bonds issued with this provision in place because of the possibility that ratepayers' rates could increase substantially in 1991. The rates could be high enough to reduce demand and revenues, thus jeopardizing the ability of the utilities to meet their payment obligations under the power sales contracts.

Section 2 also describes the method for determining the amounts to be allocated to each hydroelectric facility in the initial project. Under this combined system the facilities share the debt service for the entire project and there is a single cents-per-kilowatt-hour rate for debt service applicable to all four hydroelectric facilities in the initial project. The rate for costs of operations, maintenance, equipment replacement, safety inspections, and investigations is determined separately for each facility. The result is a different wholesale rate for each facility in the initial project, but a sharing of debt service which substantially reduces the wholesale rate for projects such as Lake Tyee.

Section 3 adds a sentence to AS 44.83.398(e) to allow the power authority to contractually limit the amount of debt service payable by power purchasers as a consequence of the later addition of new projects to the energy program for Alaska.

Section 4 removes the reference to the "Susitna clause" from AS 44.83.398(g).

Section 6 provides for an immediate effective date.

Sincerely,

Bill Sheffield

Bill Sheffield
Governor

Department of Commerce & Economic Development / POSITION PAPER

HB 589: "An act relating to the Alaska Power Authority; and providing for an effective date."

My name is George Matz. I am Special Assistant to Commissioner Richard A. Lyon for the Department of Commerce and Economic Development. I am representing Commissioner Lyon who regrets that he is not able to attend this hearing because of previous commitments in Washington, D.C.

There are four points that I want to make in my testimony:

- First, HB 589 is essential to the power sales agreements and the long-term financing of the "Four Dam Pool."
- Second, the long-term financing of the "Four Dam Pool" is essential to the Energy Program for Alaska.
- Third, the power sales agreements now being negotiated by the Alaska Power Authority (APA) should be financable.
- Fourth, the Department of Commerce and Economic Development supports the terms and conditions of the power sales agreements being negotiated by the APA.

To elaborate on these points, the Energy Program for Alaska was conceived by the Legislature in 1981 when it enacted Chapter 118, SLA 1981 (SB 25). After nearly three years of gestation, we are about to witness its birth as an operating power supply system. However, nearly $200 million of interim financing must first be converted to long-term financing. How the financing occurs will determine the long-term health of the Energy Program for Alaska.

If revenue bonds are used for long-term financing, the Energy Program for Alaska will have overcome some prenatal illness and can look forward to a healthy life with ever more attractive power rates. Also, these initial projects can expect to be the parents of a family of power projects that serve the electrical needs of Alaska. Hopefully, with our improved diagnostic skills, we will prevent a recurrence of the problems previously experienced.

If long-term financing is based on additional State appropriations, the Energy Program for Alaska will draw nourishment from other State needs. Also, the program will not have demonstrated the ability to exist without 100% financial support from the State. This is not a good precedent for propagating additional power projects.

If the Energy Program for Alaska has neither revenue bond financing nor State appropriation, it will be stillborn. In financial terms that means the State would default on repayments of the interim financing.

As we approach the term of this gestation, we know that some assistance is needed to assure completion of long-term financing. Our bond counsel and underwriters warned us of some statutory problems that could impede the sale of revenue bonds. Also, the respective communities and utilities have stated that their participation is contingent on certain statutory changes.

As a result of this advice, the Governor has introduced HB 589 which includes the statutory changes required to meet the demands of both the bond buyer and the wholesale power buyer. The Administration considers each section of this bill to be essential.

The highlights of HB 589 are as follows:

1. Section 1 repeals the existing statutory requirement that industrial retail power rates can be no less than retail power rates to residential customers. This allows utilities to offer, if they wish, lower rates to large volume customers.

2. Section 1 and 2 allows the four projects that are part of the "Four Dam Pool" (Solomon Gulch, Swan Lake, Lake Tyee and Terror Lake) to be considered as one project. The significance of this is that the debt service portion of the wholesale power rate for each project will be unified rather than project-specific as currently required by the statutes. Project-specific allocation of debt service results in higher wholesale power rates for projects which are more costly and/or have unused capacity relative to other projects in the pool. However, new projects added to the Energy Program for Alaska will have project-specific rates.

3. Section 2 deletes the "Susitna clause" which otherwise would trigger substantial wholesale power rate increases for projects included in the Energy Program for Alaska. The possibility of this rate increase and the reduction that could occur in demand and revenues will have a decidedly negative effect on the ratings and interest rates of revenue bonds used for long-term financing of the "Four Dam Pool."

4. Section 2 includes a technical amendments which deletes "at the busbar" in order to remove ambiguity.

5. Section 3 protects the "Four Dam Pool" from the addition of new projects to the Energy Program for Alaska which could substantially increase their wholesale power rate.

6. Section 4 removes reference to the "Susitna clause" from definitions that apply to the Energy Program for Alaska.

7. Section 5, similiar to Section 1, allows utilities to establish retail industrial rates that are less than residential rates.

8. Section 6 provides an immediate effective date.

HB 589 represents a tremendous amount of analysis and negotiating. All communities or utilities that are part of the "Four Dam Pool" have had extensive opportunity to partake in drafting the concept and the language of this bill. The Administration firmly believes that HB 589 represents the best resolution to a difficult problem and the best approach for leveraging futher development of power projects in Alaska.

Asper
3/4/84

DRAFT

Original sponsor: Rules/Governor

IN THE HOUSE BY THE RESOURCES COMMITTEE

CS FOR HOUSE BILL NO. 589 (Resources)

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTEENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act relating to the Alaska Power Authority; and providing for an effective date."

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

* Section 1. AS 44.83.398(a) is amended to read:

(a) The authority shall sell power produced from power projects acquired or constructed under the energy program for Alaska. For purposes of this section, Lake Tyee, Swan Lake, Solomon Gulch, and Terror Lake hydroelectric facilities are considered to be one power project. This power project is referred to as the initial project [A UTILITY THAT PURCHASES POWER PRODUCED BY A POWER PROJECT OF THE AUTHORITY SHALL AGREE WITH THE AUTHORITY

(1) TO GIVE PREFERENCE IN THE SALE OF POWER AT RETAIL TO ALL CLASSES OF CONSUMERS OF POWER EXCEPT INDUSTRIAL CONSUMERS;

(2) TO CHARGE INDUSTRIAL CONSUMERS OF POWER A RATE DETERMINED BY THE AUTHORITY IN ACCORDANCE WITH (d) OF THIS SECTION].

* Sec. 2. AS 44.83.398(b) is amended to read:

(b) The authority shall establish a wholesale power rate structure applicable to sales of power to the [ITS] customers [AT THE BUSBAR] of a power project as follows:

(1) The authority shall establish and maintain a separate wholesale power rate applicable to each power project that it has acquired or constructed under the energy program for Alaska, other than a project described in (f) of this section. The wholesale power rate established by the authority for the initial project shall be a

rate calculated under this paragraph except that the portion of the rate applicable to (A) and (C) of this paragraph shall be adjusted for the hydroelectric facilities in the initial project as set out in (2) of this subsection. The wholesale power rate shall be computed by the authority annually, or more frequently as may be necessary, and shall equal the rate that the authority estimates is necessary to produce revenue that is sufficient to pay

(A) operation, maintenance, and equipment replacement costs of the power project;

(B) the power project's proportionate share of the debt service on state loans and bonds for all power projects in the energy program for Alaska, determined in accordance with (g) of this section;

(C) safety inspections and investigations of the power project by the authority.

(2) If, by July 1, 1991, the legislature has not appropriated at least $5,000,000,000 to the fund, in addition to appropriations to the fund of interest earned on money in the fund, the authority shall, beginning on that date, establish and maintain a separate wholesale power rate applicable to each power project that is acquired or constructed under the energy program for Alaska. The wholesale power rate shall be computed by the authority annually, or more frequently as may be necessary, and shall be the greater of

(A) 10 percent of the amount the authority has invested in the power project, including loans and grants made by the state; or

(B) the rate that the authority estimates is necessary to produce revenue sufficient to pay

(i) operation, maintenance, and equipment

replacement costs of the power project;

(ii) the power project's proportionate share of debt service on state loans and bonds for all power projects in the energy program for Alaska, determined in accordance with (g) of this section; and

(iii) safety inspections and investigations of the power project by the authority.

(3) For the purposes of determining amounts to be allocated to each hydroelectric facility in the initial project under (1)(A) and (1)(C) of this subsection, the authority shall determine for each hydroelectric facility its individual operation, maintenance, equipment replacement, safety inspection, and investigation costs.

* Sec. 3. AS 44.83.393(e) is amended to read:

(e) After determining the wholesale power rate for a power project under the provisions of this section, the authority may adjust the rate or change the rate provisions to insure that the revenue derived from that power project and the aggregate revenues of the authority will be adequate to comply with the rate covenants and other agreements contained in any trust indenture or trust agreement entered into by the authority for the security of the holders of bonds issued to finance power projects in the energy program [ENERGY PROGRAM] for Alaska. The authority may agree with a purchaser of power to limit rate increases caused by debt service payable by the authority on subsequent projects.

* Sec. 4. AS 44.83.398(g) is amended to read:

(g) For the purposes of (b)(1)(B) [AND (b)(2)(B)(ii)] of this section, a power project's proportionate share of debt service on state loans and bonds for all power projects in the energy program for Alaska is equal to the state's investment in the power project divided

by the state's investment in all power projects in the energy program for Alaska and multiplied by the debt service on state loans and bonds for all power projects in the energy program for Alaska. In this subsection

(1) "state's investment in the power project" includes all state money invested in a power project, including loans, grants, and proceeds from bonds, less the principal repayments on the project's proportionate share of debt service on state loans and bonds;

(2) "state's investment in all power projects in the energy program for Alaska" includes all state money invested in the power projects, other than interties, in the energy program for Alaska, including loans, grants, and proceeds from bonds, less the principal repayments on bonds and state loans issued for the power projects.

* Sec. 5. AS 44.83.398(b)(2) is repealed.

* Sec. 6. AS 44.83.398(d) is repealed.

* Sec. 7. Sections 1 - 3 and 6 of this Act take effect immediately in accordance with AS 01.10.070(c).

* Sec. 8. Sections 4 and 5 of this Act take effect upon approval by the qualified voters of the state of an amendment to the constitution of the State of Alaska that establishes a major projects fund and requires that a portion of the major projects fund be used to finance construction of the Watana Dam in the Susitna River hydroelectric project before any other capital project is financed from the major projects fund.

HB

594

Official Business

Alaska State Legislature
House Resources Committee
SIGN-IN

MAR. 13, 1984

HB 594
CARIBOU

NAME	ADDRESS	PHONE	REPRESENTING

KAWERAK, INC.
P.O. BOX 948 • NOME, ALASKA 99762
(907) 443-5231

Mr. Caleb Pungowiyi
President
Kawerak, Inc.

Dear Caleb:

Attached is a proposal in which we requested to study the Reindeer/ Caribou conflict. We talked this over with the Rindeer Sub-Committee of the Alaska Land Use Council, The RHA, Alaska Department of Fish and Game, University of Alaska and some of the Area hunters.

All agreed that this should be done as soon as possible. The process tokk about 18 months to develop, from discussion to the Proposal.

Would you present this to the State Legislatures so it can be included in this years Legislative action.

My suggestion is for Direct Appropriation from the Legislature.

Thank you,

Sincerely,

Vernon Kugzruk
Director, RHA

January, 30, 1983

STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

DEPARTMENT OF FISH AND GAME

P.O. BOX 1148
NOME, ALASKA 99762-1148

January 26, 1984

Mr. Vernon Kugzruk, Director
Reindeer Herders' Association
P.O. Box 948
Nome, Alaska 99762

Dear Vernon:

Enclosed is a proposal which the Reindeer Herder's Association (RHA) asked the Department of Fish and Game to prepare. As you know, I discussed this work with the RHA Executive Committee in mid-December 1983, and you reviewed two earlier drafts of the proposal in January 1984. I believe the project would yield information requested by the Committee to help reduce losses of reindeer to caribou. Intensive work such as this should provide a basis for developing long-term solutions to the caribou - reindeer problem.

I must emphasize that the expected Game Division budget is fully committed to other priority projects for the next few years. Therefore, if this study were conducted, funds in addition to our normal Game Division budget would be required. The proposal contains estimated salary funds for a new project position (1 permanent/seasonal Game Technician III) plus operating money for equipment, air charter, and commodities. The work would take place during a 3-year period beginning in FY-85. The Game Technician III would be recruited locally. Should the proposal not be funded, my staff will continue conducting occasional reconnaissance flights as in the past two years.

If I can answer questions or explain any aspect of the proposal, please do not hesitate to contact me.

Sincerely,

John W. Coady
Regional Supervisor
Game Division

cc: L. Pamplin, Director
Game Division

DISTRIBUTION AND MOVEMENTS OF CARIBOU NEAR REINDEER HERDS ON THE SEWARD PENINSULA

Principal Investigators:

David A. Anderson, Game Biologist
Alaska Department of Fish and Game,
Nome

Tim E. Smith, Game Biologist
Alaska Department of Fish and Game,
Nome

Submitted by invitation
to the Reindeer Herders'
Association by:

John W. Coady, Regional Supervisor
Game Division,
Alaska Department of Fish and Game
P.O. Box 1148
Nome, Alaska 99762
Ph.: 443-2825

23 January 1984

Introduction and Statement of Problem

Western Arctic Herd (WAH) caribou (*Rangifer tarandus*) are one of the most important wildlife resources in northwestern Alaska. An estimated 10,000 caribou are harvested annually, most of which are taken by subsistence hunters living within the range of the herd. The herd rapidly declined from an estimated 240,000 caribou in 1970 to 75,000 in 1976. Since that time, largely because of close cooperation between the Department of Fish and Game and user groups, the herd has steadily increased in size. In summer 1983 the WAH was estimated to number 190,000 caribou, and a census planned for summer of 1984 is expected to reveal over 200,000 animals.

Although most of the WAH migrates to the foothills of the western North Slope to calve during summer, it disperses widely both north and south of the Brooks Range during winter. The size of the range used by caribou during winter increases or decreases as the size of the herd increases or decreases. Historically, when the herd was large, caribou were widely distributed and available to hunters in more villages than when the herd was small. Recent public comment and Fish and Game Advisory Committee recommendations from throughout the range of the WAH have strongly favored allowing the herd to continue increasing in size to promote a wider distribution of caribou.

Although continued growth of the WAH is viewed favorably by most members of the public, it has caused serious problems for the reindeer industry on the Seward Peninsula. Reindeer and caribou are members of the same

species, are both gregarious herd animals and have identical habitat requirements. Consequently, during caribou migrations reindeer tend to join passing caribou bands and become separated and lost from domestic herds. During the past 3 winters WAH caribou have migrated onto the Seward Peninsula and associated with reindeer in increasing numbers. In 1981-82 several thousand caribou wintered south and southwest of Candle, and a smaller but unknown number wintered south of Deering. In 1982-83 several thousand caribou again inhabited the same area. In mid-January 1983 approximately 10,000 caribou were observed in the Kugruk River drainage south of Deering. Survey flights in November 1983 revealed as many as 20,000 caribou on the eastern Seward Peninsula. The industry reported losses of 3,000 reindeer in 1981-82 and at least 1,500 in 1982-83. In December 1983 Department biologists observed 1,500-2,000 reindeer south of Candle which were incorporated into a band of migrating caribou. As the WAH continues to grow it will probably continue to migrate further west and move in increasing numbers onto the Seward Peninsula during winter. Therefore, intermingling and loss of reindeer to caribou are likely to continue and perhaps intensify.

Although these conflicts cannot be eliminated at this time, they can be minimized. In particular, the Department has conducted periodic reconnaissance flights on the eastern Seward Peninsula during winter 1982-83 and 1983-84. A member of the Reindeer Herders' Association (RHA) usually accompanies the flights as observer. The purpose of the flights is to search for caribou in the vicinity of reindeer herds, and to notify herd owners of impending conflict. The frequency and coverage of these flights are inadequate to detect many approaching caribou

bands. However, the RHA reported that on several occasions observations during flights allowed reindeer to be moved or more closely herded in anticipation of approaching caribou. The RHA reported that these occasional flights helped minimize losses of reindeer to caribou.

Both the RHA and the Department of Fish and Game believe that more frequent and comprehensive flights to provide timely and complete information on the distribution and movement patterns of caribou on and adjacent to the Seward Peninsula would reduce losses of reindeer to caribou bands. Because of the wide distribution and continually changing movement patterns of caribou, the only feasible method to improve the effectiveness of monitoring animals is by using radio telemetry.

OBJECTIVES

1) To determine distribution and movement patterns of caribou wintering on the Seward Peninsula, and to inform reindeer herders and the RHA of developing conflicts between caribou and reindeer.

2) To determine the timing of caribou movements to and from the Seward Peninsula.

3) To determine the fidelity of individual caribou to Seward Peninsula winter ranges.

4) To estimate the total number of caribou wintering on the Seward Peninsula.

5) To recommend methods which would further minimize loss of reindeer to caribou on the Seward Peninsula.

BACKGROUND

The WAH returns each spring to its traditional calving ground on the western North Slope. However, winter distribution is less predictable. During the past several years large concentrations of caribou have wintered in the Selawik Hills and Buckland River lowlands, in the Central Brooks Range, on the Arctic Coastal Plain, and on the Seward Peninsula. Radio-telemetry data gathered during the past 8 years (Valkenburg et al. 1983) indicate that individual caribou do not necessarily return to the same winter range in successive years. It appears, however, that 25-50% of the animals captured at a given winter location will return to that location the following winter. Virtually all caribou instrumented with radio collars in early winter on the Seward Peninsula will continue to provide useful data during that winter; up to one-half of the radio-collared animals will probably return to the Seward Peninsula and provide essential information the following year.

The Department is currently monitoring approximately 40 radio-collared caribou throughout the range of the herd, none of which were collared on the Seward Peninsula. These animals are routinely and effectively used

for locating bands of caribou during calving ground surveys, for rapidly locating large post-calving aggregations when the herd is counted in July, and for determining winter distribution of the herd. Additional caribou (radio-collared on the Seward Peninsula) will be useful in the conduct of these routine operations. To date only 2 collared animals have occupied the Seward Peninsula. This has not provided a sufficient sample for monitoring caribou movements on the Peninsula. Collaring caribou when they first arrive on the Seward Peninsula in early winter will greatly assist in monitoring distribution and movement patterns of caribou near reindeer herds.

A small number of reindeer will also be radio collared to help readily locate reindeer herds and to help determine the time and extent to which reindeer intermingle with caribou. The greatest loss of reindeer to caribou has occurred from the NANA Regional Corporation herd on the northeastern Seward Peninsula. Therefore, if acceptable to NANA, most radio collars will be allocated to that herd.

METHODS

Fifty adult caribou on the eastern Seward Peninsula will be captured in late October or November 1984 using standard helicopter-darting techniques. Twenty-five adult caribou will be similarly captured in 1985. Up to 10 NANA herd reindeer will be instrumented with radio collars (presently available and surplus to previous Department projects) during routine handling in May and June 1984. Caribou will be selected from all major bands known from reconnaissance flights to be

present on the Peninsula. The number of animals captured from each band will be proportional to its size. Caribou will be instrumented with the same type of radio collar successfully used in caribou studies by the Department for the past 10 years. Because each radio collar transmits on a different frequency, individual collared caribou can be electronically identified. Numbered canvas collars will also be placed on captured caribou so that individuals can be visually identified from the air or from the ground.

All instrumented caribou will be located weekly while on or near the Seward Peninsula using standard homing techniques from a fixed-wing aircraft. The process of locating radio-collared caribou will be especially useful to provide distribution and movement data on all other caribou associated with collared individuals. Other areas, especially those near reindeer herds, without radio-collared caribou will be visually searched during flights to insure that major caribou bands are detected.

Timely information about potential conflicts will be provided by landing at reindeer herders' field camps if possible or calling herd owners immediately upon returning to Nome or Kotzebue. A narrative summary and map showing caribou observations will be prepared following each flight, and a copy provided to the RHA. A member of the RHA will be invited to accompany flights as an observer.

LITERATURE CITED

Valkenburg, P., J. L. Davis, and R. D. Boertje. 1983. Social organization and seasonal range fidelity of Alaska's Western Arctic caribou -- preliminary findings. Proc. 3rd Int. Reindeer/Caribou Symp., Helsinki, Finland. Acta. Zool. Fennica. 175:125-126.

SCHEDULE

FY-84

May-June	Radio collar 10 reindeer

FY-85

July - Sept.	Purchase equipment; prepare for work
Oct.	Hire G/T III
Oct. - Dec.	Radio collar 50 caribou
Oct. - Feb.	Conduct radio-locating and reconnaissance flights
31 March	Annual report due

FY-86

July - Sept.	Purchase equipment; prepare for work
Oct.	Hire G/T III
Oct. - Dec.	Radio collar 25 caribou
Oct. - Feb.	Conduct radio-locating and reconnaissance flights
31 March	Annual report due

FY-87

Oct.	Hire G/T III
Oct. - Feb.	Conduct radio-locating and reconnaissance flights
31 May	Final report due

MAN-MONTHS

FY-85

Permanent Game Division Staff	3 months
Game Technician III (P/S Project position)	6 months

FY-86

Permanent Game Division Staff	3 months
Game Technician III (P/S Project position)	6 months

FY-87

Permanent Game Division Staff	3 months
Game Technician III (P/S Project position)	8 months

BUDGET

Capture	FY-85	FY-86	FY-87
a) 50 radios @ $325.	$16,250	$ 8,125 (25 radios)	-
b) Receiver, Scanner, Antennas	3,000	-	-
c) Helicopter - 35 hrs. @ $625	21,875	12,500 (20 hrs)	-
d) PA-12 50 hrs. @ $20	1,000	500 (25 hrs)	-
e) C-185 20 hrs. @ $130	2,600	2,600 (20 hrs)	-
f) Immobilizing Drugs	2,000	1,000	-
Subtotal	$46,725	$24,725	-
Location			
a) C-185 99 hrs @ $130 [18 flights btwn 15 Oct.-28 Feb.; 5.5 hrs./flight]	$12,870	$12,870	$12,870
b) Maps, misc. commodities	1,000	1,000	1,000
Subtotal	$13,870	$13,870	$13,870
Assistant			
a) Game Tech 3 @ $3300/mo.	$19,800(6 mos.)	$19,800(6 mos.)	$26,400(8 mos.)
Total	$80,395	$58,395	$40,270
7% Annual inflation factor	-	$ 4,088	$ 5,835
Grand Total	$80,395	$62,483	$46,105

HB

600

Sofo
3/12/84

DRAFT

Original sponsors: Cowdery, Lindauer, Bussell and Bettisworth

IN THE HOUSE BY THE RESOURCES COMMITTEE

CS FOR HOUSE BILL NO. 600 (Resources)

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTEENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act relating to royalty oil; and providing for an effective date."

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

* Section 1. AS 38.05.183 is amended to read:

Sec. 38.05.183. SALE OF ROYALTY. (a) The sale, exchange or other disposal of a mineral obtained by the state as a royalty under AS 38.05.182, or the sale, exchange or other disposal in whole or in part of a right to receive future mineral production under a state lease under AS 38.05.005 - 38.05.370, shall be by competitive bid and the sale, exchange or other disposal made to the highest responsible bidder. Competitive [, EXCEPT THAT COMPETITIVE] bidding is not required for the sale, exchange, or other disposition of royalty gas when the commissioner, after prior written notice to the Alaska Royalty Oil and Gas Development [ADVISORY] Board under AS 38.06.050, determines that the best interest of the state does not require it or that no competition exists.

(b) When competitive bids are required, the commissioner, after prior written notice to the Alaska Royalty Oil and Gas Development [ADVISORY] Board, may reject all bids if the commissioner [HE] determines that because of the amount of the bids, the lack of responsibility on the part of the bidders, or for reasons consistent with the criteria set out in AS 38.06.070, the acceptance of the bids would not be in the best interest of the state.

(c) If the commissioner determines that a sale, exchange or

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other disposal of a mineral obtained by the state as a royalty under AS 38.05.182 or of a right to receive future mineral production under a state lease under AS 38.05.005 - 38.05.370 shall be made otherwise than by competitive bid, and the Alaska Royalty Oil and Gas Development [ADVISORY] Board has been notified in writing of that determination, the commissioner shall make public in writing the specific findings and conclusions upon which that determination is based.

(d) Oil or gas taken in kind by the state as its royalty share may [NOT] be sold or otherwise disposed of for export from the state unless [UNTIL] the commissioner determines that the royalty-in-kind oil or gas is needed under (f) of this section [SURPLUS] to meet the present [AND PROJECTED] intrastate domestic and industrial needs of an in-state refiner or processor and the legislature approves of the negotiated export sale. The commissioner shall make public, in writing, the specific findings and reasons on which the commissioner's [HIS] determination is based [AND SHALL, WITHIN 10 DAYS OF THE CONVENING OF A REGULAR SESSION OF THE LEGISLATURE, SUBMIT A REPORT SHOWING THE IMMEDIATE AND LONG-RANGE DOMESTIC AND INDUSTRIAL NEEDS OF THE STATE FOR OIL AND GAS AND AN ANALYSIS OF HOW THESE NEEDS ARE TO BE MET].

(e) When a sale, exchange or other disposal of oil or gas taken in kind by the state as its royalty share, or a sale, exchange or other disposal in whole or in part of a right to receive future royalty oil or gas, under a state lease under AS 38.05.005 - 38.05.370 is made other than by competitive bid, the sale, exchange or other disposal shall be awarded by the commissioner to the prospective buyer whose proposal offers the maximum benefits to citizens of the state. The commissioner shall consider

(1) the cash value offered;

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(2) the projected effects of the sale, exchange or other disposal on the economy of the state;

(3) the projected benefits of refining or processing the oil or gas in the state;

(4) the ability of the prospective buyer to provide refined products or by-products for distribution and sale in the state with price or supply benefits to the citizens of the state; and

(5) the criteria listed in AS 38.06.070(a).

(f) The commissioner may make a negotiated sale of royalty oil under (a) of this section if the Royalty Oil and Gas Development Board and the legislature approve of the sale and the commissioner finds that the proposed purchaser is an in-state refiner or processor with no other source of crude oil available to it at the prevailing market price of like crude oil disposed of in Allocation Defense District No. 5, other than a negotiated purchase of state royalty oil, and a negotiated sale would be in the best interest of the state based on the criteria contained in AS 38.06.070.

(g) Within 10 days of the convening of a regular session of the legislature the commissioner shall submit a report showing the immediate and long-range domestic and industrial needs of the state for oil and gas and an analysis of how these needs are to be met.

* Sec. 2. AS 38.06.020 is amended to read:

Sec. 38.06.020. ESTABLISHMENT. There is established in the Department of Commerce and Economic Development the Alaska Royalty Oil and Gas Development [ADVISORY] Board.

* Sec. 3. AS 38.06.025(a) is amended to read:

(a) The board consists of two members of the senate appointed by the president of the senate, two members of the house of representatives appointed by the speaker of the house, [THE COMMISSIONER OF

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COMMERCE AND ECONOMIC DEVELOPMENT; THE COMMISSIONER OF REVENUE;] the commissioner of natural resources, who is a nonvoting member, [;] and two [THREE] public members with oil and gas marketing experience.

* Sec. 4. AS 38.06.040 is repealed and reenacted to read:

Sec. 38.06.040. POWERS AND DUTIES OF THE BOARD. (a) The board shall examine proposed sales, exchanges or other disposal of, and approve or disapprove a proposed sale, exchange or other disposal of

(1) the oil or gas that is obtained by the state as royalty under AS 38.05.182; or

(2) the rights to receive future oil or gas production under state leases; and

(3) recommend to the commissioner of natural resources the conditions relating to the sale, delivery, transportation, refining or processing of oil or gas which the commissioner may include in the offer and sale of oil or gas obtained by the state as royalty under AS 38.05.182.

(b) The board may not approve a contract for the sale, exchange, or other disposition of royalty oil not by competitive bid unless the contract provides that the price of the oil is equal to or greater than the average or prevailing net value of like crude oil disposed of in Allocation Defense District No. 5.

(c) Notwithstanding (b) of this section, the board may approve a contract for the sale, exchange, or other disposition of royalty oil only if:

(1) the contract price is not less than the highest posted price at Pump Station No. 1 for equivalent crude, the weighted average netback value of North Slope crude, or the weighted average netback value of North Slope crude sold in Allocation Defense District No. 5, whichever is higher;

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(2) the contract contains a provision for the hiring of residents of the state;

(3) the contract contains penalties for nonperformance;

(4) the contract includes a provision establishing a preference for refiners and processors operating in the state; and

(5) a material amendment to the contract may be made only with the approval of the legislature.

(d) Approval by the board of a negotiated sale or the method of disposal under this section may be rescinded by the legislature within 60 days if the legislature is in session when the board makes its decision, within 60 days after convening the next regular session if the legislature is not in session when the board makes its decision, or within 10 days after convening a special session called for the purposes of considering the board's decision, whichever is the earlier date.

* Sec. 5. AS 38.06.050 is amended to read:

Sec. 38.06.050. BOARD REVIEW [AND RECOMMENDATION] REQUIRED. (a) If board [LEGISLATIVE] approval is required by AS 38.06.055, a sale, exchange, encumbrance, or other disposition of oil or gas or of the rights or waiver of the rights to receive future production of royalty oil or gas may not be made by the commissioner of natural resources under AS 38.05.183 without prior approval [REVIEW] of the proposed sale, exchange, encumbrance or other disposition by the board. [A WRITTEN RECOMMENDATION OF THE BOARD ON THE PROPOSED SALE, EXCHANGE, ENCUMBRANCE OR OTHER DISPOSITION OF OIL OR GAS OR OF THE RIGHTS OR WAIVER OF THE RIGHTS TO RECEIVE FUTURE PRODUCTION OF ROYALTY OIL OR GAS SHALL BE SUBMITTED TO THE LEGISLATURE AT THE TIME A RESOLUTION APPROVING THE PROPOSED SALE, EXCHANGE, ENCUMBRANCE OR OTHER DISPOSITION IS INTRODUCED IN THE LEGISLATURE.]

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(b) Bids or applications for the purchase of royalty oil or gas may be rejected by the [COMMISSIONER OF NATURAL RESOURCES IF PRIOR WRITTEN NOTICE OF THE PROPOSED DISAPPROVAL IS GIVEN TO THE] board.

(c) Competitive bidding in a sale, exchange or other disposition described in (a) of this section may not be waived by the [COMMISSIONER OF NATURAL RESOURCES UNDER AS 38.05.183 UNLESS PRIOR WRITTEN NOTICE OF PROPOSED WAIVER IS GIVEN TO THE] board except in the case of negotiated foreign sale that requires legislative approval.

(d) (Repealed).

(e) Notwithstanding (a) - (c) of this section, the commissioner of natural resources may dispose of royalty oil or gas for a period of 30 days without approval of the board in the case of a marketing emergency. The 30-day period may be extended by 30 additional days with the approval of the board.

* Sec. 6. AS 38.06.055(a) is amended to read:

(a) The [IN ADDITION TO THE RECOMMENDATION BY THE BOARD REQUIRED UNDER AS 38.06.050, THE] commissioner of natural resources may not enter into a sale, exchange, or other disposition of oil or gas or of the rights or waiver of the rights to receive future production of royalty oil or gas under AS 38.05.183 without the prior approval of the board [LEGISLATURE. THE LEGISLATURE MAY APPROVE A SALE, EXCHANGE, OR OTHER DISPOSITION OF OIL OR GAS OR OF THE RIGHTS OR OF A WAIVER OF THE RIGHTS TO RECEIVE FUTURE PRODUCTION OF ROYALTY OIL OR GAS ONLY BY ENACTING LEGISLATION].

* Sec. 7. AS 38.06.055(c) is amended to read:

(c) A sale, exchange, or other disposition of oil or gas made under (b)(1) of this section may not be continued after the end of one year or renewed with the same party to provide relief for market or storage conditions without the prior approval of the board

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[LEGISLATURE] under (a) of this section.

* Sec. 8. AS 38.06.060 is amended to read:

Sec. 38.06.060. CONFIDENTIALITY. Notwithstanding AS 09.25.110 - 09.25.120, the board may provide by regulation for the confidentiality of those documents and records in its possession or control <u>that</u> [WHICH] contain confidential business or marketing information the protection of which is essential to the person who has submitted them to the board or in the judgment of the board is essential to the best interest of the state. [SUCH CONFIDENTIALITY, HOWEVER, SHALL NOT PRECLUDE THE PROPER REVIEW BY THE LEGISLATURE.]

* Sec. 9. AS 38.06.080(1) is amended to read:

(1) "board" means the Alaska Royalty Oil and Gas Development [ADVISORY] Board; and

* Sec. 10. AS 38.05.182(b) and 38.05.183(b) are repealed.

* Sec. 11. This Act takes effect immediately in accordance with AS 01.-10.070(c).

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ANALYSIS

CSHB#600
9 March, 1984

The bill would allow for sale of royalty gas by other than competitive bidding if the commissioner determines that the best interest of the state does not require it or that no competition exists. The sale would require approval by the Royalty Oil & Gas Development Board and the Legislature.

When competitive bids are required, the commissioner would have the ability to reject a bid consistent with state statutes.

The basic procedures for public notice of specific findings and conclusions have remained the same.

The bill would allow for negotiated export sale, if the royalty oil or gas was not needed to meet intrastate domestic and industrial needs, and if the legislature approved of the sale.

Sale of royalty oil other than by a competitive bid would be allowed to in-state refiners, if the commissioner found that the refiner had no other source of crude oil available to it at the prevailing west coast market price, and the terms of the negotiated sale were approved by the Board and the Legislature.

The bill restructures the present Royalty Oil & Gas Development Advisory Board, calling for the new 7 member board to be made up of 4 members of the legislature, 2 from the Senate and 2 from the House, the Commissioner of the DNR, as a non voting member, and two public members with oil & gas marketing expertise. The board would then have authority to approve or veto all sales and methods of dispositions of royalty oil and gas. The Legislature would have the ability to rescind any proposed sale within the first 60 days of a regular session, or 10 days of a special session. The board would not be able to approve a contract unless the price was equal to or greater than the average or prevailing net value of a like crude sold on the west coast. Likewise, in a competitive bid sale, the lowest acceptable bid would be either the weighted average in-value price, or the average netback value of a like crude sold on the west coast, or the posted price at Pump Station No. 1 for equivalent crude, whichever is higher.

Any material amendments to a contract would require legislative approval. The contract would have to include provisions for local hiring, penalties for nonperformance, and preference for refiners and processors operating in the state.

The bill would allow the commissioner the authority, in case of a marketing emergency, to dispose of royalty oil for a period of 30 days without the approval of the board or the legislature, and could extend the period another 30 days with board approval.

A confidentiality provision is provided for confidential business or marketing information obtained by the board or the legislature.

ANALYSIS OF NEW CS FOR HB#600
Date: 19 March, 1984

The major changes in the new draft of CSHB#600 from the original CS, heard by the Resources Committee Monday March 12th, deal with changes in the organization and language of the bill in order that the method and conditions for disposal of the states royalty minerals may be clearly understood and easily referenced by all concerned. The substantive content of the bill is unchanged, however, overlapping and repetitive sections have been deleted. A sectional analysis follows:

Section 1 of the bill requires that the sale exchange or other disposal of minerals obtained as royalties under AS 38.05.182, shall be by competitive bid to the highest responsible bidder. Subsection (a) then lists all the exceptions when bidding shall not be required when the Commissioner finds that it's in the best interest of the state.

1.) For a negotiated export sale of royalty crude oil to a foreign country or corporation.
2.) A negotiated sale to an in-state refiner under (f) of this section.
3.) In the case of a marketing or storage emergency.
4.) For the sale of mineral royalties other than crude oil.

Subsection (b) allows the Commissioner with approval of the board to reject any bid that lacks responsibility, or for reasons that are consistent with the criteria of AS 38.06.070.

Subsection (c) calls for the commissioner to notify the board in writing if the commissioner determines that competitive bidding should be waved, and to make public the specific findings and conclusions upon which the determinations are based.

Subsection (d) allows for the export sale of royalty oil or gas taken in-kind, unless the commissioner determines that it is needed to meet present in-state domestic and industrial needs of an in-state refiner, and requires public notification of such findings.

Subsection (e) lists the considerations for the commissioner for a sale of royalty oil or gas other than by competitive bid, for maximizing benefits to citizens of the state.

1.) The cash value offered;
2.) The projected effects of the sale on the economy of the state;
3.) The projected benefits of in-state refining or processing;
4.) The ability of the buyer to supply a price benefit of the refined product for the citizens of the state;
5.) The projected social and environmental impacts of the sale.

Subsection (f) is the criteria under which the commissioner may make a negotiated sale of royalty oil with the approval of the Royalty Oil & Gas Development Board, to an in-state refiner. The subsection states that

before a sale may be negotiated that the commissioner shall find that the in-state refiner has no other source of crude oil available to it at the prevailing west coast market price other than a negotiated purchase of state royalty oil, and that the sale would be in the best interests of the state according to the considerations of (e) in the same section. The commissioner is given 10 days from the signing of the contract to submit the terms of sale to the board for approval. The legislature maintains authority to rescind a sale under this section as provided in AS. 38.06.055 (d), which is amended in Section 8 of this bill.

Subsection (g) stipulates conditions for the sale of royalty oil. Requiring the price to be not less than the highest posted price at Pump Station #1 for equivalent crude, the weighted average netback value of North Slope crude, or the weighted average value of North Slope crude sold on the west coast. Provisions are also included in this subsection that provide for hiring state residents, penalties for nonperformance, and legislative approval of any material amendments to the contract.

Subsection (h) calls for the commissioner to submit a report showing the immediate and long range domestic and industrial needs of the state for oil and gas, and an analysis of how the needs are to be met, within 10 days of the convening of a regular session of the legislature.

Subsection (i) removes AS. 38.05.035 (a) (14), Powers and duties of the director from applying to a sale of oil or gas under this section. This eliminates overlapping authority found in this statute.

Section 2, drops the term advisory from the Alaska Royalty Oil and Gas Development [Advisory] Board.

Section 3, reconstructs the Board to consist of two members of the Senate, two members of the House, the commissioner of natural resources as a nonvoting member, and two public members.

Section 4, amends AS 38.06.025 Membership,(b), by adding the word marketing to the list of petroleum related experience that public members of the board are to possess, and replaces the word [HIS] with "the governor's pleasure for three year staggered terms and confirmed by a vote of a majority of the members of the legislature in joint session".

Section 5, gives the board authority to examine, and approve or disapprove all proposed sales, exchanges or other disposal of royalty oil or gas, by repealing AS 38.06.040, and reenacting it to have such powers.

Section 6, repeals AS 38.06.050 BOARD APPROVAL, and reenacts it providing for board approval of all disposition of oil or gas, an adding an emergency provision that allows the commissioner to dispose of royalty oil or gas for a period of 30 days without approval of the board or legislature in the case of a marketing or storage emergency. Also allows the 30 day period to be extended with approval of the board.

Section 7, allows the board to approve a negotiated sale of royalty oil or gas to a foreign country or corporation as long as it is approved by an act of the legislature.

Section 8, adds a new subsection to AS 38.05.055 that allows the legislature to rescind a negotiated sale to an in-state refiner within 60 days during a regular session, and within 10 days of a special session called for such purpose.

Section 9, provides for confidentiality of business or marketing information essential to the person who has submitted them to the board.

Section 10, drops the word advisory from the definition of the "board".

Section 11, amends AS 38.06 by adding a section to read: "Sec. 38.06.090 APPLICABILITY OF OTHER LAW. AS 38.05.035 (a) (14) does not apply to a sale, exchange, or other disposal of oil or gas under this chapter." In order to clarify the statutes.

Section 12, repeals statutes that are no longer necessary.

Sofo
3/19/84

DRAFT

Original sponsors: Cowdery, Lindauer, Bussell and Bettisworth

IN THE HOUSE BY THE RESOURCES COMMITTEE

CS FOR HOUSE BILL NO. 600 (Resources)

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTEENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act relating to royalty oil; and providing for an effective date."

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

* Section 1. AS 38.05.183 is amended to read:

Sec. 38.05.183. SALE OF ROYALTY. (a) The sale, exchange or other disposal of a mineral obtained by the state as a royalty under AS 38.05.182, or the sale, exchange or other disposal in whole or in part of a right to receive future mineral production under a state lease under AS 38.05.005 - 38.05.370, shall be by competitive bid and the sale, exchange or other disposal made to the highest responsible bidder. Competitive [, EXCEPT THAT COMPETITIVE] bidding is not required when the commissioner, after prior written notice to the Alaska Royalty Oil and Gas Development [ADVISORY] Board under AS 38.06.050, determines that the best interest of the state does not require it and the sale is:

(1) a negotiated export sale of oil for export to a foreign country or corporation;

(2) a sale of oil to an in-state refiner or processor under (f) of this section;

(3) an emergency sale of oil under AS 38.06.050(b); or

(4) a sale of mineral royalties other than oil [OR THAT NO COMPETITION EXISTS].

(b) When competitive bids are required, the commissioner, after prior written notice to the Alaska Royalty Oil and Gas Development

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[ADVISORY] Board, may reject all bids if the commissioner with the approval of the board [HE] determines that because of the amount of the bids, the lack of responsibility on the part of the bidders, or for reasons consistent with the criteria set out in AS 38.06.070, the acceptance of the bids would not be in the best interest of the state.

(c) If the commissioner determines that a sale, exchange or other disposal of a mineral obtained by the state as a royalty under AS 38.05.182 or of a right to receive future mineral production under a state lease under AS 38.05.005 - 38.05.370 shall be made otherwise than by competitive bid, and in the case of a sale of oil or gas the Alaska Royalty Oil and Gas Development [ADVISORY] Board has been notified in writing of that determination, the commissioner shall make public in writing the specific findings and conclusions upon which that determination is based.

(d) Oil or gas taken in kind by the state as its royalty share may [NOT] be sold or otherwise disposed of for export from the state unless [UNTIL] the commissioner determines that the royalty-in-kind oil or gas is needed under (f) of this section [SURPLUS] to meet the present [AND PROJECTED] intrastate domestic and industrial needs of an in-state refiner or processor. The commissioner shall make public, in writing, the specific findings and reasons on which the commissioner's [HIS] determination is based [AND SHALL, WITHIN 10 DAYS OF THE CONVENING OF A REGULAR SESSION OF THE LEGISLATURE, SUBMIT A REPORT SHOWING THE IMMEDIATE AND LONG-RANGE DOMESTIC AND INDUSTRIAL NEEDS OF THE STATE FOR OIL AND GAS AND AN ANALYSIS OF HOW THESE NEEDS ARE TO BE MET].

(e) When a sale, exchange or other disposal of oil or gas taken in kind by the state as its royalty share, or a sale, exchange or other disposal in whole or in part of a right to receive future

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royalty oil or gas, under a state lease under AS 38.05.005 - 38.05.370 is made other than by competitive bid, the sale, exchange or other disposal shall be awarded by the commissioner to the prospective buyer whose proposal offers the maximum benefits to citizens of the state. The commissioner shall consider

(1) the cash value offered;

(2) the projected effects of the sale, exchange or other disposal on the economy of the state;

(3) the projected benefits of refining or processing the oil or gas in the state;

(4) the ability of the prospective buyer to provide refined products or by-products for distribution and sale in the state with price or supply benefits to the citizens of the state; and

(5) the projected social and environmental impacts of the transaction [CRITERIA LISTED IN AS 38.06.070(a)].

(f) The commissioner may make a negotiated sale of royalty oil under (a) of this section if the Royalty Oil and Gas Development Board approves of the sale and the commissioner finds that the proposed purchaser is an in-state refiner or processor with no other source of crude oil available to it at the prevailing market price of like crude oil disposed of in Petroleum Allocation Defense District No. 5, other than a negotiated purchase of state royalty oil, and a negotiated sale would be in the best interest of the state based on the criteria contained in (e) of this section. The commissioner shall submit to the board the terms of a proposed sale under this subsection within 10 days after the signing of a contract for that sale. The legislature may rescind a sale under this subsection as provided in AS 38.06.-055(d).

(g) The commissioner may enter a contract for the sale,

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exchange, or other disposition of royalty oil only if: (1) the contract price is not less than the highest posted price at Pump Station No. 1 for equivalent crude, the weighted average netback value of North Slope crude, or the weighted average netback value of North Slope crude sold in Petroleum Allocation Defense District No. 5, whichever is higher; (2) the contract contains a provision for the hiring of residents of the state: (3) the contract contains penalties for nonperformance; (4) a material amendment to the contract may be made only with the approval of the legislature. The commissioner shall give a preference to refiners and processors operating in the state.

(h) Within 10 days of the convening of a regular session of the legislature the commissioner shall submit a report showing the immediate and long-range domestic and industrial needs of the state for oil and gas and an analysis of how these needs are to be met.

(i) AS 38.05.035(a)(14) does not apply to a sale, exchange, or other disposal of oil or gas under this section.

* Sec. 2. AS 38.06.020 is amended to read:

Sec. 38.06.020. ESTABLISHMENT. There is established in the Department of Commerce and Economic Development the Alaska Royalty Oil and Gas Development [ADVISORY] Board.

* Sec. 3. AS 38.06.025(a) is amended to read:

(a) The board consists of two members of the senate appointed by the president of the senate, two members of the house of representatives appointed by the speaker of the house, [THE COMMISSIONER OF COMMERCE AND ECONOMIC DEVELOPMENT; THE COMMISSIONER OF REVENUE;] the commissioner of natural resources, who is a nonvoting member, [;] and two [THREE] public members.

* Sec. 4. AS 38.06.025(b) is amended to read:

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(b) Each of the public members shall possess experience in petroleum-related fields in such areas as marketing exploration, development, production and economics, and shall be appointed by the governor to serve at the governor's [HIS] pleasure for three-year staggered terms and confirmed by a vote of a majority of the members of the legislature in joint session. The public members may not be state officers or employees.

* Sec. 5. AS 38.06.040 is repealed and reenacted to read:

Sec. 38.06.040. POWERS AND DUTIES OF THE BOARD. The board shall examine proposed sales, exchanges or other disposal of, and approve or disapprove a proposed sale, exchange or other disposal of (1) the oil or gas that is obtained by the state as royalty under AS 38.05.182 or (2) the rights to receive future oil or gas production under state leases. The board shall recommend to the commissioner of natural resources the conditions relating to the sale, delivery, transportation, refining or processing of oil or gas which the commissioner may include in the offer and sale of oil or gas obtained by the state as royalty under AS 38.05.182.

* Sec. 6. AS 38.06.050 is repealed and reenacted to read: 70 60/130

Sec. 38.06.050. BOARD APPROVAL. (a) A sale, exchange, encumbrance, or other disposition of oil or gas or of the rights or waiver of the rights to receive future production of royalty oil or gas may not be made by the commissioner of natural resources under AS 38.05.-183 without prior approval of the proposed sale, exchange, encumbrance or other disposition by the board.

(b) Notwithstanding (a) of this section, the commissioner of natural resources may dispose of royalty oil or gas for a period of ~~30~~ 90 days without approval of the board or legislature in the case of a marketing or storage emergency. The ~~30~~ 90-day period may be extended

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with the approval of the board.

* Sec. 7. AS 38.06.055(a) is amended to read:

(a) In addition to the approval [RECOMMENDATION] by the board required under AS 38.06.050, the commissioner of natural resources may not enter into a sale, exchange, or other disposition of oil or gas or of the rights or waiver of the rights to receive future production of royalty oil or gas with a foreign country or corporation under AS 38.05.183 without the prior approval of the legislature. The legislature may approve a sale, exchange, or other disposition of oil or gas or of the rights or of a waiver of the rights to receive future production of royalty oil or gas only by enacting legislation.

* Sec. 8. AS 38.06.055 is amended by adding a new subsection to read:

(d) Rescission by the legislature of a sale to an in-state refiner under AS 38.05.183(f) shall occur within 60 days of when the board makes its decision if the legislature is in session when the board makes its decision, within 60 days after convening the next regular session if the legislature is not in session when the board makes its decision, or within 10 days after convening a special session called for the purposes of considering the board's decision, whichever is the earlier date.

* Sec. 9. AS 38.06.060 is amended to read:

Sec. 38.06.060. CONFIDENTIALITY. Notwithstanding AS 09.25.110 - 09.25.120, the board may provide by regulation for the confidentiality of these documents and records in its possession or control that [WHICH] contain confidential business or marketing information the protection of which is essential to the person who has submitted them to the board or in the judgment of the board is essential to the best interest of the state. [SUCH CONFIDENTIALITY, HOWEVER, SHALL NOT PRECLUDE THE PROPER REVIEW BY THE LEGISLATURE.]

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* Sec. 10. AS 38.06.080(1) is amended to read:

(1) "board" means the Alaska Royalty Oil and Gas Development [ADVISORY] Board; and

* Sec. 11. AS 38.06 is amended by adding a new section to read:

Sec. 38.06.090. APPLICABILITY OF OTHER LAW. AS 38.05.035(a)(14) does not apply to a sale, exchange, or other disposal of oil or gas under this chapter.

* Sec. 12. AS 38.05.182(b) and AS 38.06.055(b) and (c) are repealed.

* Sec. 13. This Act takes effect immediately in accordance with AS 01.-10.070(c).

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gas shall be taken in kind unless the commissioner determines that the taking in money would be in the best interest of the state.

(b) The commissioner shall submit a determination to take royalty in money to the legislature at the first opportunity during a current session or, if the legislature is not in session, at the next regular session. The legislature, within 60 days or by the adjournment of the session, whichever comes sooner, may revoke the determination by concurrent resolution. (§ 1 ch 56 SLA 1970; am § 7 ch 71 SLA 1971; am § 1 ch 9 SSSLA 1974; am § 5 ch 218 SLA 1976; am § 1 ch 146 SLA 1977; am § 8 ch 112 SLA 1980)

Effect of amendments. — The 1980 amendment deleted "(1)" following "in kind unless," and deleted "and (2) the Alaska Royalty Oil and Gas Development Advisory Board approves the taking in money" following "best interest of the state," and in subsection (b), deleted "approved under (a) of this section" following "to take royalty in money."

NOTES TO DECISIONS

Quoted in McKinnon v. Alpetco Co., Sup. Ct. Op. No. 2413 (File No. 5546), 633 P.2d 281 (1981).

Sec. 38.05.183. Sale of royalty. (a) The sale, exchange or other disposal of a mineral obtained by the state as a royalty under AS 38.05.182, or the sale, exchange or other disposal in whole or in part of a right to receive future mineral production under a state lease under AS 38.05.005 — 38.05.370, shall be by competitive bid and the sale, exchange or other disposal made to the highest responsible bidder, except that competitive bidding is not required when the commissioner, after prior written notice to the Alaska Royalty Oil and Gas Development Advisory Board under AS 38.06.050, determines that the best interest of the state does not require it or that no competition exists.

(b) When competitive bids are required, the commissioner, after prior written notice to the Alaska Royalty Oil and Gas Development Advisory Board, may reject all bids if he determines that because of the amount of the bids, the lack of responsibility on the part of the bidders, or for reasons consistent with the criteria set out in AS 38.06.070, the acceptance of the bids would not be in the best interest of the state.

(c) If the commissioner determines that a sale, exchange or other disposal of a mineral obtained by the state as a royalty under AS 38.05.182 or of a right to receive future mineral production under a state lease under AS 38.05.005 — 38.05.370 shall be made otherwise than by competitive bid, and the Alaska Royalty Oil and Gas Development Advisory Board has been notified in writing of that determination, the commissioner shall make public in writing the specific findings and conclusions upon which that determination is based.

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(d) Oil or gas taken in kind by the state as its royalty share may not be sold or otherwise disposed of for export from the state until the commissioner determines that the royalty-in-kind oil or gas is surplus to the present and projected intrastate domestic and industrial needs. The commissioner shall make public, in writing, the specific findings and reasons on which his determination is based and shall, within 10 days of the convening of a regular session of the legislature, submit a report showing the immediate and long-range domestic and industrial needs of the state for oil and gas and an analysis of how these needs are to be met.

(e) When a sale, exchange or other disposal of oil or gas taken in kind by the state as its royalty share, or a sale, exchange or other disposal in whole or in part of a right to receive future royalty oil or gas, under a state lease under AS 38.05.005 — 38.05.370 is made other than by competitive bid, the sale, exchange or other disposal shall be awarded by the commissioner to the prospective buyer whose proposal offers the maximum benefits to citizens of the state. The commissioner shall consider

(1) the cash value offered;

(2) the projected effects of the sale, exchange or other disposal on the economy of the state;

(3) the projected benefits of refining or processing the oil or gas in the state;

(4) the ability of the prospective buyer to provide refined products or by-products for distribution and sale in the state with price or supply benefits to the citizens of the state; and

(5) the criteria listed in AS 38.06.070(a). (§ 1 ch 56 SLA 1970; am § 3 ch 9 SSSLA 1974; am §§ 9, 10 ch 112 SLA 1980)

Effect of amendments. — The 1980 amendment, in subsection (a), substituted "after prior written notice to" for "with the prior written approval of" and "under AS 38.06.050" for "where applicable," near the end of the subsection; in subsection (b), substituted "after prior written notice to" for "with the prior written approval of"; in subsection (c), substituted "has been notified in writing of" for "where applicable has approved"; in subsection (d), deleted "with the approval of the Alaska Royalty Oil and Gas Development Advisory Board" following "until the commissioner"; and added subsection (e).

NOTES TO DECISIONS

Waiver of competitive bidding. — An initial waiver of competitive bidding and a second waiver at the time of amendment removed any obligation to open the contract to competitive bidding. McKinnon v. Alpeco Co., Sup. Ct. Op. No. 2413 (File No. 5546), 633 P.2d 281 (1981).

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Sec. 38.06.020. Establishment. There is established in the Department of Commerce and Economic Development the Alaska Royalty Oil and Gas Development Advisory Board. (§ 2 ch 9 SSSLA 1974; am § 1 ch 112 SLA 1980)

Effect of amendments. — The 1980 amendment substituted "Commerce and Economic Development" for "Natural Resources."

Sec. 38.06.025. Membership. (a) The board consists of the commissioner of commerce and economic development; the commissioner of revenue; the commissioner of natural resources, who is a nonvoting member; and three public members.

(b) Each of the public members shall possess experience in petroleum-related fields in such areas as exploration, development, production and economics, and shall be appointed by the governor to serve at his pleasure for three-year staggered terms and confirmed by a vote of a majority of the members of the legislature in joint session. The public members may not be state officers or employees.

(c) A chairman shall be elected by the board from among the public members.

(d) A public member, upon the expiration of his term, shall continue to hold office until his successor is appointed and qualifies.

(e) Vacancies in public membership shall be filled in the same manner as original appointment. An appointee to fill a vacancy shall hold office for the balance of the term for which his predecessor on the board was appointed. A vacancy in board membership does not impair the authority of a quorum of the board members to exercise all the powers and duties of the board. (§ 2 ch 9 SSSLA 1974; am § 8 ch 207 SLA 1975; am § 2 ch 112 SLA 1980)

Effect of amendments. — The 1980 amendment restructured the section into present subsections (a) — (e); in subsection (a), substituted "commerce and economic development" for "natural resources, who is chairman," substituted a semi-colon for a comma following "commissioner of revenue," and inserted "the commissioner of natural resources, who is a nonvoting member"; added the provisions of subsection (e); and substituted "until" for "under" in subsection (d).

Sec. 38.06.035. Meetings, rules, quorum, votes required; conflict of interest. (a) The board shall prescribe its own rules of procedure. It shall meet at a time and place determined by the chairman, and at other times and places as the chairman, or a majority of the board members, considers necessary. A quorum is a majority of the voting members of the board. The votes of the board members shall be recorded. Effective action to carry out the powers granted under AS 38.06.010 — 38.06.080 requires the affirmative vote of a majority of the board members. No board member may, with respect to a matter before the board, vote for or on behalf of another member of the board.

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(b) No member of the board may act upon a matter in which his relationship with any person creates a conflict of interest. No board member may have an official connection with or hold stock or securities in, or have a pecuniary interest in, a corporation, company or association engaged in the production or transportation of oil or gas. (§ 2 ch 9 SSSLA 1974; am § 3 ch 112 SLA 1980)

Effect of amendments. — The 1980 amendment, in subsection (a), inserted "voting" preceding "members" in the third sentence.

Sec. 38.06.040. Powers and duties of the board. (a) The board shall

(1) in accordance with the criteria set out in AS 38.06.070, develop a plan for the wise development of the state's oil and gas royalty interests; the plan of development shall be consistent with

(A) growth of the private sector of the economy;

(B) environmental standards required by law; and

(C) public fiscal stability;

(2) hold public hearings on proposed sales, exchanges, or other disposals of royalty oil or gas to determine whether the proposals comply with AS 38.06.070;

(3) examine proposed sales, exchanges or other disposal of, and recommend to the legislature that it approve or disapprove a proposed sale, exchange or other disposal of

(A) the oil or gas that is obtained by the state as royalty under AS 38.05.182; or

(B) the rights to receive future oil or gas production under state leases; and

(4) recommend to the commissioner of natural resources the conditions relating to the sale, delivery, transportation, refining or processing of oil or gas which he may include in the offer and sale of oil or gas obtained by the state as royalty under AS 38.05.182.

(b) The board may

(1) direct the commissioner of natural resources to solicit development plans or bids consistent with the criteria set out in AS 38.06.070 for

(A) the sale, exchange or other disposal of oil or gas obtained by the state as royalty under AS 38.05.182; or

(B) the sale, exchange or other disposal of all or a portion of the rights to receive future oil or gas production under a state lease;

(2) employ an executive director, and contract for the services of professionals, persons with knowledge of economics and other disciplines, and persons with technical skills who may be necessary to assist the board in the exercise of its powers and duties; and

(3) adopt regulations under the Administrative Procedure Act (AS 44.62.010 — 44.62.650) that are necessary for the exercise of its powers and duties. (§ 2 ch 9 SSSLA 1974; am § 4 ch 112 SLA 1980)

AGO 786800

Effect of amendments. — The 1980 amendment rewrote the section.

Sec. 38.06.050. Board review and recommendation required. (a) If legislative approval is required by AS 38.06.055, a sale, exchange, encumbrance, or other disposition of oil or gas or of the rights or waiver of the rights to receive future production of royalty oil or gas may not be made by the commissioner of natural resources under AS 38.05.183 without prior review of the proposed sale, exchange, encumbrance or other disposition by the board. A written recommendation of the board on the proposed sale, exchange, encumbrance or other disposition of oil or gas or of the rights or waiver of the rights to receive future production of royalty oil or gas shall be submitted to the legislature at the time a resolution approving the proposed sale, exchange, encumbrance or other disposition is introduced in the legislature.

(b) Bids or applications for the purchase of royalty oil or gas may be rejected by the commissioner of natural resources if prior written notice of the proposed disapproval is given to the board.

(c) Competitive bidding in a sale, exchange or other disposition described in (a) of this section may not be waived by the commissioner of natural resources under AS 38.05.183 unless prior written notice of proposed waiver is given to the board.

(d) (Repealed). (§ 2 ch 9 SSSLA 1974; am § 5 ch 112 SLA 1980)

Effect of amendments. — The 1980 amendment, in subsection (a), substituted "If legislative approval is required by AS 38.06.055, a" for "No" at the beginning of the subsection, inserted "not" preceding "be made by" near the middle of the first sentence, deleted "the" following "AS 38.05.183 without" near the middle of the first sentence, substituted "review of the proposed sale, exchange, encumbrance or other disposition by" for "written approval of" in the first sentence, and added the second sentence; in subsection (b), deleted "not" following "oil or gas may," substituted "if" for "without the" preceding "prior written," and substituted "notice of the proposed disapproval is given to" for "approval of"; in subsection (c), substituted "unless" for "without the" preceding "prior written," and substituted "notice of proposed waiver is given to" for "approval of"; and deleted former subsection (d), which read: "The board may require conditions relating to the sale, delivery, transportation, or refining or processing within the state to be included by the commissioner of natural resources in the offer of and sale by competitive bidding of oil or gas obtained by the state as royalty under AS 38.05.182."

NOTES TO DECISIONS

Stated in McKinnon v. Alpetco Co., Sup. Ct. Op. No. 2413 (File No. 5546), 633 P.2d 281 (1981).

Sec. 38.06.055. Legislative approval. (a) In addition to the recommendation by the board required under AS 38.06.050, the commissioner of natural resources may not enter into a sale, exchange, or other disposition of oil or gas or of the rights or waiver of the rights to receive future production of royalty oil or gas under AS 38.05.183 without the

AGO 786801

prior approval of the legislature. The legislature may approve a sale, exchange, or other disposition of oil or gas or of the rights or of a waiver of the rights to receive future production of royalty oil or gas only by enacting legislation.

(b) The provisions of (a) of this section do not apply to

(1) the sale, exchange, or other disposition of oil or gas for one year or less if the sale, exchange, or other disposition is entered into to relieve storage or market conditions;

(2) contracts for the sale of state-owned royalty gas or oil that specify the sale and delivery of not more than

(A) 400 barrels of crude oil per day;

(B) 460 barrels of natural gas liquids per day; and

(C) 2,400 Mcf of natural gas per day.

(c) A sale, exchange, or other disposition of oil or gas made under (b)(1) of this section may not be continued after the end of one year or renewed with the same party to provide relief for market or storage conditions without the prior approval of the legislature under (a) of this section. (§ 2 ch 9 SSSLA 1974; am § 2 ch 146 SLA 1977; am § 1 ch 131 SLA 1978; am § 6 ch 112 SLA 1980)

Effect of amendments. — The 1978 amendment substituted "storage or market conditions" for "a shortage of storage capacity" at the end of the first sentence of subsection (a), added the second sentence of that subsection, and deleted "Until July 1, 1975" from the beginning of subsection (b).

The 1980 amendment rewrote the section.

Opinions of attorney general. — The legislature may not conditionally approve a contract since such conditional acceptance is in law a rejection of the offer and the contract would have to be returned for renegotiation. February 23, 1977, Op. Att'y Gen.

NOTES TO DECISIONS

Quoted in McKinnon v. Alpetco Co., Sup. Ct. Op. No. 2413 (File No. 5546), 633 P.2d 251 (1981).

Sec. 38.06.060. Confidentiality.

Opinions of attorney general. — The chairman of the Alaska Royalty Oil and Gas Development Advisory Board may accurately represent to various private companies that documents they provide to the board may be held confidential and will not be subject to public disclosure, provided that the board determines that they should remain confidential, and in addition, the commissioner may advise the companies that documents which the board determines will not be kept confidential will be returned to them. September 26, 1977, Op. Att'y Gen.

Sec. 38.06.070. Criteria. (a) In the exercise of its powers under AS 38.06.040(1) — (2) and 38.06.050 the board shall consider

(1) the revenue needs and projected fiscal condition of the state;

AGO 786802

(2) the existence and extent of present and projected local and regional needs for oil and gas products and by-products, the effect of state or federal commodity allocation requirements which might be applicable to those products and by-products, and the priorities among competing needs;

(3) the desirability of localized capital investment, increased payroll, secondary development and other possible effects of the sale, exchange or other disposition of oil and gas or both;

(4) the projected social impacts of the transaction;

(5) the projected additional costs and responsibilities which could be imposed upon the state and affected political subdivisions by development related to the transaction;

(6) the existence of specific local or regional labor or consumption markets or both which should be met by the transaction;

(7) the projected positive and negative environmental effects related to the transaction; and

(8) the projected effects of the proposed transaction upon existing private commercial enterprise and patterns of investments.

(b) When it is economically feasible and in the public interest, the board may recommend to the commissioner of natural resources, as a condition of the sale of oil or gas obtained by the state as royalty, that

(1) the oil or gas be refined or processed in the state;

(2) the purchaser be a refiner who supplies products to the Alaska market with price or supply benefits to state citizens; or

(3) the purchaser construct a processing or refining facility in the state.

(c) The board shall make a full report to the legislature on each criterion specified in (a) or (b) of this section for any disposition of royalty oil or gas which requires legislative approval. The board's report shall be submitted for legislative review at the time of resolution for legislative approval of a proposed disposition of royalty oil or gas is introduced in the legislature. (§ 2 ch 9 SSSLA 1974; am § 2 ch 131 SLA 1978; am § 7 ch 112 SLA 1980)

Effect of amendments. — The 1978 amendment added subsection (c).

The 1980 amendment rewrote subsection (b).

NOTES TO DECISIONS

Quoted in McKinnon v. Alpetco Co., Sup. Ct. Op. No. 2413 (File No. 5546), 633 P.2d 281 (1981).

AGO 786803

REMARKS BY KAY BROWN, DIRECTOR
Division of Oil and Gas
Department of Natural Resources

on
Proposed CS for HB 600 (Resources)
March 13, 1984

Mr. Chairmen, members of the Committee - For the record I'm Kay Brown, director of the Division of Oil and Gas, Department of Natural Resources. Thank you for this opportunity to address the proposed Resources Committee Substitute for House Bill 600, which revises the royalty disposition statutes.

I'd like to address in more detail the general concepts Commissioner Wunnicke has outlined. Most of my comments today are focused on the changes proposed in the CS, but, as Commissioner Wunnicke mentioned, there are a number of other changes we would like to see if a comprehensive rewrite of these statutes is undertaken.

We believe the statutes could be improved by consolidating and clarifying procedural requirements for royalty sales. As written, the proposed CS does not accomplish this goal. Generally, I believe we could rely on the general Title 38 disposition procedures in AS 38.05.035 and .345, which apply to all disposals of interest in State land or resources, and that many of the separate procedural requirements in AS 38.05.182, .183 and AS 38.06 could be consolidated, or eliminated. Alternatively, royalty dispositions could be exempted from .035 and .345. Whichever approach is preferred, these conflicting and overlapping procedural requirements should be reconciled.

The statute should clearly state when competitive bidding is or is not required. The proposed CS addresses the determination to sell royalty resources by competitive bid or negotiated sale in several places. For clarity, the exemptions from competitive bidding should be consolidated into a single section. We believe it is appropriate and desirable to allow negotiated sales in at least four circumstances:

1. royalty oil sales to in-state refiners with no other sources of crude available at the prevailing West Coast price;

AGO 786804

2. royalty oil sales to foreign countries, should these be permitted by federal law;

3. sales of royalty resources other than royalty oil; and

4. emergencies.

It should be noted that several subsections of AS 38.05.183 apply to royalty sales of coal, geothermal, phosphates, oil shale, sodium, sulphur, potassium, placer gold and hardrock minerals, as well as oil and gas. The change proposed in Section 1, subsection (a) of the proposed CS, read in conjunction with the other proposals in the CS, apparently would require competitive bidding in all cases for royalty resources other than oil and gas.

We think it is preferable to leave more flexibility for royalties other than oil and gas as it is difficult to foresee at this time what situations might arise in the future that would affect the marketing and sale of non-oil and gas royalty resources.

With respect to restructuring the royalty board, as a policy matter we oppose the board having decision-making authority and we recommend that it remain an advisory board. I understand that the Department of Law has some comments to offer on this point, and Bob Maynard will be discussing this in his testimony.

I'd now like to provide some brief section-by-section comments:

The changes proposed in Section 1 of the proposed CS are generally an improvement over the existing statute, if the competitive bidding v. negotiated sale criteria are clarified as I have discussed.

In subsection (e) beginning at page 2, line 21, we suggest that you drop the fifth item, which references the royalty board criteria in AS 38.06.070(a).

In Section 3 subsection (a) of the proposed CS, the new expertise required of public board members - oil and gas marketing experience - seems to conflict with the existing criteria in subsection (b).

The new subsection (a) in Section 4 of the bill has a structural problem in item (3).

The price change proposed in subsections (b) and (c) of Section 4 seem to be in conflict. The provision in subsection (c)(1) needs to be clarified as to whether it

applies both to negotiated and competitive sales, since if it does apply to both, then (b) apparently would not be applicable. As a policy matter, we think it is workable and appropriate to establish a floor for both competitive and negotiated sales, as long as the floor is flexible enough to accommodate changing circumstances over time. We believe the contract price provision is more properly placed in AS 38.05.183.

With respect to Subsection (c)(2) relating to the hiring of Alaska residents, as you are probably aware court challenges continue on the constitutionality of local hire provisions. Bob Maynard will be addressing this issue in his testimony. Is Subsection (c)(2) intended to apply to competitive sales? We don't think that it is workable to require companies exporting oil out of the State to hire Alaskans if there is no work in Alaska associated with the sale. As you know, however, we have included local hire provisions in negotiated sales to in-State refiners, and we will continue to do so to the extent legally possible.

Subsection (c)(4) relating to a preference for in-state refiners seems appropriate as a policy but inappropriate and unworkable as a contract term, particularly if it applies to competitive sales, and should be dropped from this section.

Subsection (c)(5) should be revised to provide that material amendments which reduce the State's price or other consideration will be subject to legislative review, rather than all material amendments. This provision as written could discourage the Commissioner from seeking a higher price in contracts with price reopeners, since the status quo or current price would be the only circumstance not requiring legislative approval.

Throughout the proposed CS, it should be clearly stated when a royalty contract is subject to board approval and legislative review. As now written, the proposed CS is confusing on this point.

Section 5, subsection (b), as now written conflicts with AS 38.05.183(b), which gives the commissioner of DNR the authority to reject bids. We think this function is more appropriate for the commissioner than the board.

Section 5, subsection (c), as revised in the CS conflicts with AS 38.05.183(a). Competitive bidding should be waived by the commissioner, with prior written notice to the board.

With regard to the emergency marketing provisions of Section 5 of the CS (p. 6, line 7), we recommend that in an emergency the commissioner be given the authority to dispose of royalty oil or gas for up to six months without board or legislative approval, since 6 months is the time required to

revert to in-value taking under the terms of state leases and unit agreements. It should be noted that under the proposed CS as written, the emergency marketing provisions in Section 5 of the bill seem to conflict with the existing exemptions in AS 30.06.055(b), which under the proposed CS become exemptions from board, rather than legislative, approval. In other words, if you leave in the proposed changes in Section 6 of the bill, the emergency marketing provisions of Section 5 are unnecessary.

Generally, we like the changes proposed in Sections 6 and 7 of the CS.

In Section 10 of the CS, we agree that AS 38.05.182(b) should be repealed. Do you really intend to repeal .183(b), as this section is retained in Section 1 of the bill?

Thank you for the opportunity to comment. I would be happy to work with you on specific language to implement these suggestions.

AGO 786807

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: March 20, '84

REQUEST
Bill/Resolution No.: HB#600
Title: Relating to royalty oil

Sponsor: Cowdery
Requestor:
Date of Request:

FISCAL DETAIL
Agency Affected: Dept. of Commerce
Program Category Affected: Royalty Oil & Gas Development Advisory Board
BRU, Program or Subprogram(s) Affected: Royalty Oil & Gas Development Advisory Board

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL		10.0				
300 CONTRACTUAL		50.0				
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING		60.0				
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: Merrill Sikorski Phone: 465-4455
Division: Joint Oil & Gas Committee Date: 3/20/84

Approved by Commissioner: Date:
Agency:

Distribution (by Agency preparing fiscal note):
- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

12/1/83

AGO 786808

ALALYSIS

FISCAL NOTE: HB#600

Travel assumes 10 meetings at $1,000.00 each, and is variable depending on the need for the board to meet.

Contractural allows for the board to contract for special analysis when and if needed, and to cover such expenses as phone calls, postage, secretarial services etc. when needed.

Figures were derived from expenditures of the Rovalty Oil and Gas Development Advisory Board thus far in 1984, and past budgets of the board.

AGO 786809

Official Business

Alaska State Legislature
House Resources Committee

SIGN-IN

MAR. 13, 1984

HB600
ROYALTY OIL

NAME	ADDRESS	PHONE	REPRESENTING
Esther Wunnicke Fay Brown	Pouch M Juneau	465-2400	DNR
Bob Maynard	Pouch K	3600	Law

AGO 786810

3:03 Bustl Lars Lisk Shultz Rings
Goll, Vehl

HB 594

005 - Jack Fuller - loss up to 4900 reindeer to ~~Seward~~ caribou - New migration to Seward Pen.

029 Liska - how will 30K solve problem -
- Migration habits, so herders can track own herds & not lose

060 Bussell - buffalo? - enough problems, don't need buffalo.

067 Shultz, moved, asked U/C indiv. rec. no obj.

072 - HB 624 -
078 Larson - CS adds E.D. Clause, background on problem -

110 Ned Farquar - DNR supports bill -

114 Larson moved adopt CS, U/C no obj.

118 Larson moved, asked UC CSHB624 out

133 Esther Wunicke -
165 Suggested changes to proposal -

Kay Brown

200 - Rep. Goll, wants section-by-section objections so he knows what dept supports or doesn't
202 - Kay Brown - discussed departments position

AGO 786811

Kay Brown (cont)

373 Cowdery – 6 mos. notice - emergency –
- disposition of oil to revert to in-value
taking - 30 days - what if Board disapproves

416 Rep. Cowdery asked for hard copy of Kay
Brown's remarks.

420 Ringsted - Other than Oil & Gas
^ KB.

440 Liska - Saying board shouldn't have input –
^ In emerg. comm's makes decision to get
back to in-value -

494 Bush - What constitutes Emergency & why would
board not okay?
- long term purchaser defaults - we arrange best
disposal to new purchaser - until revert to in-value

592 - Bob Maynard - AG
Other problems besides KB's examples
Related 1981 incident - Can shut down pipeline
if State ~~[illegible]~~ does something wrong

690 Bush - What provisions in contract to ~~[illegible]~~ deal
with situation - ^ Mayn. - In final analysis
contract just paper

735 Cowdery - financial penalties in contract -
^ Mayn. - bonds, 3rd party guarantees - situation
precarious - Companies up against wall.

744 Tape chg.

774 Cowdery - How other industry people solve -
^ In mkt day to day, able to dispose of oil efficiently

790 Bush - what's wrong w/ nego. secondary position in event of fault — Δ Mayn - in theory probably nothing.

807 Maynard add'l comments
- advisory bd
  - 2 senators, 2 reps - law - Supreme Ct - Unconst
  - legislators can't serve on exec
- local hire -

830 - Cowd - make bd. legislative
Δ either making law or executing law
can't delegate law-making power to 4 people

861 Cowd - legis agency rather than exec.
Δ function, rather than title

875 Ringstad - Old problem - who negotiates
Δ somewhat

890 Bussell - Definitions by Supreme Ct over where admin/legis begin and end - how do you resolve conflict. Δ Defining rules are legis., then administering something else -

944 Maynard - local hire - "Boston Case"
"Camden case" tightened up
1 - problem local hire will solve
2 - showing that non-res cause problem
3 - can't have gen'l ripple effect - closely tied

1001 Bush - Could legis members sit in non-voting, advisory capacity — Δ don't think problem, but conditioning is backdoorings

Bush

1034 - Legis. members would draw public scrutiny
discussion ensued.

1093 Merrill Sikorski

3 choices - 1- give to admin branch
2- status quo
3 something better -

232 Ringstad - will continue to work out bugs.

239 - Adjourn 4:25

AGO 786814

HB

624

INTENT OF LEGISLATION

HB 624 - "An Act relating to qualifications for a homesite."

This legislation will allow current holders of homesite parcels to transfer their rights in the property to another individual, when due to an incapacitating illness or injury, he or she cannot fulfill the on site residency requirements. This allowance would be the same as is currently provided for under the homestead statutes, AS 38.09.030(c)(4).

Under present homesite statutes, if a person has fulfilled all requirements except for residency, he or she could lose the rights to the property because of a serious illness or injury preventing them from residing on the homesite. Often, in the case of a debilitating illness or injury, a person is required to live closer to medical facilities or may require special care.

The homesite law does provide for a legal transfer of property upon a person's death; however, if they survive a serious illness or operation, which incapacitates them, they would lose all their rights and property improvements on their homesite. This bill would simply provide the same provisions under the homesite law which were provided for in the homestead statutes, dealing with this type of emergency.

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date:

REQUEST
Bill/Resolution No.: HB 624
Title: An Act...homesites

Sponsor: Larson
Requestor: House Resources
Date of Request:

FISCAL DETAIL
Agency Affected: Natural Resources
Program Category Affected: NRMEC

BRU, Program or Subprogram(s) Affected:
Land and Water Management

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

No impact.

ANALYSIS: Attach a separate page for analysis

Prepared By: Dick LeFebvre
Phone: 276-2653
Division: Land and Water Management
Date: March 13, 1984

Approved by Commissioner: Robert D Loomis, Deputy
Date: March 13, 1984
Agency: Natural Resources

Distribution (by Agency preparing fiscal note):
- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

12/1/83

The 1981 amendment added the second sentence of subsection (b).

Sec. 38.08.020. Public notice. The director shall publish notice of the availability of the land in the same manner as provided in AS 38.05.345(e). (§ 2 ch 142 SLA 1977; am § 9 ch 181 SLA 1978; am § 41 ch 85 SLA 1979)

Effect of amendments. — The 1978 amendment deleted the former first sentence, which read "Following classification of land for homesite entry, offerings of homesite entry land shall be made on a rotating basis from among the four judicial districts of the state."

The 1979 amendment substituted "in the same manner as provided in AS 38.05.345(e)" for "for at least three consecutive weeks through the electronic media and in at least three newspapers of general circulation in the state, at least one of which, if possible, shall be a newspaper of general circulation in the vicinity of the available land."

Sec. 38.08.030. Applications for homesite entry; fees. (a) To qualify for a homesite entry permit, an applicant shall

(1) at the time of application have attained the age of 18;

(2) submit proof acceptable to the commissioner that the applicant is a resident of the state at the time of application, and that the applicant has been a resident of the state for not less than one year immediately preceding the date the application was submitted;

(3) agree to comply with the requirements for obtaining a patent to land set out under AS 38.08.060.

(b) Fees for filing an application may not exceed $10. (§ 2 ch 142 SLA 1977; am § 10 ch 181 SLA 1978; am § 67 SLA 1983)

Effect of amendments. — The 1978 amendment substituted "three years" for "six years" in paragraph (2) of subsection (a).

The 1983 amendment, effective July 16, 1983, rewrote paragraph (2) of subsection (a).

Sec. 38.08.040. Issuance of entry permit. (a) An applicant meeting the qualifications for homesite entry under AS 38.08.030 shall be issued a revocable permit to occupy and improve the homesite in order to qualify for issuance of patent as provided in this chapter. The application fee is the sole rent chargeable on the permit for its duration.

(b) *[Repealed, § 19 ch 67 SLA 1983.]*

(c) The permit may not be assigned, conveyed or otherwise transferred, but rights under the permit may devolve by testate or intestate succession. An attempt to assign, convey, or to otherwise transfer the permit, is void and constitutes a substantial breach.

(d) An applicant may apply for more than one available homesite. No person holding a homesite patent may apply for a homesite entry permit, no person may simultaneously hold more than one homesite entry permit, and no person who is a member of the homesite entry

Official Business

Alaska State Legislature
House Resources Committee

SIGN-IN

MAR 13, 1984

HB 624
HOMESITES

NAME	ADDRESS	PHONE	REPRESENTING

HB

627

March 1, 1984

INTRODUCTION OF SB 479

Senators Kerttula and Ziegler have introduced this legislation, SB 479, as a means to assist the employees of the Alaska Division of the Louisiana-Pacific Corporation to acquire ownership of that Company's forest product business which is headquartered out of Ketchikan.

Senate Bill 479 will assist and make more secure the financing of an employee effort to pruchase a controlling interest in the Ketchikan based forest products operation of Louisiana-Pacific Corporation. The employees have formed an ESOT (Employee Stock Ownership Trust) and study committee which represents all 800 direct employees of the division. In addition, 600 employees are employed by contractors for Ketchikan Pulp. If this employee purchase effort is not successful, LP has stated the operations will be shut down. Such an event will naturally result in massive unemployment and economic disruption.

The Borough and City of Ketchikan are vitally concerned about this problem, and fully support this employee effort.

The employees have completed five months of study and negotiations with LP, assisted by legal counsel and Salamon Brothers as financial advisors. The employees have committed to contribute a 25% reduction in pay and benefits as part of this purchase effort. They are confident that

this new Alaskan-owned forest products company will be a success as a consequence of their personal contributions combined with with new material cost reductions resulting from the combined efforts of the Alaska Loggers Association and the U.S. Forest Service, and an improved outlook for resolution of the EPA variance request.

It is vitally important to the economy of the state that established industries continue to operate. This bill will not only serve to assist in the maintenance of the economic viability of a company, but it will serve to assist Alaskans in their efforts to acquire ownership of that company. Should the bill not be enacted into law and the shutdown of Louisiana-Pacific takes place, the state could suffer considerable costs in the form of lost tax revenues, lost payroll and extensive unemployment benefit payments.

It is certainly appropriate for the State of Alaska to assist its residents in maintaining the viability of a major industry. It is also most significant that the assistance is in the form of a guarantee for a commitment that Alaskans are making to invest their own money and futures in that industry and the state.

THE FOLLOWING DOCUMENT(S) MAY NOT FILM LEGIBLY BECAUSE OF POOR QUALITY OF THE ORIGINAL.

Louisiana-Pacific
Helping the forest work for people

NEW RELEASE

Release No. 112-3-4
Contact: Barry Latter
(503) 221-0800

FOR IMMEDIATE RELEASE

LOUISIANA-PACIFIC REACHES AGREEMENT
ON SALE OF ALASKA OPERATIONS TO EMPLOYEES

(Ketchikan, Alaska, March 7) -- Louisiana-Pacific Corp. announced today that it has reached an agreement in principle to sell approximately 56 percent of its ownership interests in its Alaska facilities to an Employee Stock Ownership Trust (ESOT) to be established by the employees at those operations. The agreement was reached with the Ketchikan Pulp Company Employees ESOT Study Committee, an employee committee established to review and negotiate the sale. It is subject to a number of conditions including the ESOT obtaining necessary financing, execution of a definitive agreement and any required approvals by the affected employees as well as by Louisiana-Pacific's board of directors.

The agreement sets a sales price of $50 million to be paid with a combination of cash and notes. L-P will not realize a significant gain or loss on the

(more)

transaction. Completion of the sale is expected by mid-1984.

L-P's Alaskan operations consist primarily of a pulp mill in Ketchikan with an annual capacity of 150,000 tons which manufactures specialty sulfite pulp for world markets and three sawmills which produce high quality spruce and hemlock cants. The mills are supported by a long-term timber sale agreement with the U. S. Forest Service.

"We believe that the long-term prospects for these facilities will be brighter with employee participation in ownership," according to Harry A. Merlo, L-P chairman and president.

Louisiana-Pacific is a major forest products firm with more than 100 plants and mills throughout the United States.

- 0 -

EDITORS PLEASE NOTE: Released via Business Wire
March 7, 1984

THE PRECEDING DOCUMENT(S) MAY NOT FILM LEGIBLY BECAUSE OF POOR QUALITY OF THE ORIGINAL.

Forest Product Business Loan Guarantee Fund (establishing)

HOUSE BILL NO. 627, (see page 360). Reported back to the House March 9 by the House Special Committee on State Loans recommending it be replaced with a substitute and it do pass. Concurring: Uehling (Chair), Koponen, Pestinger, Furnace and Wendte. Not concurring: Ward had no recommendation. To Resources.

The Loans substitute makes the following changes:

The Department of Revenue may guarantee a loan under the Forest Products Business Loan Guarantee Program if

page 525

COMMITTEE REPORTS (House)

HB 627, (cont'd)

--the loan is originated with and serviced by a state or federally chartered financial institution (original version stated that the loan must originate with and be serviced by the Alaska Commercial Fishing and Agriculture Bank, or by a state or federally chartered financial institution located in the state)

--"(4) the loan is made to the employees of the forest products business, to an employee stock ownership trust, or to one or more corporations or other business associations or entities in which the controlling interest is held by state residents who are employees of the forest products business." (was ". . .or to one or more corporations or other business associations in which the employees of the forest products business hold an interest that is equal to or greater than the interest held by the seller of the forest products business.")

Does not include section from original version allowing for additional guarantees: "Not less than 30 days after the department enters into a contract to guarantee a loan to a borrower under this chapter, the department may enter into a contract to guarantee another loan to that borrower under this chapter."

Historic Properties Grants

HOUSE BILL NO. 640, (see page 365). Reported back to the House on March 5 by the House Special Committee on Loans with the committee recommending it be replaced with a Loans CS and the majority recommending do pass. Concurring: Uehling (Chairman), Furnace and Pestinger. Koponen had no recommendation. To Finance.

The only change made by the Loans CS is to the title of the bill: "An Act relating to historic properties grants and loans."

Municipal Bond Bank Authority

HOUSE BILL NO. 679, (see page 383). Reported back to the House March 9 by Community & Regional Affairs recommending it pass. Concurring: M. W. Miller (Chair), Cato, Phillips and Lacher. McBride signed "do pass - good bill". To Finance.

Oil & Natural Gas (recovery & production)

HOUSE BILL NO. 680, (see page 383). Reported back to the House March 9 by Labor & Commerce recommending it be replaced with a substitute and that it do pass. Concurring: Cowdery (Chair), Uehling, Furnace, Ringstad and Pestinger. Not concurring: Wendte had no recommendation. On March 7 the Speaker added a Resources Committee referral before the Finance referral. To Resources.

The L&C substitute is a completely new version, and it:

STATE OF ALASKA
THE LEGISLATURE

POUCH Y STATE CAPITOL
JUNEAU, ALASKA 99811
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM February 27, 1984

SUBJECT: Sectional analysis of HB 627

TO: Representative Ron Wendte

FROM: Linn H. Asper
Legislative Council

You have asked for a sectional analysis of HB 627, relating to a forest products business loan guarantee program.

*Section 1 establishes the forest products business loan guarantee program and sets conditions for the loan guarantees.

Sec. 45.94.010 establishes the forest products business loan guarantee fund in the Department of Revenue

Sec. 45.94.020 allows the Department of Revenue to use fund money to guarantee a loan for the purchase of 35 percent or more of the stock or assets of a forest products business by the employees of that business.

Sec. 45.94.030 grants the department the powers necessary to administer loan guarantees under the forest products business loan guarantee program, and requires that a loan guaranteed must be secured by adequate collateral.

Sec. 45.94.040 directs the department to invest money from the loan guarantee fund that is not being used to guarantee loans in investments allowed under AS 37.10.070.

Sec. 45.94.050 establishes conditions on a loan guarantee, including maximum and minimum amounts that may be guaranteed, terms of loans guaranteed, security for guaranteed loans, state financial institution participation in the guaranteed loan, and other terms applicable to guaranteed loans.

Sec. 45.94.055 allows the department to guarantee additional loans for a borrower under the terms of the chapter.

Sec. 45.94.060 provides definitions of terms used in the chapter.

Section 2 of the Act provides an immediate effective date.

LHA:csh
C2/138

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date

REQUEST
Bill/Resolution No: Loans CS HB 627
Title: Forest Products Loan Guarantee
Sponsor: House Loans
Requestor: House Resources
Date of Request: 3-10-84

FISCAL DETAIL
Agency Affected: Revenue
Program Category Affected:

BRU, Program or Subprogram(s) Affected:
Treasury

EXPENDITURES/REVENUES: (Thousands of Dollars)

		FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
	OPERATING						
100	PERSONAL SERVICES	-	-	-	-	-	-
200	TRAVEL	-	-	-	-	-	-
300	CONTRACTUAL	-	-	-	-	-	-
400	SUPPLIES	-	-	-	-	-	-
500	EQUIPMENT	-	-	-	-	-	-
600	LANDS & STRUCTURES	-	-	-	-	-	-
700	GRANTS, CLAIMS	-	-	-	-	-	-
800	MISCELLANEOUS	-	-	-	-	-	-
	TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
	CAPITAL	-	-	-	-	-	-
	REVENUE	-	-	-	-	-	-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	-	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
TOTAL	-	-	-	-	-	-

POSITIONS:

FULL-TIME	-	-	-	-	-	-
PART-TIME	-	-	-	-	-	-
TEMPORARY	-	-	-	-	-	-

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

This fiscal note addresses costs for the Department of Revenue to administer the program. A guarantee would require the amount of the guarantee to be appropriated to the guarantee fund.

ANALYSIS: Attach a separate page for analysis.

Prepared By: Milt Barker MB
Phone: 465-2350
Division: Treasury
Date: 3-12-84

Approved by Commissioner: [signature]
Date: 3/13/84
Agency:

Distribution (by Agency preparing fiscal note):
- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

Chapter 92. Fishery Product Revolving Loan Guarantee Fund.

Section
10. Establishment of fund
20. Fishery product guarantees
30. Powers and duties of the department
40. Investment of the fund
50. Conditions of loan guarantees
55. Additional guarantees
60. Definitions

Sec. 45.92.010. Establishment of fund. The fishery product revolving loan guarantee fund is established in the Department of Revenue. (§ 1 ch 33 SLA 1982)

Sec. 45.92.020. Fishery product guarantees. The department may use money in the fund to guarantee a loan made to a fish processor with facilities in Alaska for the purpose of financing

(1) the purchase and processing of fishery products from Alaska fisheries; or

(2) the repurchasing, transporting, repackaging, inspecting, and storing of Alaska fishery products that are recalled in 1982. (§ 1 ch 33 SLA 1982)

Sec. 45.92.030. Powers and duties of the department. (a) The commissioner may

(1) designate agents and delegate powers necessary to implement this chapter;

(2) adopt regulations to implement this chapter;

(3) make and execute contracts and other instruments to implement this chapter;

(4) acquire real or personal property by purchase, transfer, or foreclosure when the acquisition is necessary to protect an interest in the fund.

(b) The commissioner shall require that a loan guaranteed by the fund be secured by collateral. (§ 1 ch 33 SLA 1982)

Sec. 45.92.040. Investment of the fund. Money in the fund that is not being used for loan guarantees under this chapter shall be invested as provided for the investment of state treasury surplus under AS 37.10.070. Income from investment shall be transferred to the general fund. (§ 1 ch 33 SLA 1982)

Sec. 45.92.050. Conditions of loan guarantees. (a) The department may guarantee a loan under this chapter if

(1) the term of the loan does not exceed one year;

(2) the loan is secured by inventory or accounts receivable of the fish processor, or by other collateral acceptable to the department;

(3) the loan is originated with and serviced by the Alaska Commercial Fishing and Agriculture Bank, or by a state or federally chartered financial institution located in the state; and

(4) the majority interest in the fish processor is beneficially owned by residents of the state and the majority of owners of the fish processor are residents of the state.

(b) The department may provide a guarantee from the fund for up to 50 percent of a loan, but may not guarantee more than $15,000,000 per loan or $30,000,000 per borrower. The department may not guarantee the payment of annual interest on the guaranteed portion of a loan.

(c) Upon default by a borrower, the amount of the maximum liability of the fund for a loan guarantee under this chapter is the percentage of the amount in default specified by the department in the guarantee agreement. (§ 1 ch 33 SLA 1982; am § 2 ch 33 SLA 1982)

Effect of amendments. — The 1982 amendment added "and" at the end of paragraph (3) of subsection (a) and added paragraph (4) of that subsection.

Sec. 45.92.055. Additional guarantees. Not less than 30 days after the department enters into a contract to guarantee a loan to a borrower under this chapter, the department may enter into a contract to guarantee another loan to that borrower under this chapter. (§ 1 ch 33 SLA 1982)

Sec. 45.92.060. Definitions. In this chapter

(1) "commissioner" means the commissioner of revenue;

(2) "department" means the Department of Revenue;

(3) "facilities in Alaska" means facilities at which fisheries products are canned, frozen, or otherwise processed for inventory, including floating facilities that are documented under the laws of the United States as defined in 46 U.S.C. 801, and operated in waters of the state;

(4) "fish processor" means a person engaging in a business for which a license is required under AS 43.75.010 — 43.75.090;

(5) "fishery product" means salmon;

(6) "fund" means the fishery product revolving loan guarantee fund. (§ 1 ch 33 SLA 1982)

Editor's note. — AS 43.75.010 and AS 43.75.090 were repealed. For present provisions covering the subject matter of the repealed sections, see AS 43.75.011 et seq.

POTENTIAL UNEMPLOYMENT PAYMENTS TO DIRECT/INDIRECT & SERVICE RELATED EMPLOYEES IN THE EVENT OF A LOUISIANA PACIFIC AND ALASKA LUMBER & PULP CLOSURE

UNEMPLOYMENT CLAIMENTS	AVERAGE PAYMENT & DURATION	EXHAUST BENEFITS 39 WEEKS	52 WEEKS
3,000	$6,245,580	$14,952,600	$19,936,800
6,000	$12,491,160	$29,905,200	$39,873,600
10,000	$20,818,600	$49, 842,000	$66,456,000

ADMINISTRATIVE COSTS OF MAKING PAYMENTS

CLAIMENTS	AVERAGE PAYMENT & DURATION	39 WEEKS	52 WEEKS
3,000	$189,296	$384,296	_____
6,000	$396,596	$769,452	_____
10,000	$659,711	$1,281,289	_____

* AVG. PAYMENT & DURATION = $127.80 per week for 16.29 weeks

LOUISIANA PACIFIC EMPLOYMENT INFORMATION

		PAYROLL	WAGES & BENEFITS
DIRECT EMPLOYMENT	800	$22.6 million	$28 - 30 million
SECONDARY EMPLOYMENT	600		
TOTAL EMPLOYMENT	1400		

Information Provided by LPK.

Proposed Amendments by Revenue
to
~~SB 479~~
HB 627

1. Proposed AS 45.94.030(b) is amended to read:

"The commissioner shall require that a loan guaranteed by the fund be secured by adequate collateral and that the net cash flow from the forest products business provide adequate coverage for the debt service on the loan. The applicant shall provide an economic and financial feasibility analysis prepared by a firm acceptable to the department."

STATE OF ALASKA
THE LEGISLATURE

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907 465-3800

LEGISLATIVE AFFAIRS AGENCY

M E M O R A N D U M March 14, 1984

SUBJECT: Sectional analysis of CSHB 627 (Loans)

TO: Representative Ron Wendte

FROM: Linn H. Asper
Legislative Council

You have asked for a sectional analysis of CSHB 627 (Loans) relating to a forest products business loan guarantee program.

*Section 1 establishes the forest products business loan guarantee program and sets conditions for the loan guarantees.

Sec. 45.94.010 establishes the forest products business loan guarantee fund in the Department of Revenue.

Sec. 45.94.020 allows the Department of Revenue to use fund money to guarantee a loan for the purchase of 35 percent or more of the stock or assets of a forest products business by the employees of that business.

Sec. 45.94.030 grants the department the powers necessary to administer loan guarantees under the forest products business loan guarantee program, and requires that a loan guaranteed must be secured by adequate collateral.

Sec. 45.94.040 directs the department to invest money from the loan guarantee fund that is not being used to guarantee loans in investments allowed under AS 37.10.070.

Sec. 45.94.050 establishes conditions on a loan guarantee, including maximum and minimum amounts that may be guaranteed, terms of loans guaranteed, security for guaranteed loans, state financial institution participation in the guaranteed loan, and other terms applicable to guaranteed loans. The committee substitute eliminated the reference to

the Alaska Commercial Fishing and Agriculture bank that was contained in the original bill. The substitute also limits loan guarantees to loans made to organizations in which the controlling interest is held by state residents who are employees of the forest products business. This provision raises certain constitutional issues, as I have previously advised. See Lynden Transport v. State of Alaska, 532 P.2d 700 (1975).

The Committee Substitute deletes a proposed sec. 45.94.055 that would have allowed the Department of Revenue to guarantee additional loans for a borrower under the terms of the chapter.

Sec. 45.94.060 provides definitions of terms used in the chapter.

Section 2 of the Act provides an immediate effective date.

LHA:ojb
J4/083

Official Business

Alaska State Legislature
House Resources Committee

SIGN-IN

MAR. 14, 1984

HB 627
FOREST PRODUCTS

NAME	ADDRESS	PHONE	REPRESENTING
MARTIN R. PHIL	2700 - 7th AVE. KETCHIKAN	225-2151 O 225-2448 H	KETCHIKAN PULP COMPANY EMPLOYEES
Richard S. Robb	534 Hill Road Ketchikan	225-3302	Ketchikan Pulp Company ESOP members
C.R. Benner	P.O. Box 7734 Ketchikan	247-8761	Ketchikan Pulp Company ESOP
Vince O'Reilly	Juneau	465-2501	DCED
Milt Barker		2350	Revenue
Rep. Ron Wendte.			
Rep. Jack McBride			

Forest Product Business Loan Guarantee Fund (establishing)

HOUSE BILL NO. 627, (see page 360). Reported back to the House March 9 by the House Special Committee on State Loans recommending it be replaced with a substitute and it do pass. Concurring: Uehling (Chair), Koponen, Pestinger, Furnace and Wendte. Not concurring: Ward had no recommendation. To Resources.

The Loans substitute makes the following changes:

The Department of Revenue may guarantee a loan under the Forest Products Business Loan Guarantee Program if

page 525

COMMITTEE REPORTS (House)

HB 627, (cont'd)

--the loan is originated with and serviced by a state or federally chartered financial institution (original version stated that the loan must originate with and be serviced by the Alaska Commercial Fishing and Agriculture Bank, or by a state or federally chartered financial institution located in the state)

--"(4) the loan is made to the employees of the forest products business, to an employee stock ownership trust, or to one or more corporations or other business associations or entities in which the controlling interest is held by state residents who are employees of the forest products business." (was ". . .or to one or more corporations or other business associations in which the employees of the forest products business hold an interest that is equal to or greater than the interest held by the seller of the forest products business.")

Does not include section from original version allowing for additional guarantees: "Not less than 30 days after the department enters into a contract to guarantee a loan to a borrower under this chapter, the department may enter into a contract to guarantee another loan to that borrower under this chapter."

Historic Properties Grants

HOUSE BILL NO. 640, (see page 365). Reported back to the House on March 5 by the House Special Committee on Loans with the committee recommending it be replaced with a Loans CS and the majority recommending do pass. Concurring: Uehling (Chairman), Furnace and Pestinger. Koponen had no recommendation. To Finance.

The only change made by the Loans CS is to the title of the bill: "An Act relating to historic properties grants and loans."

Municipal Bond Bank Authority

HOUSE BILL NO. 679, (see page 383). Reported back to the House March 9 by Community & Regional Affairs recommending it pass. Concurring: M. W. Miller (Chair), Cato, Phillips and Lacher. McBride signed "do pass - good bill". To Finance.

Oil & Natural Gas (recovery & production)

HOUSE BILL NO. 680, (see page 383). Reported back to the House March 9 by Labor & Commerce recommending it be replaced with a substitute and that it do pass. Concurring: Cowdery (Chair), Uehling, Furnace, Ringstad and Pestinger. Not concurring: Wendte had no recommendation. On March 7 the Speaker added a Resources Committee referral before the Finance referral. To Resources.

The L&C substitute is a completely new version, and it:

AMENDMENT FOR APPROPRIATION BILL:

The sum of $25,000,000 is appropriated from the general fund to the Department of Revenue for the forest products business loan guarantee program (AS 45.94)

POTENTIAL UNEMPLOYMENT PAYMENTS TO DIRECT/INDIRECT & SERVICE RELATED EMPLOYEES IN THE EVENT OF A LOUISIANA PACIFIC AND ALASKA LUMBER & PULP CLOSURE

UNEMPLOYMENT CLAIMENTS	AVERAGE PAYMENT & DURATION	EXHAUST BENEFITS 39 WEEKS	52 WEEKS
3,000	$6,245,580	$14,952,600	$19,936,800
6,000	$12,491,160	$29,905,200	$39,873,600
10,000	$20,818,600	$49, 84[illegible]	$66,456,000

ADMINISTRATIVE COSTS OF MAKING PAYMENTS

CLAIMENTS	AVERAGE PAYMENT & DURATION	39 WEEKS	52 WEEKS
3,000	$189,296	$384,296	_____
6,000	$396,596	$769,452	_____
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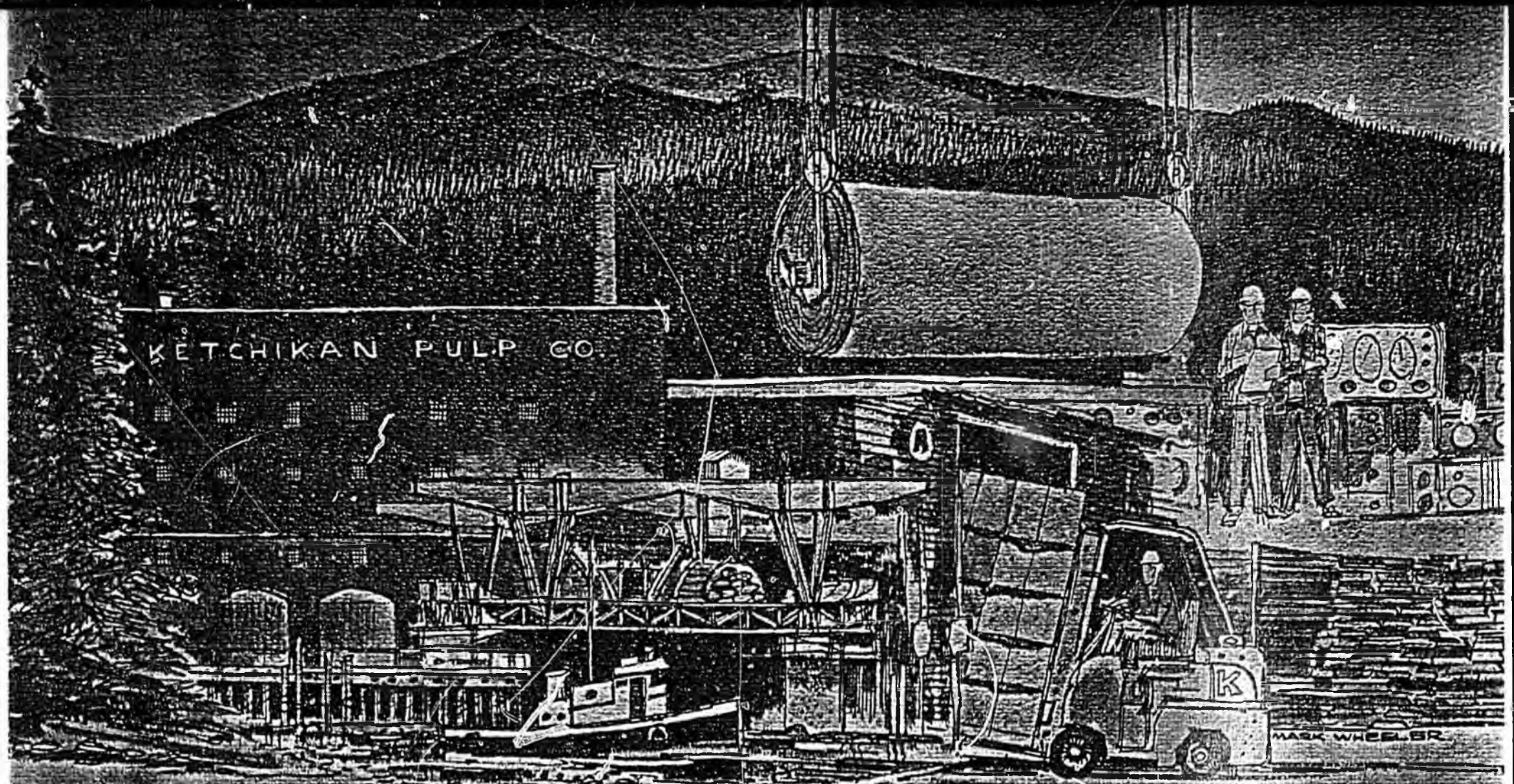
* AVG. PAYMENT & DURATION = $127.80 per week for 16.29 weeks

LOUISIANA PACIFIC EMPLOYMENT INFORMATION

		PAYROLL	WAGES & BENEFITS
DIRECT EMPLOYMENT	800	$22.6 million	$28 - 30 million
SECONDARY EMPLOYMENT	600		
TOTAL EMPLOYMENT	1400		

NOTE REGARDING THE FOLLOWING FRAME(S) ON MICROFILM:
COMPLETE DOCUMENT IS AVAILABLE IN ORIGINAL FILES.
TITLE PAGE ONLY HAS BEEN FILMED.



KETCHIKAN PULP COMPANY

Our First 20 Years

HB
639

REPRESENTATIVE
ADELHEID HERRMANN
P.O. BOX 63
NAKNEK, ALASKA 99633
(907) 246-4495

While in Juneau
POUCH V
JUNEAU, ALASKA 99811
(907) 465-4942, 465-4943

Alaska State Legislature

House of Representatives

CHAIRMAN
SPECIAL COMMITTEE
ON FISHERIES

MEMBER
TRANSPORTATION
COMMITTEE

DISTRICT 26
ADAK
AKUTAN
ALEKNAGIK
ATKA
BELKOFSKI
CLARK'S POINT
COLD BAY
DILLINGHAM
DUTCH HARBOR
EGEGIK
EKUK
EKWOK
FALSE PASS
IGIUGIG
ILIAMNA
KING COVE
KING SALMON
KOKHANOK
KOLIGANEK
LEVELOCK
MANOKOTAK
NAKNEK
NELSON LAGOON
NEWHALEN
NEW STUYAHOK
NIKOLSKI
NONDALTON
PEDRO BAY
PILOT POINT
PORT ALSWORTH
PORT HEIDEN
PORT MOLLER
PORTAGE CREEK
SAND POINT
SOUTH NAKNEK
SQUAW HARBOR
ST. GEORGE
ST. PAUL
TOGIAK
TWIN HILLS
UGASHIK
UNALASKA

MEMORANDUM

TO: Representatives John Ringstad and Richard Shultz, CoChairmen; Members, House Resources Committee

FROM: Representative Adelheid Herrmann

DATE: March 27, 1984

RE: HB 639 -- Special Appropriation to the Outdoor Recreational, Open Space, and Historic Properties Development Fund; and providing for an effective date

Attached you will find background material which I think will be of assistance while you consider the above bill.

Enclosed you will find the following:

1. HB 639
2. Memorandum to House Resources Committee on HB 639
3. HB 640 and CSHB 640 (Loans)
4. Memorandum to House Loans Committee on HB 640, which includes
   a. House Research Agency excerpt on Development Fund; and
   b. Statutory Reference

Thank you for your attention.

AH/jr
Enclosures

REPRESENTATIVE
ADELHEID HERRMANN
P.O. BOX 63
NAKNEK, ALASKA 99633
(907) 246-4495

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POUCH V
JUNEAU, ALASKA 99811
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Alaska State Legislature

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SAND POINT
SOUTH NAKNEK
SQUAW HARBOR
ST. GEORGE
ST. PAUL
TOGIAK
TWIN HILLS
UGASHIK
UNALASKA

MEMORANDUM

TO: Representatives John Ringstad and Richard Shultz, CoChairmen; Members, House Resource Committee

FROM: Representative Adelheid Herrmann

DATE: March 26, 1984

RE: HB 639--Special Appropriation to the Outdoor Recreational, Open Space, and Historic Properties Development Fund; and providing for an effective date

FUND CREATED

The development fund was created under AS 41.22.010 renumbered as AS 41.98.170 in 1983. Appropriations and other funds deposited in the fund "shall be utilized by the Department [of Natural Resources] to pay the nonfederal share of costs of projects which are initiated by the state to acquire, develop, or extend outdoor recreation sites and facilities and to acquire, preserve, or protect historic sites, buildings and monuments. . . ." [Copy of statutory site attached to MEMO to House Loans Committee]

GRANT PROCESS

The federal grant deadline for this year is March 30th for submission to the Division of Parks, Department of Natural Resources. The Division develops a package of grant applications with review materials for submission to the Alaska Historic Sites Advisory Committee which evaluates and awards the grants. Federal funds are tied to nominations to the National Register of Historic Places; whereas the state program has broader language not limited to placement on the Register.

TERMS

The federal program provides assistance on a 50-50 matching basis for statewide historic preservation planning and survey and for acquisition, stabilization and restoration of properties listed in the National Register of Historic Places. The funds are disbursed through state and local governments and private organizations and individuals are eligible for the assistance. Because it has national distribution, the state receives an annual apportionment from the funds based on the amount of Congressional apportionment and a formula used by the Department of Interior.

The Division estimates the federal apportionment for fiscal year 85 to be $414,500. That amount may be as high as $640,000 as referenced in the operating budget as presented.

The state program provides assistance by authorizing either loans or grants to be made from the fund. The statute states that the money shall be used to make grants to municipalities of up to one-half the nonfederal share of costs of projects described in "Fund Creation" above. As mentioned in the House Research Agency Report on State Loan Programs, only grants have been distributed through the program which allowed the communities to qualify for the matching federal funds.

ADMINISTRATION

The Alaska Department of Natural Resources, Division of Parks, administers both the federal and state programs. Reactivating the fund does not involve additional operating costs as staff is in place at this time; and from what I understand, an administrative fee is included in the grant.

AF/jr

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date:

REQUEST
Bill/Resolution No.: HB 640
Title: Act Relating to Historic Properties Grants
Sponsor: Hermann
Requestor:
Date of Request: 2/28/84

FISCAL DETAIL
Agency Affected: Department of Natural Resources
Program Category Affected: Parks and Rec. Management
BRU, Program or Subprogram(s) Affected: Historic Resource Managment

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL						
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

Senate bill 639 appropriates $500,000.00 from the general fund to the outdoor recreational open space and historic properties development fund in AS41.98.170.

ANALYSIS: Attach a separate page for analysis

Prepared By: Ty Dilliplane
Phone: 265-4140
Division: Parks and Outdoor Recreation
Date: 2/28/84

MH Approved by Commissioner: [illegible]
Date: 2/29/84
Agency: Department of Natural Resources

Distribution (by Agency preparing fiscal note):
- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

12/1/83

REPRESENTATIVE
ADELHEID HERRMANN
P.O. BOX 63
NAKNEK, ALASKA 99633
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SQUAW HARBOR
ST. GEORGE
ST. PAUL
TOGIAK
TWIN HILLS
UGASHIK
UNALASKA

MEMORANDUM

TO: Representative Rick Uehling, Chair
Members, House Special Committee
on Loans

FROM: Representative Adelheid Herrmann

DATE: February 29, 1984

RE: HB 640 -- Historic Properties Development Fund

The following is a brief background on the above legislation which may be helpful to the Committee as it considers the bill.

SCOPE

The bill amends the eligibility requirements currently established for funding under the Outdoor Recreational, Open Space, and Historic Properties Development Fund (AS 41.98.170). I am seeking to change the eligibility requirement to allow individual entities to participate in the program, should funding become available, either through the state, the federal government, or both.

Now, only cities, municipalities and organized boroughs may apply for loans or grants. In particular, this bill would provide that persons (defined to include individuals, associations, corporations, and the like) would also be eligible for applying to the Development Fund for assistance.

I have also sponsored a bill appropriating $500,000 to the Development Fund. This bill, HB 639, is currently pending in the House Resources Committee.

PURPOSE

The Division of Parks, under DNR, administers two federal programs in addition to the State program. They are the Land and Water Conservation Grants and the National Historic Preservation Grants. Of the latter, of which I am concerned, the funding is divided into two types: Survey and Planning which is inventory and assessment; and Acquisition and Development, called the "brick and mortar" money. Eligibility for funding under this category is open to persons, organizations, governmental agencies, municipalities, boroughs, etc. This program requires matching funds.

The Division of Parks also administers the Outdoor Recreational, Open Space, and Historic Properties Development Fund. Funds from this source can be matched with the federal funds for a project -- but only if you comply with state eligibility requirements -- which at this time does not include persons, organizations and corporations. This class of persons is precluded from benefiting from the joint match available to larger cities, municipalities and boroughs. It is this inequity that I seek to eliminate.

BENEFITS

We need to support the efforts of individuals who feel strongly about banning together and preserving a historic structure that is of historical or cultural significance. We should not handicap a segment of our communities who have the desire and willingness to provide services in-kind in order to improve the environment.

We also need to take advantage of the expertise within our state government in providing assistance to these groups. We have the staff in place to advise groups on this subject. I have been advised by the personnel administering this program that having the same eligibility requirements for both state and federal programs is very desirable. It would confirm that a partial funding from each program could be treated as matching grants -- eliminating any doubt by applicants and staff.

FEDERAL FUNDING

As mentioned, the federal government appropriates money to the state to administer the Land and Water Conservation Grants and the National Historic Preservation Grants. Funding from the federal government in the past has been sporatic -- at best. President Reagan does not support the programs, however, there is a chance that a Congressional add-on may send between $500,000-$1,000,000 our way.

GENERAL

Since the key element in this bill is the use of the term "person", the following statutory definition is supplied:

AS 01.10.060. Definitions. In the laws of the state, unless context otherwise requires.

# # #

(7) "person" includes a corporation, company, partnership, firm, association, organization, business trust, or society, as well as a natural person;

# # #

I am also enclosing for your review, material taken from the House Research Agency Report 82-A: State Loan Programs -- A Review of Administration, Funding and Activity, December 1982. This material provides general background information on the Outdoor Recreational, Open Space, and Historic Properties Development Fund.

Please note that the statutory reference mentioned in the attached (AS 41.22.010-41.22.030) has been renumbered to AS 41.98.170-41.98.180. A copy of the statutory language on the Fund is enclosed.

AH/jr
Enclosures

OUTDOOR RECREATIONAL, OPEN SPACE, AND HISTORIC PROPERTIES DEVELOPMENT FUND

Department of Natural Resources, Division of Parks

AS 41.22.010 - AS 41.22.030: enacted in 1976

Purpose

This program was enacted to enable communities to make option payments on parks and open space land; grants are made for the acquisition, development or extension of outdoor sites, or for the acquisition, preservation, or protection of local historic sites.

Method

The Division of Parks, which is authorized to make either loans or grants from the fund, has made only grants, which allow communities to qualify for federal matching grants, rather than loans, which do not count as matching funds.

Eligibility

Only cities, home rule municipalities, and organized boroughs may borrow from the fund.

Terms

Maximum Amount: Variable; to be determined by the Department
Maximum Term: 10 years
Interest Rate: 6.0%

Funding, FY 81-83

The fund finances grants through the sale of bonds; one such sale, totaling $2,500,000, was held in FY 1976.

Activity, FY 81-83

The fund has made 50 grants, totaling approximately $2,400,000.

Administrative Staff

Judy Marquez, Director
Division of Parks
274-4676

Offices: 619 Warehouse Avenue
Anchorage

Mailing
Address: 619 Warehouse Avenue
Anchorage, Alaska 99501

Article 3. Outdoor Recreational, Open Space, and Historic Properties Development Fund.

Section
170. Fund created
175. Fund utilization for local projects
180. Powers and duties of Department of Natural Resources

Sec. 41.98.170. Fund created. There is in the Department of Natural Resources an outdoor recreational, open space, and historic properties development fund to be administered by the division of parks. Appropriations or other money deposited in the fund shall be utilized by the department to pay the nonfederal share of costs of projects which are initiated by the state to acquire, develop, or extend outdoor recreation sites and facilities and to acquire, preserve, or protect historic sites, buildings and monuments. Plans for expenditures from the fund shall be submitted by the governor in accordance with the Executive Budget Act (AS 37.07) as part of the annual budget presentation to the legislature. (§ 1 ch 32 SLA 1976)

Revisor's notes. — Formerly AS 41.22.010. Renumbered in 1983.

Sec. 41.98.175. Fund utilization for local projects. (a) In addition to uses of fund money authorized in AS 41.98.170, money of the fund shall be utilized to make grants to municipalities of up to one-half the nonfederal share of costs of projects described in AS 41.98.170 which are initiated by a municipality, and loans of amounts necessary to enable municipalities to make option payments on parks and open space land for the acquisition of which federal funds are anticipated.

(b) Priority of need for loans under (a) of this section shall be determined by an examination of the value of land for park and open space purposes if permanently acquired, of the likelihood that the land will be permanently acquired by exercise of the option, and of the imminence of the risk of loss for park and recreation purposes if options are not obtained.

(c) Loans under (a) of this section shall be conditioned on repayment within 10 years, at an annual interest rate of six per cent.

(d) In (a) of this section "municipalities" includes cities or organized boroughs of any class exercising powers to initiate projects described in AS 41.98.170 and acquire parks and open space land, as otherwise authorized by law, and includes unified municipalities organized under AS 29.68.210 — 29.68.440. (§ 1 ch 32 SLA 1976)

Revisor's notes. — Formerly AS 41.22.020. Renumbered in 1983.

Sec. 41.98.180. Powers and duties of Department of Natural Resources. The Department of Natural Resources may adopt regulations necessary to carry out the purposes of AS 41.98.170 — 41.98.180 and designate agents and delegate powers to them as is necessary. (§ 1 ch 32 SLA 1976)

Revisor's notes. — Formerly AS 41.22.030. Renumbered in 1983.

Chapter 99. General Provisions.

Section
10. Game management and enforcement

Sec. 41.99.010. Game management and enforcement. Nothing in this title denies the Department of Fish and Game or the Board of Fish and Game their management and enforcement responsibilities related to the fish and game of this state. (§ 4 ch 47 SLA 1972)

Article 3. Outdoor Recreational, Open Space, and Historic Properties Development Fund.

Section
170. Fund created
175. Fund utilization for local projects
180. Powers and duties of Department of Natural Resources

Sec. 41.98.170. Fund created. There is in the Department of Natural Resources an outdoor recreational, open space, and historic properties development fund to be administered by the division of parks. Appropriations or other money deposited in the fund shall be utilized by the department to pay the nonfederal share of costs of projects which are initiated by the state to acquire, develop, or extend outdoor recreation sites and facilities and to acquire, preserve, or protect historic sites, buildings and monuments. Plans for expenditures from the fund shall be submitted by the governor in accordance with the Executive Budget Act (AS 37.07) as part of the annual budget presentation to the legislature. (§ 1 ch 32 SLA 1976)

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(c) Loans under (a) of this section shall be conditioned on repayment within 10 years, at an annual interest rate of six per cent.

(d) In (a) of this section "municipalities" includes cities or organized boroughs of any class exercising powers to initiate projects described in AS 41.98.170 and acquire parks and open space land, as otherwise authorized by law, and includes unified municipalities organized under AS 29.68.240 — 29.68.440. (§ 1 ch 32 SLA 1976)

Revisor's notes. — Formerly AS 41.22.020. Renumbered in 1983.

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LWCF GRANTS PROGRAM

In February 1984, we sent out notification to communities throughout the state that federal matching funds are available for the acquisition and development of outdoor recreation projects through the federal Land and Water Conservation Grants Program. To date, the following communities have indicated that they will apply for a share of the $633,453 which will be available in FY 84.

APPLICANT	PROJECT	AMOUNT REQUESTED IN MATCHING FUNDS
1. City of Barrow	Outdoor Skating Rink	$ 25,000
2. City of Seward	*	**
3. Matanuska-Susitna Borough	Mat River Campground and softball fields	130,000
4. City of Anakluvik Pass	*	**
5. City of Akutan	Playground - softball, basketball, tennis courts	50,000
6. City of Savoonga	Sports facility for Walrus Carnival	10,000
7. City of Cordova	Park development; new chairlift, landscaping of ballfield	525,000
8. Canyon Village (Fairbanks)	Land acquisition & Park development (Phase I)	5,000
9. Kodiak Island Borough	Complete Moneshka Bay Park - walking/jogging trail, playground, basketball, volleyball court, picnic facilities and a shelter	25,000
10. City of Kaltag	Lake swimming area development - barbeque pit, chemical toilet, dressing room, picnic tables, gravel pad build up	9,400
11. McGarth	River docking/refueling facility	15,000
12. City of Craig	Acquisition of land for park development	90,000
13. City of Yakutat	Development and renovation of park facilities and installation of baseball dug outs	15,000
14. City of Saxman	Development of Waterfront Park - Small boat harbor	52,635
15. City of Shishmaref	Renovate and improve bunk and bath house facilities and grounds	5,000
16. City of Skagway	Sheltered picnic areas, foot trails, exercise equipment	25,000
17. City of Aleknagik	Park development	**
18. City of Unalakleet	Construction of softball field and hockey rink	45,000
19. City of Klawock & IRA Council	*	**
20. City of St. Paul	*	**
21. City of Tanana	*	**
22. Solomik City Council	Outdoor sports and play fields, swimming pools, firing range, public boat docks	171,750
23. Hoonah	Development of camping and picnic area	265,900
24. City of Soldotna	Paved roadway to Centennial Park, paved parking and boat launch ramp	130,462

APPLICANT	PROJECT	AMOUNT REQUESTED IN MATCHING FUNDS
25. City of Dillingham	Park development - softball field, bicycle track, community garden, tot lot, parking area, jogging/ fitness trail	$ 550,000
26. City & Borough of Juneau	Expansion of Marine Park	850,000
27. City of Nondalton	Community garden, landscaping, picnic facilities and outdoor sports facilities	70,000
28. City of Aniak	Development of City Park (Phase I)	100,000
29. City of Wainwright	*	**
30. Emmonak	Development of picnic area, basketball, softball courts, bike trails	**
31. City of Valdez	Harbor Tent campground, multi-use park facility (2 projects)	90,000
32. Napakiak	Outdoor basketball court	**
33. City of Nuiqsut	*	**
34. City of Homer	Multi-use trails, major league baseball field (2 projects)	450,000
35. Fairbanks North Star Borough	Landscaping project Chena River (Downtown)	20,000
36. City of Nome	Acquisition and development of land for softball field and support facilities; construction of access road, parking area and interpertive trail	365,000

* Project description not provided in letter of intent.

** Project costs not provided in letter of intent.

HB

641

April 4, 1984

Representative Richard Schultz
Pouch V
Juneau, Alaska 99811

Subject :HB-641

Dear Representative Schultz,

Enclosed is a summery sheet which describes much of land designated in HB-641.

In my judgement HB-641 makes excellant use of the wetlands by designating it for public purposes.

Your support of HB-641 is urged.

Sincerely yours,

Jim Weidner

Jim Weidner
S/R 50937
Fairbanks, Alaska 99701

March 12, 1984

SUMMARY POTLATCH PONDS

What have agency recommendations been to DNR regarding land classification?

A. Department of Environmental Conservation:

"The Chena River is a major recreational stream in the Fairbanks area and protection of the water quality is of prime concern to the department and public. Agricultural chemicals and siltation will have an adverse impact on the wildlife, fishery and water quality of this important stream. We object to these disposals ....recommend classification of the area as Wildlife Habitat and Public Recreation."

Source: Letter Department of Environmental Conservation, March 11,1980.

B. Department of Fish and Game:

"The Two Rivers/Potlatch Ponds area contains values such as prime moose winter range and calving areas, waterfowl and sandhill crane nesting, the most important grayling sport fishery in Interior Alaska....the most important sports hunting, recreational area available to the Fairbanks community. We therefore object to the Potlatch Ponds disposals.....recommend classification as Wildlife Habitat/Public Recreation."

Source: Letter to Wm. Copeland, March 12, 1980

C. State Department of Parks and Recreation:

"....parks and recreation has supported the Department of Fish and Game's recommendation."

Source: Potlatch Ponds C-NC-80-005, April 28, 1980.

D. Department of Natural Resources

Concerning agricultural development in the area, "It is even more questionable on land that has very severe limitations for agricultural development."

Source: April 28, 1980 Document #C-NC-80-005

What type of land? "....the majority of these are poor quality soils that are wet and/or frozen."

"This area includes innumerable small ponds, lakes, streams, sloughs and other watercourses."

"..... some of the flattest, coldest, wettest soils in the area."

Wildlife in the area? "Some moose inhabit the area but small mammals and upland game birds and seasonal waterfowl are abundant." "The entire disposal area has traditionally been used for a variety of recreational activities. Numerous trails exist within the disposal area and much concern has been expressed by members of the general public."

Source: Potlatch Ponds Narrative, DNR Document

Did DNR ever consider the "no disposal" option? ""No sale" was not considered a viable option because of the 100,000 acre quota and the time constraints that would not allow potential alternative sites to be surveyed."

"The Northcentral District office has at no time nominated these acres for disposal."

Source: Final Finding (Potlatch Pond Agricultural Lottery) Dated 4-21-80

Citizen testimony: (Mr. Wm.S.)

...15 moose were taken within a three mile radius of my house.....5 moose were taken on my land. [Note: TS 1S 3E Sec. 3 FM contiguous to Potlatch Ponds]

Source: Public testimony before the FNSB Assembly on February 23, 1984. (Citizen's comments by Ag. Advocate)

Citizen testimony: (Mr. C. V)

"I"ve lived in the area for six (6) years now, the land that they have released is very incompatible to any agriculture. It's cost me almost $2,000 an acre to clear my 10 acres. It was cleared 15 years ago. This land here is Virgin wet land with hardly any drainage. If you've ever been on the Little Chena, there is no drainage there whatsoever. It's very hard to drain." "I've walked it in the fall and it's just totally wet."

Source: Transcripts Planning Commission meeting 3-18-1980, Page 13.

Citizen testimony: (Mr. B.H.)

"I've been out there [referring to Two Rivers area] since 1949, I've hunted there so much in the Pot-latch Ponds area, that I think it's my private hunting area."

"[Referring to the winter trail through Potlatch Ponds]...."That's strictly---they built the Winter Trail usually on the lowest and smoothest spot and ice. In the summer, it's just bog." "There are on Pot-latch itself is, I would think, very difficult to farm."

Source: Transcripts Planning Commission meeting 3-18-80, Page 18. [Testimony from a part time "farmer"]

DNR'S CONCLUSIONS

DNR's final findings after reviewing agency comment and public input. "The district office finds merit in much of the agency comment regarding the suitability of this land for disposal. If the legislative and administrative quota did not exist, the district recommendation would identify approximately 2,000 acres of land in the Potlatch Ponds area suitable for development."

Source: "Final findings Potlatch Ponds Agricultural disposal" Dated 4-21-80

OTHER DATA

What was the recommendation by comp plan consultant re: Potlatch ponds? Designate the area open/natural.

How much private property is there in the Fairbanks North Star Borough?
Answer: Five hundred thousand acres.

How much of the 500,000 acres has ag. capacity?
Answer: Two hundred thousand acres. (200,000)

How many people in the Fairbanks North Star Borough are gainfully employed in the job classification "farmer"?
Answer: 5

Source: FNSB comprehensive plan Consultant

How many people are there in the State of Alaska gainfully employed in the job classification "farmer".
Answer: about 55

Source: University of Alaska Division of Social and Economic Research Anchorage, Alaska.

Is there better ag. land than Potlatch Ponds?
Answer: Yes

Where?
"South of Radger Road"

Source: Public Testimony U.S.C.S Soil Conservation Subdistrict representative before FNSB Assembly 3-1-1984

summary.ltr

HB

672

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date:

REQUEST
Bill/Resolution No.: HB 672
Title: Harrassment of Game

Sponsor: M. Miller
Requestor: House Resources
Date of Request: 2-23-84

FISCAL DETAIL
Agency Affected: Public Safety
Program Category Affected: Fish & Wildlife Protection
BRU, Program or Subprogram(s) Affected: Enforcement, Marine

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: Captain Wayne A. Fleek
Phone: 269-5534
Division: Fish & Wildlife Protection
Date: 2/16/84

Approved by Commissioner:
Date: 2/23/84
Agency: Public Safety

Distribution (by Agency preparing fiscal note):
- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

12/1/83

HB

680

Alaska State Legislature
HOUSE OF REPRESENTATIVES
COMMITTEE ON RESOURCES

JOHN RINGSTAD, CO-CHAIRMAN
RICHARD SHULTZ, CO-CHAIRMAN
POUCH V
JUNEAU, ALASKA 99811
(907) 465-3715

M E M O R A N D U M

TO: House Resource Committee members

FROM: Committee Staff

DATE: March 14, 1984

RE: Sectional Analysis, HB 680, Oil and Gas Reinjection

SECTION 1

Gives authority to the Alaska Oil and Gas Conservation Commission to assume control and regulation of injection wells associated with oil and gas production. 42 u.s.c. 300h - 4 is the portion in the E.P.A. Safe Water Drinking Act that allows a State to obtain primary enforcement responsibility from the federal government.

SECTION 2

In order to assume authority, the state must conform to the E.P.A. confidentiality rules. Therefore, this section makes an exception to the state's two year confidentiality clause (AS 31.05.035). This only applies to this new statute reference, AS 31.05.030 (h), information on underground injection in class II wells, to be made public. The E.P.A. already requires that this information be made public; this section allows our statutes to conform to the E.P.A..

SECTION 3

This section defines "regular production" to not include short term testing, evaluation, or experimental pilot production activities approved by permit or order of the Commission. This would allow the oil companies involved to sell this "test" oil, and not have to disclose information about the well. his would thus allow the state to collect severence taxes and royalties on oil that otherwise would be reinjected during testing cycles.

SECTION 4

This section exempts this new AS 31.05.030 from the Department of Environmental Conservation's permit process for water disposal. Thus, the authority will be with just the Commission rather than both the Commission and D.E.C..

AGO 886913

land. The authority of the commission further applies to all land included in a voluntary cooperative or unit plan of development or operation entered into in accordance with AS 38.05.180(m). (§ 1 ch 158 SLA 1978)

Sec. 31.05.030. Powers and duties of commission. (a) The commission has jurisdiction and authority over all persons and property, public and private, necessary to carry out the purposes and intent of this chapter.

(b) The commission shall investigate to determine whether or not waste exists or is imminent, or whether or not other facts exist which justify or require action by it.

(c) The commission shall adopt rules, regulations and orders and take other appropriate action to carry out the purposes of this chapter.

(d) The commission may require

(1) identification of ownership of wells, producing leases, tanks, plants and drilling structures;

(2) the making and filing of reports, well logs, drilling logs, electric logs, lithologic logs, directional surveys, and all other subsurface information on a well drilled for oil or gas, or for the discovery of oil or gas, or for geologic information and the required reports and information shall be filed with[illegible] days after the completion, abandonment, or suspension of the well;

(3) the drilling, casing and plugging of wells in a manner which will prevent the escape of oil or gas out of one stratum into another, the intrusion of water into an oil or gas stratum, the pollution of fresh water supplies by oil, gas or salt water, and prevent blowouts, cavings, seepages and fires;

(4) the furnishing of a reasonable bond with sufficient surety conditions for the performance of the duty to plug each dry or abandoned well or the repair of wells causing waste;

(5) the operation of wells with efficient gas-oil and water-oil ratios, and may fix these ratios;

(6) the gauging or other measuring of oil and gas to determine the quality and quantity of oil and gas;

(7) every person who produces oil or gas in the state to keep and maintain for a period of five years in the state complete and accurate records of the quantities of oil and gas produced, which shall be available for examination by the Department of Natural Resources or its agents at all reasonable times;

(8) the measuring and monitoring of oil and gas pool pressures;

(9) the filing and approval of a plan of development and operation for a field or pool in order to prevent waste, insure a greater ultimate recovery of oil and gas, and protect the correlative rights of persons owning interests in the tracts of land affected.

(e) The commission may regulate, for conservation purposes

(1) the drilling, producing and plugging of wells;

(2) the shooting and chemical treatment of wells;

AGO 886914

(3) the spacing of wells;

(4) the disposal of salt water, nonpotable water and oil field wastes;

(5) the contamination or waste of underground water;

(6) the quantity and rate of the production of oil and gas from a well or property; this authority shall also apply to a well or property in a voluntary cooperative or unit plan of development or operation entered into in accordance with AS 38.05.180(m).

(f) The commission may classify wells as oil or gas wells for purposes material to the interpretation or enforcement of this chapter.

(g) When the commission finds sufficient likelihood of an unexpected encounter of oil, gas, or other hazardous substance as a result of well drilling in an area of the state, the commission may, by regulation, designate the area and specify a depth in the area as one in which wells or any boring into the soil in excess of the specified depth but not otherwise subject to this chapter are subject to the regulations and requirements adopted under this section. No designation of an area or specification of a depth under this subsection constitutes a certification that no hazardous substance will be encountered in another area or at a lesser depth, and the state is not liable for any damages arising from such an unexpected encounter of a hazardous substance. (§ 4 ch 40 SLA 1955; am § 2 ch 75 SLA 1960; am § 1 ch 209 SLA 1970; am § 1 ch 87 SLA 1977; am § 5 ch 158 SLA 1978; am §§ 1, 2 ch 160 SLA 1978)

Effect of amendments. — The 1977 amendment added subsection (g).

The first 1978 amendment substituted "commission" for "department" throughout the section.

The second 1978 amendment added paragraphs (8) and (9) of subsection (d) and added paragraph (6) of subsection (e).

Applied in Bradley v. State, 2 Alaska L.J. No. 6, pg. 88 (June-July, 1964).

Sec. 31.05.035. Confidential reports. (a) For all wells for which a permit to drill has been issued by the commission since January 3, 1959, the commission may require:

(1) the making and filing of reports, well logs, drilling logs, electric logs, lithologic logs, directional surveys, and all other subsurface information on a well drilled for oil or gas, or for the discovery of oil or gas, or for geologic information; and

(2) the filing of flow test information and all logs, except experimental logs and velocity surveys run on a well and not required by (1) of this subsection;

(3) the operator to make available for copying the digitized log information, if it is available, on any log required to be filed under (1) or (2) of this subsection.

(b) Reports and information required under (a)(1) and (2) of this section shall be filed within 30 days after the completion, abandonment, or suspension of a well. However, under (a)(1) of this section, the commission may not require the making of a log on a well completed, abandoned or suspended before June 19, 1970.

(c) The reports and information required in (a) of this section shall be kept confidential for 24 months following the 30-day filing period unless

AGO 886915

Sec. 46.03.090. Plans for pollution disposal. The department may require the submission of plans for sewage and industrial waste disposal or treatment or both for a publicly or privately owned or operated industrial establishment, community, public or private property subdivision or development. (§ 3 ch 120 SLA 1971)

Sec. 46.03.100. Waste disposal permit. (a) A person who conducts an operation which results in the disposal of solid or liquid waste material or heated process or cooling water into the waters or onto the land of the state must procure a permit from the department before disposing of the waste material or water. The permit must be obtained for direct disposal and for disposal into publicly operated sewerage systems.

(b) This section does not apply to a person discharging only domestic sewage into a sewerage system.

(c) A permit for disposal of a hazardous waste may not be issued under this section unless the applicant for the permit has furnished proof to the commissioner of financial ability to control the hazardous waste. Proof of financial responsibility may be demonstrated by self-insurance, insurance, surety, or guarantee, under regulations issued by the department. Acceptance of proof of financial responsibility under this subsection expires

(1) one year from its issuance for self-insurance;

(2) on the effective date of a change in the surety bond, guarantee, or insurance agreement; or

(3) on the expiration or cancellation of the surety bond, guarantee, or insurance agreement. (§ 3 ch 120 SLA 1971; am § 3 ch 220 SLA 1976; am § 9 ch 93 SLA 1981)

Cross references. — As to compliance with financial responsibility requirements, see AS 46.03.833.

Effect of amendments. — The 1981 amendment added subsection (c).

Opinions of attorney general. — This section confers upon the Department of Environmental Conservation permit authority over dredge or fill activities, including residential subdivisions, within wetlands, estuaries, and inland and coastal marshes periodically inundated by discernible bodies of fresh or salt water upland from the mean high tide line to the extent of the aquatic or salt water vegetation line. November 13, 1975, Op. Att'y Gen.

Dredge or fill activities in coastal and fresh water wetlands shoreward to the aquatic vegetation line to result in the disposal of solid waste material into the waters of the state within the meaning of this section and thus, to the extent that these activities are of a commercial or industrial nature, do require a permit from the Department of Environmental Conservation. November 13, 1975, Op. Att'y Gen.

Sec. 46.03.110. Waste disposal permit procedure. (a) An application for a permit shall be made on forms prescribed by the department or on forms prescribed by the United States Environmental Protection Agency and shall contain the name and address of the applicant, a description of his operations, the quantity and type of waste material sought to be disposed of, the proposed method of disposal, and

AGO 886916

BILL SHEFFIELD
GOVERNOR

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

February 13, 1984

The Honorable Joe Hayes
Alaska House of Representatives
Pouch V
Juneau, AK 99811

Dear Representative Hayes:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to the Alaska Oil and Gas Conservation Commission. This bill would give the state the authority to assume control and regulation of injection wells associated with oil and gas production, such as salt water disposal or enhanced recovery of natural gas or oil. The U.S. Environmental Protection Agency currently has that authority. A 1980 amendment to the Safe Drinking Water Act (42 U.S.C. sec. 300f -- j) added a new sec. 300h-4 that would allow a state to obtain primary enforcement responsibility from the federal government for those portions of its Underground Injection Control program related to the recovery and production of oil and gas. Instead of imposing the existing federal regulatory requirement, sec. 300h-4 would give a state that authority if the state could demonstrate that it had an effective program to prevent underground injection which endangers drinking water sources. This bill would give the state that authority.

Sincerely,

Bill Sheffield

Bill Sheffield
Governor

AGO 886917

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date:

REQUEST
Bill/Resolution No.: HB 680
Title: Relating to the Alaska Oil and Gas Conservation Commission
Sponsor: Governor
Requestor:
Date of Request:

FISCAL DETAIL
Agency Affected: Commerce and Economic Development
Program Category Affected: Protection
BRU, Program or Subprogram(s) Affected: Oil and Gas Conservation Commission

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES	0	25.0	26.1	27.6	29.0	30.7
200 TRAVEL	0	88.0	90.4	90.4	90.5	90.3
300 CONTRACTUAL	60.0	9.5	9.5	9.5	9.5	0
400 SUPPLIES	0	0.5	0.5	0.5	0.5	0.5
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING	60.0	125.0	126.5	128.0	129.5	121.5
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND	60.0	125.0	126.5	128.0	129.5	121.5
FEDERAL FUNDS						
OTHER						
TOTAL	60.0	125.0	126.5	128.0	129.5	121.5

POSITIONS:

FULL-TIME		1	1	1	1	1
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: Chat Chatterton Phone: 279-1433
Division: Alaska Oil and Gas Conservation Comm. Date: 2/3/84

Approved by Commissioner: Richard A. Lyon Date: 2/11/84
Agency: Commerce and Economic Development

Distribution (by Agency preparing fiscal note):
- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

12/1/83

AGO 886918

ALASKA OIL AND GAS CONSERVATION COMMISSION

ANALYSIS

INTRODUCTION: The fiscal impact results soley from subsection (h) Section 1 of the Bill.

Code 100 Are advised by Environmental Protection Agency (EPA)and by other states who have been delegated enforcement primacy by EPA that there is a substantial increase in the technical clerical workload. Accordingly request personal services funding for a Clerk Typist III.

Code 200 Field inspection requirements will nearly double the current level of trips to the field. Accordingly additional travel funding is required.

Code 300 a) Contractual cost to prepare an application package to EPA for obtaining primacy is estimated to cost $60,000 which will be expended in FY'84.

b) A word processing machine will be obtained for the additional Clerk Typist III on a four year rental/purchase agreement.

Code 400 Additional clerical supplies will be required for the new Clerk Typist III.

Code 500 A one-time expenditure for office equipment (desk, chair, etc.) will be necessary in FY'85.

AGO 886919

Official Business

Alaska State Legislature
House Resources Committee

SIGN-IN

MAR. 14, 1984

HB680
OIL & GAS

AGO 886920

NAME	ADDRESS	PHONE	REPRESENTING
JACK RODERICK	JUNEAU	465-2590	COMMERCE - ENERGY DIVISION

HB

1084

BILL SHEFFIELD
GOVERNOR

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

February 13, 1984

The Honorable Joe Hayes
Alaska House of Representatives
Pouch V
Juneau, AK 99811

Dear Representative Hayes:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill making a special appropriation to the Alaska Power Authority. This special appropriation is for rate stabilization for the utilities that will be purchasing power from the Lake Tyee, Swan Lake, Terror Lake, and Solomon Gulch hydroelectric facilities. The money will be used to reduce the wholesale power rate for these utilities during the early years of the operation of the hydroelectric facilities when hydroelectric costs will be significantly higher than their projected costs for diesel generation.

At the current stage of negotiations on the power sales agreements the rate stabilization fund is treated as a grant, and the special appropriation bill reflects this approach. However, the authority is still looking at the possibility of funding rate stabilization with a loan rather than a grant. If the loan approach is used, an amendment to this bill will be proposed to reflect the change.

Sincerely,

Bill Sheffield
Governor

Asper
3/5/84

Original sponsor: Rules/Governor

DRAFT

Funding Information

General Fund	$35,000,000
Other Funds	$ -0-
	$35,000,000

IN THE HOUSE BY THE RESOURCES COMMITTEE

CS FOR HOUSE BILL NO. 684 (Resources)

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTEENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act making a special appropriation to the Alaska Power Authority; and providing for an effective date."

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

* Section 1. The sum of $35,000,000 is appropriated from the general fund to the Alaska Power Authority for the purpose of rate stabilization in accordance with the terms of power sales agreements and bond covenants for the issuance of revenue bonds for the Lake Tyee, Swan Lake, Terror Lake, and Solomon Gulch hydroelectric facilities.

* Sec. 2. The appropriation made in sec. 1 of this Act is not a one-year appropriation and does not lapse under AS 37.25.010.

* Sec. 3. This Act takes effect on the first day after all of the cities served by the Lake Tyee, Swan Lake, Terror Lake, and Solomon Gulch hydroelectric projects have entered into power sales agreements with the Alaska Power Authority.

Power purchasers

Cities Ketch- Petersburg -

Kodiak electric assoc

HB
685

SENATOR
ARLISS STURGULEWSKI

2957 SHELDON JACKSON
ANCHORAGE, ALASKA 99508
SENATE DISTRICT F, SEAT A

Alaska State Legislature

While in Juneau
POUCH V
JUNEAU, ALASKA 99811
(907) 465-3018

Senate

M E M O R A N D U M

March 1, 1984

TO: All Members of the Legislature

FROM: Senator Arliss Sturgulewski
Senate District F, Seat A

RE: The Experiences of the Alaska Renewable Resources Corporation
(Or the Rise and Fall of ARC)

Dean F. Olson, Adjunct Associate Professor, School of Business & Public Affairs, University of Alaska-Anchorage, a former trustee of the Alaska Renewable Resources Corporation, has written an excellent analysis of the Alaska Renewable Resources Corporation which was created by the legislature in 1978. After numerous legislative changes, the now-named Alaska Resources Corporation will be dissolved on July 1, 1989 if HB 685 introduced by the Sheffield administration becomes law.

Dean Olson has described what happened to an organization created with interest and enthusiasm to broaden economic opportunities in renewable resources. He makes specific recommendations as to why it is important to create political independence for a public corporate structure and yet retain certain legislative and executive prerogatives. His analysis can be of value while considering various proposed structures currently before the legislature.

Enclosure

Venture Capital for Development:

The Experiences of the

Alaska Renewable Resources Corporation

January 1984
Dean F. Olson
Adjunct Associate Professor
School of Business &
Public Affairs
University of Alaska-Anchorage
(Former Trustee - The Alaska
Renewable Resource Corporation

I. Introduction

This paper describes the experiences of the Alaska Renewable Resources Corporation (ARRC) during the period from 1979 to 1982. The paper begins with a brief description of the founding legislation and the policy making environment which existed at the time the ARRC was established. The paper then traces the operating experiences of the agency over the three years period ending in June 1982. Finally, certain conclusions are drawn from the ARRC experience in the hope that other governments contemplating similar organizations can avoid making the same public policy errors.

The use of federal funds to broaden and strengthen the private sector through equity investment into privately owned businesses has been accepted public policy for nearly thirty years. Since the mid 1950's federal programs have supported privately owned venture investment firms known as Small Business Investment Corporations (SBIC's) and Minority Small Business Investment Corporations (MESBICS). In the 1960's a number of Community Development Organization (CDC's) were established to further assist the business development efforts of selected target groups.

State support of equity investment into private business is a more recent development. Since the early 1970's State support for venture investment into private enterprises has lead to the initiation of development institutions in Massachussetts, Connecticut, Maine and Kentucky. While these organizations differ considerably they share the broad goal of enhancing private business development through the placement of various types of risk capital.

In Alaska, the State Legislature established (in 1978) and funded (in 1979) the Alaska Renewable Resources Corporation. The Alaska Renewable Resources Corporation (ARRC) was to be funded in yearly intervals at 2.5% of the State's oil and gas royalty receipts. ARRC's goal in general terms was to create a broadened economy based more upon renewable resource businesses. The ARRC was to accomplish this goal through venture capital placement into private businesses owned in the majority by Alaskan residents.

Managed initially by a board of three full time trustees appointed by the Governor, the ARRC could make equity investments for up to 49% of an investee's outstanding common stock and could make loans on any terms which accommodated the needs of the new or expanding business. Any single investment was limited to $1.5 million unless 'follow-up' investment was regarded as necessary to preserve the initial placement.

In 1982, after three years of operation, discontent with the ARRC resulted in legislation which made significant changes in the scope of the agency's investment policies; the size of investments it could make, and how the agency was funded and organized. Further legislation is being planned in 1984 to terminate the agency.

II. Founding Legislation and Public Policy Issues

By any objective measure the legislation establishing the ARRC was creative public policy. Prompted by the realization that oil and gas royalty income to the State would begin 'playing out' in the early 1990's, certain legislators and Alaska's Governor (Jay Hammond) promoted the

creation of several institutions. The Alaska Industrial Development Authority (AIDA) was created to 'package' small business loans into larger tax exempt bond issues for public sale. The Alaska Commercial Fish and Agricultural Bank (CFAB) was created as a cooperative lending institution to make loans to farmers, fishermen, fish processors and timber producers. The Alaska Permanent Fund (APF) was created to serve as a savings account into which a proportion of royalty receipts was to be placed as a hedge against the future downturn in revenues. Additional institutions were created to enhance hydroelectric power generation (the Alaska Power Authority) and to support the residential construction market (the Alaska Housing Finance Corporation).

The ARRC was intended to 'balance out' the above rainbow of development institutions by providing a source of equity financing to new and expanding businesses engaged in the production of renewable resources (Fishing and fish processing, Agriculture, Forest products, and Alternative energy). The agency was empowered to own up to 49% of the outstanding common stock of target enterprises. Further, the ARRC could make loans at any interest rate for a term of less than 30 years. The ARRC also had granting powers which it could employ to stimulate inquiry into new technology which might enhance renewable resources. Finally, the ARRC could provide technical assistance funds for business development. Totals loans and investment into a single business was limited to $1.5 million.

The initial legislation provided that the ARRC was to receive 2.5% of State lease bonuses, rentals and royalty income. In practice, the agency

approached the legislature each year for operating and investment capital budgets. Over the three year period ending in June, 1982, the ARRC received below 1% of State receipts.

The ARRC was governed by a full time board of three trustee appointed by the Governor for four year terms. The trustees (and all other ARRC employees) were employees of the State of Alaska. There were no professional qualifications for trustees provided for in the legislation. The three trustees were to have equal authority and responsibility for agency decisions.

The ARRC was designed to work in concert with private businesses to:

> (1) rehabilitate, enhance and develop renewable resources by providing maximum opportunities for employment and a higher standard of living for its citizens; and
>
> (2) further the development of renewable resources that would contribute to a stable self sustaining state economy, employment and life style alternations for citizens (AS 37.12.010).

The legislature agreed, when passing the ARRC legislation, that achievement of the above public policy objectives was being retarded by a cyclical, narrowly based economy. The ARRC was directed to remove barriers to achieving a broadened economy by assisting in research and development and by providing venture capital to renewable resource businesses owned by Alaskan citizens.

The enabling legislation permitted considerable financing flexibility by the ARRC. No income or minimum yield requirements were placed upon the

agency. Grants could not exceed 10% of ARRC capital, but this was never a serious constraint. Because operating funds were appropriated each year, the agency did not have to live within budgets bounded by its investment income.

In sum, the ARRC was created as a part of an array, a 'rainbow', of institutions designed to increase economic opportunities for Alaskans. The ARRC's role was to provide high risk capital to start-up and expanding businesses in renewable resource industries. An agency of State government, the ARRC was managed by a tripartite board of trustees of equal authority and was given substantial flexibility in the selection of alternative investment structure to employ in placing its investments.

III. Operating Experiences 1979-82

The ARRC attracted immediate interest from Alaskans with business ideas. Within six months from its beginning the agency had received several hundred proposals. Many proposals were not well developed, while others were complete business plans. Over the three year period the ARRC received an average of 400 proposals per year.

The ARRC loaned or made investments into about 3% of the proposals reviewed. An immense amount of staff energy was devoted to screening proposals and investigating business plans nearing completion. In retrospect far too much time was spent in turndowns and too little was spent in assisting businesses that had been approved for investment.

Due to its political origins and the widespread perception that the ARRC was a "State loan program" (a source of soft money) it was difficult to make turndowns stick. Applicants whose proposals had been turned down would often protest to legislators and succeed in getting their proposal reviewed a second time. While their tactic did not result in an investment it did consume and inordinate amount of energy. Turndowns were particularly difficult to enforce when the proposing business was a major factor in the economy of a small Alaskan community. In these instances local and State politicians would join forces in seeking a favorable review.

By early 1980 the ARRC had acquired the reputation for being slow to reach decisions and for being harsh in its evaluation of proposals. Legislators assailed the agency for 'not getting the money on the street' fast enough. Review of business plans did require three to four months. Investigation and 'due diligence' on the plan and the background of management personnel often requires this length of time; a fact little appreciated by most applicants and legislators accustomed to dealing with collateral lenders.

In May 1980, one year from the operational beginnings of the ARRC, the legislature directed the agency to help seafood processors prepare for a salmon harvest of historically large proportions. Prompted by concerns that domestic processing capacity would fall short of the harvest the legislature appropriated $15 million for the ARRC and directed the agency to suspend normal business planning and investment criterion, as well as the $1.5 million investment limit, and move to aid the industry in its

attempts to finance the expansion necessary to process the 1980 salmon harvest.

In addition, in May 1980, the legislature directed ARRC to move to assist timber processors in Southeast Alaska build wood-fired electrical generation plants so as to conform to EPA pollution standards. Again, the emergency legislation suspended the ARRC's normal screening criteria and the $1.5 million investment limit. Some $5.2 million was allocated to this special purpose.

The effect of the emergency legislation for fish and timber processors was to redirect the ARRC's strategic focus away from new business development and toward the 'fast tract' restructuring and refinancing of existing businesses. The table below shows the magnitude of this type of activity in relation to the total portfolio on June 30, 1981 and 1982. Refinancing activity accounted for about three quarters of the portfolio in each year and about one quarter of the number of transactions.

Table I

Alaska Renewable Resources Corporation

Portfolio by Type

of Transaction

June 30

($'000)

	$		#	
	1981	1982	1981	1982
Refinancing	$17,212	$21,448	6	7
Expansions	1,425	1,711	5	6
Start-ups	3,699	4,762	9	11
R & D and Demonstration	1,088	646	7	5
Totals	$23,424	$28,567	27	29

The strategic redirection of the ARRC, from business developer to business savior, is in retrospect the single most important factor in understanding the agency's short and confusing history. The emergency redirection of effort served to cloud the strategic role intended for the ARRC. The ARRC never recovered from the confusion.

Another element of importance in understanding the ARRC's experience is the organizational structure created in the initial legislation. The tripartite board of full time trustees of equal responsibility and authority produced incredible confusion in the internal operation of the

ARRC and in the external environment of the agency. The concept simply could not be made to work. It is hard to imagine any combination of executive personalities which could function effectively in this context.

The dependency of the ARRC upon annual legislative appropriations for operating and investment budgets produced several operational impediments. First, ARRC personnel could never be sure that the agency could participate in second or third round financings of start-up companies. Follow-up financing of this type is common in more than one-half of all new businesses. The initial venture investor is usually a player in these subsequent 'trips to the well' by the venture. The ARRC could provide no assurance to prospective co-investors that it would be in existence to help with any future financings. Second, the ARRC emerged as a political football each year. Legislative supporters of the ARRC and the public policy issues underlying its creation found it increasingly difficult to convince legislators with disappointed constituents. Furthermore, as more legislators became aware that the ARRC could and did take equity positions in private businesses, philosophical concerns about the basic public policy issues became more pronounced. Philosophical support for the agency was never strong and began to erode fairly quickly with a few well publicized turndowns and an equally well publicized bankruptcy in which the ARRC took control of the enterprise.

The ARRC invested in over 30 businesses over the three year period under review. Table II shows that from its beginning in 1979 to June 30, 1982, the agency placed $23.3 million in loans and $7.2 million in equity

investments. The preponderant role played by the two 'assistance funds' is again quite evident.

Table II

Alaska Renewable Resources Corporation

Total Loans & Equity Investments

Fiscal Year Ending

June 30,

($'000)

Loans	1980	1981	1982	1983
Agriculture	$37.6	$273.9	$790.1	$261.9
Fisheries	2,310.2	5,965.0	7,557.3	4,129.2
Fisheries Assistance Fund[1]	5,023.6	10,748.8	11,129.0	8,398.4
Forest Products	201.0	531.7	2,228.5	351.4
Forest Assistance Fund[2]		164.3	1,600.0	3,470.2
Manufacturing[3]				370.0
sub-total	$7,572.4	$17,683.7	$23,304.9	$16,981.1
Equity Investments				
Agriculture		$50.0	$50.0	
Fisheries	$375.1	765.5	871.5	$666.5
Fisheries Assistance Fund[1]	500.0	4,513.6	4,091.1	3,741.3
Forest Products	150.0	350.0	433.1	433.1
Forest Assistance Fund[2]			1,800.0	1,800.0
Manufacturing				
sub-total	$1,025.1	$5,679.1	$7,245.7	$6,640.9
Total	$8,597.5	$23,362.8	$30,550.6	$23,622.0

[1]Special legislation passed in May 1980 directed the agency to provide emergency refinancing to fish processors.

[2]Special legislation passed in May 1980 directed the agency to provide emergencing financing to forest product producers.

[3]Legislation passed in May 1982 permitted the agency to invest in manufacturing and mining.

While the volume of transaction activity grew quickly, the full time staff remained small. The first professional employee was hired in March 1980. By the end of that year four investment officers had been retained. As Table III reveals, operating expenses were relatively low in relation to the volume of funds invested and the volume of proposals reviewed. Operating expenses were about 8% of portfolio volume in 1980 and declined to 3.6% in 1982. Operating costs include expert help retained to review specific proposals as well as all full time staff expenses. Table III also reveals that the technical assistance and granting powers that the agency enjoyed were never a major dimension of the ARRC's activities. Finally, provisions for the 'write down' of loans and investments are depicted. Some 20.9% of the portfolio was reserved for loss in 1982. The actual write down of portfolio assets amounted to 22.7% over the fiscal year ending June 30, 1983.

Table III

Alaska Renewable Resources Corporation

Provisions for Losses,

Operating Expenses, Technical

Assistance and Development Grants

Fiscal Year Ending

June 30,

($'000)

	1980	1981	1982	1983	Totals
Technical Assistance	$295.3	$94.6	$66.6	-	$456.5
Development Grants	51.1	167.4	5.0	-	223.5
Provision for:					
Loan Losses	-	261.1	4,712.9	3,420.1	8,394.1
Equity Losses	-	-	1,671.6	259.9	1,931.5
Operating Expenses	687.5	1,111.0	1,096.7	627.4	3,522.6

Each portfolio company is unique. The investment structure employed by the ARRC in each transaction was tailored to investor requirements. The following descriptive examples of the types of transactions the ARRC completed illustrate the diversity of the investment structures employed by the agency.

Portfolio Company A A major fish processing company operating in several fishing communities through out Alaska had grown rapidly since its inception in the mid 1960's.

The company's commercial bankers were requiring a major refinancing which would improve working capital balances and bring better balance to the company's debt to equity ratio. The company was closely held by Alaskan fishermen. The refinancing could not be accomplished within the resources of the existing owners. Financial performance of the company, the condition of the new issues market, and uncertain industry forecasts combined to render a public offering of equity unattractive. The ARRC and another venture capital investor invested a total of $6.5 million. Certain assets were purchased by the investors and leased back to the company under a lease purchase agreement. The ARRC also acquired a minority equity position in the company through a purchase of common stock and a convertible debenture. A stock repurchase formula was negotiated which would enable the company to purchase the ARRC's stock position over several years. The

company later exercised its option to repurchase the property and has begun to purchase ARRC held stock.

Portfolio Company B A large Pacific Coast firm had gone bankrupt and the trustee was liquidating assets, some of which were in Alaska. A group of Alaskan entrepreneurs and the ARRC acquired a fish processing plant from the bankruptcy court with the intention of converting the plant to process 'bottom fish', an underutilized resource. The plant was purchased with a $3.5 million loan and investment by the ARRC. The structure consisted of a $2 million note secured by plant and equipment; a $1 million subordinated convertible note, and a $.5 million purchase of 47% of the new company's outstanding common stock. The ARRC later provided substantial additional funds to finance conversion and provide working capital. The new company went bankrupt in 1982. The ARRC owns the facility.

Portfolio Company C A group of Alaskan entrepreneurs had acquired the west coast license for a patented enzyme for conversion of fish waste into a high protein concentrate. The new company needed funds to build a prototype processing plant in hopes of confirming the feasibility of the enzyme when employed under actual production conditions. The ARRC provided $535,000 in initial financing through a $335,000 subordinated note with deferred payments of interest and principle and a $200,000 purchase of 30% of outstanding common stock in the new company.

Portfolio Company D A group of 30 Eskimo fishermen in western Alaska desired to enter a commercial herring fishery which had begun the year before along the coast near their villages. The fishermen needed materials and technical assistance in building the herring skiffs, purchase of the outboard motors and other gear, and to organize a producers cooperative. The ARRC provided loan funds direct to each fishermen to build his own boat and buy the gear. The ARRC also paid for technical assistance to get the project underway.

Portfolio Company E A successful commercial crab and halibut fisherman needed financial help to convert his vessel to a 'long liner' for the harvest of bottom fish. As a demonstration project, the ARRC financed the conversion costs and, through the purchase of common stock in a newly formed company, provided start-up working capital. The initial investment consisted of $175,000 in a subordinated deferred payment loan and $175,000 in equity.

Portfolio Company F A successful ship repair facility needed funds to expand docking and plant facilities and to purchase a major item of equipment. The owners could not finance the equity portion of expansion costs and bank lending was not suitable for the young firm in terms of interest rates or repayment schedule. The ARRC provided $350,000 in subordinated deferred payment debt and $150,000 in equity in exchange for 22% of outstanding common stock.

The common elements in each of these examples is the assumption of high risk by the ARRC and other investors. Conventional lending sources

were either not available or inappropriate for the situation. The equity capital requirements were well beyond the capacity of the existing owners. Frequently, the ARRC's investment structure employed a combination of loan and equity capital. Restructuring of the investment a year or two later was required in many cases.

In May 1982, in response to encouragement from the Board of Trustees and testimony from others, legislation was passed which dramatically changed the ARRC. The tripartite board was replace by a part time board of five persons. The maximum investment per transaction was reduced to $500,000. Manufacturing and mining were included among eligible industries.

Importantly, the newly named agency 'the Alaska Resources Corporation' (ARC), was endowed with the portfolio then in existence and about $12 million in uncommited investment capital it held at that point in time. This reduced the political sensitive of the agency but did not remove it from political supervision in that the Governor retained appointive powers.

Since May 1982, the ARC has been essentially inactive as regards new investments. The present governor is reportedly drafting legislation which would terminate the agency in 1984, thus bringing to a close a noble attempt to implement creative public policy.

IV. Conclusions from the ARRC Experience

Certain conclusions can be drawn from the three year period the ARRC existed. While the Alaskan experience need not be a forecast of outcomes

from similar programs to harness venture capital to public policy, the ARRC experience does suggest that any such attempt be attentive to the following factors.

(1) Discussion of proposed legislation establishing a State financed venture capital investment organization should be open and well publicized. Many Alaskan legislators and the public in general had a very poor understanding of venture (equity) investment and little appreciation of the public policy issues raised by government ownership of private companies;

(2) Do not depart from fully tested organizational structures in use by successful businesses. Full-time boards are not an effective organization for this purpose.

(3) Establish the organization with a definitive endowment of paid in capital. Earnings should be retained by the organization.

(4) Require the organization to attain self-supporting operations within a specified period of years; provide for the organization to issue its own securities without the guarantee of the State.

(5) Establish a certain minimum experiential and professional qualification for appointments to the board of directors.

(6) Provide for separation of employees from State employment. Permit salary and compensation structures analagous to those in private industry; and,

(7) Provide clear strategic focus to the organization in the enabling legislation.

These conclusions underscore the importance of providing for the political independence of the organization except for the ultimate power of the legislature to terminate and the power of the executive to appoint. The Alaskan experience suggests that measures which fall short of providing for such independence are too prone to political abuse to become effective agents of economic change.

STATE OF ALASKA

Bill Sheffield, Governor

DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

POUCH K – STATE CAPITOL
JUNEAU, ALASKA 99811
PHONE: (907) 465-3600

February 8, 1984

M E M O R A N D U M

TO: Honorable Bill Sheffield
Governor

FROM: Norman C. Gorsuch
Attorney General

RE: Attached revised bill regarding the Alaska Resources Corporation
Our file: 377-069-84

Attached is a bill that provides for the wind-up of operations of the Alaska Resources Corporation during the next five years and for its dissolution at the end of that period. The bill also repeals, effective immediately, the statutes creating the Alaska renewable resources development fund, and the Alaska renewable resources investment fund.

This is a revision of the bill on this subject that we delivered to your office December 9, 1983. That version would have terminated the corporation immediately. The Departments of Revenue and of Commerce and Economic Development, along with this department, agree that the five-year wind-up period is a more feasible approach.

A revised draft transmittal letter to the legislature is also attached.

NCG:MAF:mg

cc w/enc.: Honorable Richard Lyon
Commissioner
Department of Commerce &
Economic Development

Honorable Robert Heath
Commissioner
Department of Revenue

03-C5LH

BILL SHEFFIELD
GOVERNOR

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

February 13, 1984

The Honorable Joe Hayes
Alaska House of Representatives
Pouch V
Juneau, AK 99811

Dear Representative Hayes:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill that provides for the wind-up of operations and eventual dissolution of the Alaska Resources Corporation (ARC).

The bill retains the corporate structure of ARC for five years but amends the relevant statute to provide that the only corporate purpose is the orderly wind-up of the affairs of the corporation. This five-year period is considered necessary because ARC has substantial equity investments including capital stock investments in a number of businesses and has taken an active management role in some of the businesses. ARC also owns property as a result of foreclosure on loans against businesses in which it also has equity interests. The five-year period will give ARC sufficient time to remove itself from active management roles and then divest itself of these interests.

The corporation is transferred from the Department of Commerce and Economic Development to the Department of Revenue. The board membership is changed to provide that the commissioner of revenue and the commissioners of two other principal departments make up the board. The board is directed to contract with the Department of Revenue to manage the corporation's assets during the wind-up period. Concurrent with ARC's transfer to the Department of Revenue, all but $500,000 of the unexpended and unobligated money in ARC's development capital fund is transferred to the general fund. The $500,000 are to be used to cover possible costs that might arise in the course of winding up ARC's affairs.

The bill also repeals the statutes creating the Alaska Resources Corporation (ARC), AS 37.12; and the Alaska renewable resources development fund and Alaska renewable resources investment fund, AS 37.11. The Alaska renewable resources development fund and the Alaska renewable resources investment fund were closed out and the money returned to the general fund several years ago, after they were determined to be unconstitutional dedicated funds, but the statutes have not yet been repealed. Under this bill, the repeal of the corporation statutes will take effect July 1, 1989, and the repeal of the fund statutes will take effect immediately.

Sincerely,

Bill Sheffield
Governor

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Juneau, Alaska

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ALASKA RESOURCES CORPORATION

BALANCE SHEET

January 31, 1984

ASSETS

Cash	$ (8,270)
Interest bearing deposits	4,664,700
U.S. Government Obligations	7,922,234
Purchased Interest, U.S. Government Obligations	206,366
	12,785,030
Loans Receivable	
Fisheries	3,716,003
Agriculture	257,644
Forest Products	1,325,174
Commercial Fish	8,213,712
Forest Assistance	5,265,066
Manufacturing	370,000
Total loans receivable	19,147,599
Less reserves for uncollectible loans	(3,984,717)
Loans receivable, net	15,162,882
Accrued interest receivable, loans	1,953,496
Less allowances for uncollected interest, loans	(1,538,349)
Accrured interest receivable loans, net	415,147
Assets acquired through foreclosure (Note A)	12,100,326
Less allowances for assets acquired through foreclosures	(4,973,401)
Net assets acquired theough foreclosure	7,126,925
Miscellaneous receivables	4,780
Prepaid rent	7,752
Investment in Capital Stock	4,322,854
Less reserves for uncollectible equity	(1,041,601)
Less committed undisbursed funds equity	(17,378)
Investments in capital, net	3,263,875
Other Assets (Licensing Agreement)	53,250
	$ 38,819,641

LIABILITIES & FUND BALANCE

Accrued Payroll	$ 64,639
Original Contributed Surplus	42,307,047
Retained Earnings	(4,694,930)
Net Income	1,142,885
	$ 38,819,641

*Book overdraft at all times covered under nds on deposit in repo account.

ALASKA RESOURCES CORPORATION

BALANCE SHEET

NOTE A

January 31, 1984

Assets acquired through foreclosure breakdown:

Alaska Food Co.

Principal of ARC loans @ 4/30/83	$ 8,350,850.52
Accrued interest of ARC loans @ 4/30/83	1,127,097.60
Other income from assets acquired by ARC @ 6/30/83	(9,038.16)
Other expenses paid out by ARC @ 6/30/83	63,373.09
Capital expenses paid out by ARC @ 1/31/84	7,170.82
Sale of Assets acquired by ARC @ 1/31/84	(518,200.00)
Totals:	$ 9,021,253.87

Alaska Bait

Principal of ARC loans @ 5/19/83	$ 577,349.54
Accrued interest of ARC loans @ 5/19/83	96,691.43
Professional Services (legal fees) paid by ARC @5/19/83	4,822.15
Other expenses paid out by ARC @ 6/30/83	4,833.44
Totals:	$ 683,696.56

Martins Seafoods

Principal of ARC loans @ 5/16/83	$ 899,544.98
Accrued interest of ARC loans @ 5/16/83	127,957.81
Professional Services (legal fees) paid by ARC @ 5/16/83	30,611.23
Other income from assets acquired by ARC @ 6/30/83	(12,522.40)
Other expenses paid out by ARC @ 6/30/83	74,660.74
Capital expenses paid out by ARC @ 12/31/83	36,602.20
Totals:	$ 1,156,854.56

Seafoods of Alaska

Principal of ARC loans @ 4/29/83	$ 802,458.37
Principal of ARC loans @ 6/29/83	364,657.90
Accrued interest of ARC loans @ 4/29/83	21,701.07
Accrued interest of ARC loans @ 6/29/83	49,210.43
Professional Services (legal fees) paid by ARC @ 4/29/83	13,024.05
Other income from assets acquired by ARC @ 6/30/83	(12,531.05)
Totals:	$ 1,238,520.77

Allowance for assets acquired through foreclosure breakdown:

Reserves to loans:	Alaska Food Co.	$ 3,380,000.00
	Alaska Bait	154,930.00
	Seafoods of Alaska	105,245.00
Reserves to accrued interest:	Alaska Food Co.	1,127,097.60
	Alaska Bait	85,216.40
	Seafoods of Alaska	70,912.13
Provision for decline in assets acquired through foreclosure		50,000.00
Totals:		$ 4,973,401.13

Recap:

Assets acquired through foreclosure	$12,100,325.76
Less allowance for assets acquried through foreclosure	(4,973,401.13)
Total:	$ 7,126,924.63

ALASKA RESOURCES CORPORATION

STATEMENT OF INCOME & EXPENSES

July 1, 1983 - January 31, 1984

INCOME

Interest Income Investments	$ 200,094
Interest Income Loans	979,595
Interest Income U.S. Government Obligations	470,573
Miscellaneous Income	5,710
Gain or Loss on Sale of Investments	10,000
Rental Income From Assets Acquired Through Foreclosure	67,670
Other Income From Assets Acquired Through Foreclosure	126,429
Total Income	$1,860,071

EXPENSES

Personal Services - Salaries & Benefits	$ 162,672
Travel & Moving - In-State Trans	4,744
Travel & Moving - In-State Per Diem	3,961
Travel & Moving - Out-State Trans	5,269
Travel & Moving - Out-State Per Diem	2,779
Board Member Expenses	9,131
Moving & Relocation	2,875
Telephone	6,910
Postage & Mailing	343
Printing & Binding	176
Advertising	2,739
Subscriptions	394
Rents & Leases	52,496
Storage Fees	130
Professional Services	22,309
Conference Registration	140
Freight Express/Cart	810
Stationary & Supplies	1,937
Miscellaneous Expenses	409
Operating Expenses Pertaining to Assets Acquired Through Foreclosure	266,462
Total Operating Expenses	546,686
Provision For Uncollectibel Loans	170,500
Total Expenses	$ 717,186
NET INCOME	$ 1,142,885

ES: R - Restructure
E - Expansion
S - Start up
IB - Investment Banking
VC - Venture Capital

ALASKA RESOURCES CORPORATION
INVESTMENT RECAP

January 31, 1984

E	COMPANY NAME	FISHERIES	SPECIAL FISH	AGRICULTURE	FOREST PRODUCTS	SPECIAL FOREST	MANU-FACTURING	COMMITTED UNDISBURSED FUNDS	MISCELL-ANEOUS	TOTAL DEBT	EQUITY AMOUNT	EQUITY %	TOTAL DEBT & EQUITY
C	ACT I (AK. F.I.S.H.)	125,000								125,000	125,000	13%	250,0
B	ALASKA TIMBER					1,500,000				1,500,000			1,500,0
B	ALYESKA CANDY KITCHEN			23,654						23,654			23,6
B	AMERICAN EAGLE	129,758	49,861							179,619			179,6
C	ANCHOR RENEWABLE FARMS			119,468						119,468			19,4
C	ANCHORAGE TANK						370,000			370,000			370,0
C	BALL BROTHERS, INC.	807,772	2,564,950						180,000	3,552,722	500,000	40%	4,052,7
C	BALL, ALBERT	25,000								25,000			25,0
C	BALL, GERALD	25,000								25,000			25,0
C	BALL, NEWTON	25,000								25,000			25,0
C	ICICLE SEAFOODS		2,181,458					17,378		2,198,836	2,222,622	39%	4,421,4
B	KACHEMAK	213,502								213,502			213,5
C	KOKECHIK	278,588								278,588	490	49%	279,0
B	CLARK, INC.		395,000							395,000	25,000	1%	420,0
C	MASTERCRAFT KITCHENS				265,063					265,063			265,0
B	PINES SAWMILL				5,111					5,111			5,1
C	RICE FUR FARM			114,522						114,522			114,5
C	SALAMATOF		3,022,442							3,022,442	976,264	35%	3,998,7
C	SAYLES MARINE, INC.	95,126								95,126			95,1
C	SCHNABEL LUMBER CO.				1,000,000	3,765,066				4,765,066			4,765,0
C	SEAWARD SHIPYARD	516,274								516,274	150,000	22%	66,2
C	SMARAGD PARTNERS	456,340								456,340			456,34
C	STEIK ENTERPRISES				55,000					55,000			55,0
C	STERLING SEAFOODS	125,000								125,000	100,000	49%	225,0
C	TRINITY RESOURCES										206,100	32%	206,1
B	WYMAN	893,642								893,642			893,64
	TOTALS:	3,716,002	8,213,711	257,644	1,325,174	5,265,066	370,000	17,378	180,000	19,344,975	4,305,470		23,650,45

ALASKA RESOURCES CORPORATION

INVESTMENT ANALYSIS

@ January 31, 1984

Date Made	Project	Bank	Type of Account	Balance @ 1-31-84	Interest Yield Rate	Date Interest Paid	Maturity Date
MONEY MARKET ACCOUNTS:							
1-10-83	Funds held for investment	ANB of North	Money Market - checking	100,654.29	8.50	1-31-84	End of ea. month
1-12-83	Ball Brothers (pledged180,000)	APB	Cash Investment - checking	181,357.44	8.875	1-31-84	End of ea. month
1-13-83	Funds held for investment	ABC	Cash Investment - savings	100,888.27	9.50	1-31-84	End of ea. month
1-13-83	" " " "	PBT	Investor Fund - checking	100,697.59	8.75	1-31-84	Weekly
1-13-83	" " " "	Ak. Mutual	Money Market - checking	100,790.70	9.00	1-31-84	End of ea. month
1-13-83	" " " "	Ak. State	Money Market - checking	100,761.87	8.75	1-31-84	End of ea. month
1-13-83	" " " "	Dean Witter	Liquid Asset Fund	281,553.10	9.00	Compounds daily	Paid every 4-6 days
2-11-83	" " " "	UBA	Money Market - checking	100,729.23	9.50	2-01-84	1st. of ea. month
3-07-83	" " " "	SNB	Hi Fi Plus - checking	100,766.79	9.00	1-31-84	End of ea. month
3-14-83	" " " "	1st. Bk. Ketch.	Money Market - savings	100,749.25	8.701	1-31-84	End of ea. month
5-31-83	" " " "	B.M. Behrends	Money Market - checking	100,750.90	8.50	1-15-84	15th of ea. month
	Totals:			1,369,699.43			
CERTIFICATES OF DEPOSIT:							
9-13-83	Funds held for investment	NBA	Time Certificate Deposit	100,000.00	9.60		3-12-84
9-15-83	" " " "	UBA	" " "	250,000.00	10.00		3-13-84
10-5-83	" " " "	AK. MUTUAL	" " "	500,000.00	9.875		4-02-84
1-23-84	" " " "	AK. MUTUAL	" " "	300,000.00	9.00		4-23-84
1-20-84	" " " "	1st. NAT OF ANCH	" " "	100,000.00	9.25		4-30-84
12-6-83	" " " "	AK. MUTUAL	" " "	600,000.00	9.625		6-04-84
12-12-83	" " " "	AK. CONTINENTAL	" " "	100,000.00	10.00		6-08-84
1-04-84	Kodiak Elect. (pledged)	ANB of NORTH	" " "	40,000.00	9.45		7-05-84
12-15-83	Schnabel (pledged)	B.M.BEHRENDS	" " "	1,000,000.00	10.324		5-31-84
	Totals:			2,990,000.00			
TRESASURY NOTES & BONDS:							
12-8-82	Funds held for investment	DEAN WITTER	Fed. Home Loan Bond	2,000,000.00	9.44	April & Oct.	4-25-84
9-30-83	" " " "	" "	U.S. Treasury Note	1,250,000.00	10.41	March & Sept.	9-30-84
1-03-84	" " " "	" "	Fanny Maye	1,500,000.00	10.86	May & Nov.	11-12-85
12-1-83	" " " "	" "	U.S. Treasury Note	1,000,000.00	10.60	May & Nov.	11-30-85
7-08-83	" " " "	" "	Ryan Mtg. Accept. Bond	1,100,000.00	11.375	June & Dec.	6-28-2013
7-28-83	" " " "	" "	Ryan Mtg. Accept. Bond	1,000,000.00	12.375	Jan. & July	7-28-2013
	Totals:			7,850,000.00			
REPURCHASE AGREEMENT:		UBA	Repurchase Agreement	305,000.00	9.00		

ALASKA RESOURCES CORPORATIC

CASH RECEIPTS

for January 1984

Loans Receivable:

Date	Investee	Principal Payment	Interest Payment	Total Paid
1-03-84	Mastercraft Kitchens	3,060.28	2,539.72	5,600.00
1-03-84	Icicle Seafoods	7,408.87	18,626.49	26,035.36
1-06-84	SeaWard Shipyard	6,589.76	3,270.74	9,860.50
1-09-84	Alaska Timber	-0-	15,489.81	15,489.81
1-10-84	Smaragd Partners	-0-	10,093.16	10,093.16
1-17-84	Anchorage Tank	-0-	2,906.25	2,906.25
	Totals	17,058.91	52,926.17	69,985.08

Income From Sale of Owned Assets:

Date	Investee	Description	Amount
1-18-84	Gibson Cove	Alaska Fresh purchase of equip.	6,200.00

Income From Owned Assets:

Date	Investee	Description	Amount
1-10-84	Sterling Plant	Schwanke lease payment	540.00
1-25-84	Gibson Cove	American Seafood pymt.	2,000.00
1-25-84	Sterling Plant	Schwanke lease payment	1,140.00
1-30-84	Martins	Tesoro Pipeline (84 right of way)	250.00
		Total	3,930.00

Other Revenue:

Date	Description	Amount
1-10-84	Photo copies	2.00
1-10-84	Reimbursed for Ak.Fish Ucc filings	27.00
1-17-84	Partial recovery (Woodyard debt)	33,000.00
1-31-84	Mike Kiech - Alternative Energy	650.59
	Total	33,679.59

Total Interest on Cash Investments: 85,079.68

Grand Total 198,874.35

ALASKA RESOURCES CORPORATION

EXPENSES

Re: OWNED ASSETS

for January 1984

Date:	Who To:	What	Amount:
Alaska Bait #1			
1-12-84	City of Hoonah	Harbor Electricity	322.80
	Hoonah Seafoods	Fuel	1,270.00
1-25-84	Payroll & Taxes	Jan. Payroll & Fed. + Fica Tax	2,128.00
		Total	3,720.80
Gibson Cove			
1-12-84	City of Kodiak	Water, sewer, garbage	49.00
	Glacier State Tele.	Plant phone chgs.	130.35
	Kodiak Elec. Assoc.	Electricity	1,204.25
	Union Tire	Tires for truck	200.00
1-25-84	Payroll & Taxes	Jan. Payroll Fed,Fica,Futa,Esc. Tax	5,715.76
		Total	7,299.36
Martins Plant			
1-04-84	The Woods Hotel	Room rent (Gil)	1,554.20
1-12-84	Anchorage Tank	Materials	168.00
	Central Storage	Storage of Equipment	70.00
	W.E. Stone	Materials	546.81
	Arctic Welding	Materials	8.25
	Gil Reel	Expenses & Per Diem	1,478.10
1-18-84	Stephans Tool	Pipe vise & cutter rental	93.00
1-19-84	Dept. of Labor	Boiler inspection	80.00
1-25-84	H.C. Industries	Materials	62.00
	Don Norton	Reimbursed(car rental for Gil Reel)	268.33
1-27-84	Casual Labor	Sam & George	4,896.00
		Total	9,224.69
Sterling Plant			
1-12-84	Enstar Nat. Gas	December chgs.	191.57*
1-25-84	Homer Electric	12/8/83 to 1/9/84 Service	1,646.35*
		Total	1,837.92

*Enstar 191.57 billed to Schwanke
*Homer Electric 1,646.35 less 569.52 = 1,076.83 billed to Schwanke

BILL SHEFFIELD
GOVERNOR

N 5685

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

February 13, 1984

The Honorable Joe Hayes
Alaska House of Representatives
Pouch V
Juneau, AK 99811

Dear Representative Hayes:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill that provides for the wind-up of operations and eventual dissolution of the Alaska Resources Corporation (ARC).

The bill retains the corporate structure of ARC for five years but amends the relevant statute to provide that the only corporate purpose is the orderly wind-up of the affairs of the corporation. This five-year period is considered necessary because ARC has substantial equity investments including capital stock investments in a number of businesses and has taken an active management role in some of the businesses. ARC also owns property as a result of foreclosure on loans against businesses in which it also has equity interests. The five-year period will give ARC sufficient time to remove itself from active management roles and then divest itself of these interests.

The corporation is transferred from the Department of Commerce and Economic Development to the Department of Revenue. The board membership is changed to provide that the commissioner of revenue and the commissioners of two other principal departments make up the board. The board is directed to contract with the Department of Revenue to manage the corporation's assets during the wind-up period. Concurrent with ARC's transfer to the Department of Revenue, all but $500,000 of the unexpended and unobligated money in ARC's development capital fund is transferred to the general fund. The $500,000 are to be used to cover possible costs that might arise in the course of winding up ARC's affairs.

The bill also repeals the statutes creating the Alaska Resources Corporation (ARC), AS 37.12; and the Alaska renewable resources development fund and Alaska renewable resources investment fund, AS 37.11. The Alaska renewable resources development fund and the Alaska renewable resources investment fund were closed out and the money returned to the general fund several years ago, after they were determined to be unconstitutional dedicated funds, but the statutes have not yet been repealed. Under this bill, the repeal of the corporation statutes will take effect July 1, 1989, and the repeal of the fund statutes will take effect immediately.

Sincerely,

Bill Sheffield
Governor

Analysis for Alaska Resources Corporation

Personal Services

1 Senior Investment Officer - Range 27	$76,935
1 Investment Officer - Range 23	$62,550
1 Accounting Technician II - Range 14 A	$30,645
1 Secretary - Range 14 C	$36,150
Total	$206,280

Salaries and benefits for four full-time positions. This is a reduction of 5 positions in the FY 84 operating budget.

People will monitor and wind down ARC's current investments.

Travel

Travel is for investment site inspection and Board meetings of companies where ARC holds equity interest.

Contractual

Rent	$67,891
Telephone	$17,500
Audit and Accounting Reports	$15,000
Legal Fees	$133,609
Total	$234,000

Supplies

Rental of office machines and purchase of office supplies $10,000

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date

REQUEST
Bill/Resolution No: HB 685
Title: An act relating to the Alaska Resources Corporation.
Sponsor: Governor
Requestor:
Date of Request:

FISCAL DETAIL
Agency Affected: Revenue
Program Category Affected:

BRU, Program of Subprogram(s) Affected:
Alaska Resources Corporation

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES	-	206.28	-	-	-	-
200 TRAVEL	-	50.00	-	-	-	-
300 CONTRACTUAL	-	234.00	-	-	-	-
400 SUPPLIES	-	10.00	-	-	-	-
500 EQUIPMENT	-	-	-	-	-	-
600 LANDS & STRUCTURES	-	-	-	-	-	-
700 GRANTS, CLAIMS	-	-	-	-	-	-
800 MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	-	500.28	-	-	-	-
CAPITAL	-	-	-	-	-	-
REVENUE	-	-	-	-	-	-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	500.28	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
TOTAL	-	500.28	-	-	-	-

POSITIONS:

FULL-TIME	-	4	-	-	-	-
PART-TIME	-	-	-	-	-	-
TEMPORARY	-	-	-	-	-	-

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

* At this time it is difficult to determine what the costs will be to monitor and wind down ARC's current investments beyond FY 85.

ANALYSIS: Attach a separate page for analysis.

Prepared By: Cathy Poe
Phone: 465-2350
Division: Treasury Division
Date: 2/10/84

Approved by Commissioner: Robert C Heckle
Date: 2/10/84
Agency: DOR

Distribution (by Agency preparing fiscal note):
- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date:

REQUEST
Bill/Resolution No.: HB 685
Title: Repealing statutes on the Alaska Resources Corporation
Sponsor: Rules by request of Governor
Requestor:
Date of Request:

FISCAL DETAIL
Agency Affected: Commerce and Economic Development
Program Category Affected: Development
BRU, Program or Subprogram(s) Affected:

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: Catherine Wallen
Phone: 465-2504
Division: Administrative Services
Date: 12/22/83

Approved by Commissioner: Richard A. Lyon
Date: 12/28/83
Agency: Commerce and Economic Development

Distribution (by Agency preparing fiscal note):
- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

12/1/83

ALASKA RESOURCES CORPORATION

Report Date: February 21, 1984
Period Ending: January 31, 1984
Reported by: Donald L. Norton

LOANS RECEIVABLE MONITORING REPORT

Project & Resource Sector	Next Payment Due	Original Amount	Present Prin. Bal.	Date Loan Made	Maturity Date	Collateral Type & Value	Comments
BALL BROTHERS, INC. (Fish)		150,000.00 600,000.00 157,771.94	150,000.00 500,000.00 157,771.94	5/01/81 6/19/81 8/17/82	5/01/82 7/31/81 Demand	Real Estate and Equipment Value at $425,000.00.	Ball Bros., Inc. prevailed at trial, against Mark Antonsen and Mark II Sea Products in amount of $952,000.00 and with setting aside transfer of their interest in the Nefco Law suit. Offer for sale of remaining physical assets of BBI proposed for consideration and acceptence at January 24 AR Board meeting would net approx. $320,000 for debt reduction.
(Emergency Fish)		1,000,000.00 2,000,000.00	564,950.00 2,000,000.00	5/29/80 5/29/80	10/31/81 10/31/86		
BALL, ALBERT (Fish)	11/01/84	25,000.00	25,000.00	10/28/83	11/01/88		
BALL, GERALD (Fish)	11/01/84	25,000.00	25,000.00	10/28/83	11/01/88		
BALL, NEWTON (Fish)	11/01/84	25,000.00	25,000.00	10/28/83	11/01/88		
ICICLE SEAFOODS (Emergency Fish)	6/01/85 2/01/84	400,000.00 1,900,000.00	400,000.00 1,781,458.08	6/12/81 9/29/82	6/12/91 9/01/87	Convertible Debenture. Preferred Marine Mortgage on Floating Processor & Equipment.	Participation with Rainier Bank. Continues to perform.
SMARAGD PARTNERS (Fish)	4/10/84	498,000.00	456,340.48	6/18/83	6/18/98	FV Smaragd $500,000.00	Performing and current.

Investment Officer: D. L. Norton

62.

ALASKA RESOURCES CORPORATION

LOANS RECEIVABLE MONITORING REPORT

Report Date: February 21, 1984
Period Ending: January 31, 1984
Reported by: Donald L. Norton

Project & Resource Sector	Next Payment Due	Original Amount	Present Prin. Bal.	Date Loan Made	Maturity Date	Collateral Type & Value	Comments
ACT I (AK. FISH)	9/30/82	125,000.00	125,000.00	6/30/80	9/30/82	A/R - $151,305.67 Inv. 150,000.00 $301,305.67 Max.	Alaska Fish, Inc. filed for Chapter XI relief on February 8, 1984. Cash flow continues to be impared. Closing Sitka location.
ALASKA TIMBER (Emerg. Timber)	2/01/84	1,500,000.00	1,500,000.00	5/04/81	7/30/89	Loan participation w/bank of Calif. Power plant val. at $4.0 million.	Performing & current.
MASTERCRAFT (Forest Products)	2/01/84	315,000.00	265,062.54	8/08/80	10/01/87	R/E, plant & equipment val. at $1.0 million.	Performing & current.
PINES SAWMILL (Forest Products)	2/01/84	30,000.00	5,111.37	4/02/80	4/01/85	Logging & milling equip. valued @ cost of $60k.	Performing & current.
SAYLES MARINE, INC. (Fish)	12/31/82 10/01/84	86,126.00 70,000.00	25,126.00 70,000.00	4/29/82 12/20/83	12/31/82 7/01/98	Aluminun estimated @ $15,000 Vessel - PMM $85,000.	Original note - bal. $25,126. Secured by aluminum inventory. Will need to modify terms of repayment. Documentation of vessel complete with ARC as preferred mortgage holder. Note $70,000 secured by vessel.
SCHNABEL LUMBER CO. (Forest Products)	12/31/86 1/02/87 " " " " " " " "	100,000.00 100,000.00 100,000.00 100,000.00 100,000.00 100,000.00 100,000.00 100,000.00 100,000.00 100,000.00	100,000.00 100,000.00 100,000.00 100,000.00 100,000.00 100,000.00 100,000.00 100,000.00 100,000.00 100,000.00	12/13/83 " " " " " " " " "	12/31/86 12/31/87 12/31/88 12/31/89 12/31/90 12/31/91 12/31/92 12/31/93 12/31/94 12/31/95	Property, plant, equipment & certain inventories estimated at net book value of $6.0 mil. Realistic current market value 3.5 mil.	Name of company changed to Pacific Forrest Products, Inc. Modification to the mill and planer underway. Considerable log inventory on site and sorted for mill processing. Logging commenced in December by contracter, Northern Timber, Co. 1st draw under City Bank line anticipated for late March against log inventory. Expect start up in early March.

63.

ALASKA RESOURCES CORPORATION

Report Date: February 21, 1984
Period Ending: January 31, 1984
Reported by: Donald L. Norton

LOANS RECEIVABLE MONITORING REPORT

Project & Resource Sector	Next Payment Due	Original Amount	Present Prin. Bal.	Date Loan Made	Maturity Date	Collateral Type & Value	Comments
SCHNABEL (Cont'd)	1/01/86	1,800,000.00	1,800,000.00	4/08/81	1/01/93		
(Emergency Forest)	1/01/86	165,065.83	165,065.83	12/13/83	12/31/93		
	1/02/88	200,000.00	200,000.00	12/13/83	12/31/93		
	"	200,000.00	200,000.00	"	12/31/94		
	"	200,000.00	200,000.00	"	12/31/95		
	"	200,000.00	200,000.00	"	12/31/96		
	"	200,000.00	200,000.00	"	12/31/97		
	"	200,000.00	200,000.00	"	12/31/98		
	"	200,000.00	200,000.00	"	12/31/99		
	"	200,000.00	200,000.00	"	12/31/2000		
	"	200,000.00	200,000.00	"	12/31/2001		
SEAWARD SHIPYARD (Fish)	2/01/84	350,000.00	321,187.77	4/02/80	5/02/90	R/E, plant & equipment val. at $1.1 mil. subject to first D/T $140k.	Performing & current. See recommendation of staff.
	2/01/84	210,000.00	179,273.80	3/05/81	6/01/84		
	2/01/84	20,000.00	15,812.48	3/05/81	6/01/84		
STEIK ENTERPRISES (Forest)	11/01/83	55,000.00	55,000.00	1/20/81	1/01/86	R/E & milling equipment estimated at $97k.	Awaiting year end statements for review and loan modification consideration.
TRINITY RESOURCES							Principal Delaney preparing breakdown and distribution of $280,000 - [illegible]t settlement. Potential ARC recapture of portion of equity $60,000. See staff recomendation for authorization for write down of additional equity after final distribution of approx. $60,000.
WOODYARD/GOWDY							ARC received $33,000.00 settlement of judgement.

Investment Officer: D. L. Norton

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ALASKA RESOURCES CORPORATION

Report Date: February 17, 1984
Period Ending: January 31, 1984
Reported by: Calvin L. Kerr

LOANS RECEIVABLE MONITORING REPORT

Project & Resource Sector	Next Payment Due	Original Amount	Present Prin. Bal.	Date Loan Made	Maturity Date	Collateral Type & Value	Comments
ALYESKA CANDY KITCHEN (Agriculture)	1/01/84	37,600.00	23,653.99	3/18/80	1/01/86	Candy making equipment $37,000.00.	Seeking additional equity investors, submitted legal documents to State Banking & Securities in January.
AMERICAN EAGLE (Fish & Emergency Fish)	9/01/81 9/01/81	150,000.00 50,000.00	129,758.23 49,861.43	3/26/80 5/29/80	9/01/81 9/01/81	2nd PMM Vessel "Aluetian Dragon" $943,000.00. 1st Rainier - $535,000.00.	Financial statements received. Board recommendation in preparation.
ANCHOR RENEWABLE FARMS (Agriculture)	10/01/82	120,000.00	119,468.15	8/04/80	7/01/87	R/E, controlled environment greenhouse, greenhouse & equipment - 3rd total value $240,000.00. 1st $78,000 Parkinson. 2nd $95,000 - ARLF.	Financial statements past due; Discussions with Ag. Revolving Loan Fund re: subordination & loans reveals lack of compliance. Homer Electric discussing power disconnect.
ANCHORAGE TANK (Manfacturing)	2/15/84 2/15/84	270,000.00 100,000.00	270,000.00 100,000.00	6/06/83 6/06/83	7/31/93 6/01/90	Equipment - $489,091.	No change. Requesting F/S.
KACHEMAK SEAFOODS (Fish)	7/01/82 Demand	250,000.00 1,092.10	212,410.20 1,092.10	8/28/81 3/18/83	10/01/82 Demand	2nd inventory, receivables 1981 - 1st 1982 $1.0 mil. (1st in question) 1st '81 - VHW, Co. unknown amount.	Still attempting to collect pension funds due to Birdie of approximately $16,000 and to locate other assets. Suit has been filed against VHW regarding inventory and their a[illegible]ser received. Negotiation meeting proposed.
KOKECHIK (Fish)	7/01/84	300,000.00	278,587.91	5/15/80	7/01/87	Boats & motors, original value $300,000.	Debt modification proposed.
CLARK, INC. (Emergency Fish)	9/30/82	395,000.00	395,000.00	11/13/81	9/30/96	Plant, equipment, R/E $3,900,000 (participation with CFAB)	Have been informed by AG's office that ARC has no legal remedies under participation agreement. Letter from CFAB attorney requested per agreement.

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ALASKA RESOURCES CORPORATION

Report Date: February 17, 1984
Period Ending: January 31, 1984
Reported by: Calvin L. Kerr

LOANS RECEIVABLE MONITORING REPORT

Project & Resource Sector	Next Payment Due	Original Amount	Present Prin. Bal.	Date Loan Made	Maturity Date	Collateral Type & Value	Comments
RICE FUR FARM (Agriculture)	3/31/84	115,000.00	114,521.68	11/23/81	12/02/92	Foxes, cages, equipment and R/E $184,000.00. Subordinate to $25,000.00 CFAB.	Sales planned for Spring 84.
SALAMATOF SEAFOODS (Emergency Fish)	9/01/84	3,065,349.93	3,022,441.99	1/01/82	8/01/92	Plant & Equipment $4.5 mil. 2nd, 1st APB - $900,000.	Requested additional F/S, and support of material; normal ac ity noted.
STERLING SEAFOODS (Fish)	9/31/82	125,000.00	125,000.00	2/12/81	10/01/87	Equipment, supplies and inventory $104,789 value.	Plans to custom process crab are being finalized. Other options for the remainder of the year are being explored. Lease checks put on weekl payment schedule. Porposal for long term lease discussed.
WYMAN (Fish)	10/26/83	1,000,000.00	893,641.93	1/26/81	7/26/93	1st PMM Vessel "Alaska Star" $1,700,000.00.	Letter received from Ed Wyman propos purchase of all ARC equity. Staff reviewing per terms of shareholders agreement.

Investment Officer: Calvin L. Kerr

Official Business

Alaska State Legislature
House Resources Committee

SIGN-IN

MAR. 14, 1984

HB685
ARC.

NAME	ADDRESS	PHONE	REPRESENTING
Terry Elder	Pouch D	2500	DCED
NORM STATON	Pouch S	2300	REV

HR

16

ALASKA RURAL ELECTRIC COOPERATIVE ASSOCIATION, INC.

237 E. FIREWEED LANE • SUITE 301
ANCHORAGE, ALASKA 99503 • (907) 276-3235

April 24, 1984

Honorable John Ringstad
Co-Chairman, Resource Committee
Alaska State Legislature
Pouch V (MS 3100)
Juneau, Alaska 99811

Dear John:

Approximately 70% of Alaskans receiving central station electric service are served by consumer owned utilities which borrow from the Rural Electrification Administration. Mississippi with about 30% its population served by REA borrowers is the state with next highest utilization of REA. As you can see, REA is far more important to Alaska than it is to any other state.

REA has two electric loan programs. The guaranteed loan program provides generation and transmission loans at the cost of federal borrowing plus one-eighth of one percent. This is the program which could be used to finance part of the Susitna hydroelectric project. The insured loan program is used to make lower interest loans for part of the cost of electric distribution projects. This program is seriously threatened, and an expression of support from the Alaska Legislature at this time could be very helpful.

REA started out in the 1930's making direct loans from appropriated funds at 2% interest. In 1973, the direct loan program was converted to a revolving loan fund known as the insured loan program which makes loans usually at 5% interest. The outstanding loans were assigned to the fund as its capital for 20 years. Principal repayments don't revolve quickly enough to meet the capital needs of the borrowers, so REA has been authorized to borrow aganist its outstanding loans in order to make new loans. This worked well until interest rates went up. At the present time, interest expenses of the fund exceed its interest income. The fund is obviously in trouble unless some changes are made quickly.

After an extensive study of the problem, our national association recommended legislation which would balance the income and expenses of the fund by floating the interest rates on new loans depending on the money market. Under current conditions, this approach would produce interest rates of approximately 6.5% to 7%. This legislation also would keep the fund capitalization of $7.9 billion in the fund beyond the original 20 year period which expires in 1993. Of special interest to Alaska, this legislation also provides for lower interest rates in hardship cases which are redefined for the first time to include the high cost areas of rural Alaska.

The House version of this legislation is H.R. 3050, and it passed the House by a vote of 283-111 on March 1st. The Senate bill is S. 1300, and it has gone through hearings in the Senate Agriculture Committee's Subcommittee on Agricultural Credit and Rural Electrification. The bill needs to go through mark-up and on to the floor soon if it is to become law this year.

Unfortunately, some elements in the Reagan Administration, apparently led by David Stockman in OMB, contend that REA has "finished its job" and should be terminated. They don't seem to understand that every utility has a continuing need for funds for growth and redevelopment.

The REA borrowers were organized to serve needs which were not otherwise being met. They have been successful in doing their job with REA loans, but they do not have access to the tax exempt bond market like municipal utilities, and they do not have the financial strength to obtain financing like the large investor owned utilities. If REA is in fact terminated, this will result in real hardship for the people throughout rural America and for about 70% of the people of Alaska.

On April 12th, Administration spokesman submitted a substitute for S. 1300. This proposal does absolutely nothing to resolve the problems facing REA, and it would in fact speed the demise of REA. Its density criteria would have the immediate effect of prohibiting 11 of Alaska's 14 REA borrowers from receiving future REA loans.

That is where we are today, and anything you can do with the Administration and with Senators Stevens and Murkowski to gain support for speedy passage for S. 1300 will be very important for Alaska.

Sincerely,

Dave

David Hutchens
Executive Director

DH/cf

HCR

15

IDENTIFICATION		
BILL NAME Establishing a Joint House and Senate Committee of Oil & Gas.		BILL NUMBER HCR 15
		DATE INTRODUCED 2/7/83
		RELATED BILLS PENDING
SPONSOR(S) Rep. John Cowdery		REFERRALS Resources and Finance

INITIAL RESEARCH	
INITIAL SUMMARY COMPLETED	LEGAL DIVISION SUMMARY
	DEPT OF LAW SUMMARY
SPONSOR CONTACTED FOR BACKUP MATERIALS	FISCAL NOTE
AGENCY RESPONSE	OTHER INTERESTED LEGISLATORS NOTIFIED

BACKGROUND RESEARCH	
SIMILAR BILLS INTRODUCED IN PREVIOUS LEGISLATURES	OTHER STATE OR FEDERAL PRECEDENTS, REGULATIONS, ETC
RESPONSES FROM INTERESTED PERSONS AND/OR GROUPS	

HEARING PREPARATION	
CHAIRMAN BRIEFED	DATE & PLACE SET February 21, 1983
STAFF MEMO TO COMMITTEE	TELECONFERENCE
BACKGROUND MATERIAL DISTRIBUTED	PSA/PRESS RELEASE
LIST OF WITNESSES	SUGGESTED AMENDMENTS/CS DRAFTED

(9)

COMMITTEE REPORT

HOUSE

FURTHER: FINANCE

2/7/83

Date: FEB 21 1983

Mr. Speaker:

The Committee on RESOURCES has had HCR 15

Establishing a Joint House and Senate Committee on Oil and Gas.

under consideration and reports it back as follows:

[ ] do pass [ ] do not pass

[✓] do pass with attached amendments(s)

[ ] replace with CS for _____ [ ] same title [ ] new title

and recommends _____

[ ] AND attaches a "Letter of Intent" [X] New Fiscal Note [ ] Zero Fiscal Note Attached

[ ] reports it back without recommendation

[ ] referred to the _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS:

CHAIRMAN

H 60

Amendment to HCR 15 by Rep. Uehling

On line 11:

delete the word [PERMANENT]

and insert in its place <u>special</u>

HOUSE RESOURCES COMMITTEE OBSERVER/WITNESS SIGN-UP SHEET

DATE: FEB. 21. 1983 SPONSOR: REP. JOHN COWDERY

SUBJECT(S): HCR 15: Estab. Jt. Comm. on Oil & Gas

NAME	REPRESENTING	ADDRESS	PHONE	Observer	Witness	For	Against
Rep. Liska	Co-Sponsor						

Introduced: 2/7/83
Referred: Resources and Finance

Folta
13-0639

IN THE HOUSE BY COWDERY

HOUSE CONCURRENT RESOLUTION NO. 15

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTEENTH LEGISLATURE - FIRST SESSION

Establishing a Joint House and Senate Committee on Oil and Gas.

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

WHEREAS the Legislature of the State of Alaska has established special committees to deal with oil and gas related issues since 1972; and

WHEREAS the State of Alaska's almost complete dependence on oil revenues demands the continuance of a permanent committee to deal with oil and gas related issues; and

WHEREAS it is critical that the Thirteenth Alaska State Legislature be well informed of all aspects related to the state's oil and gas resources;

BE IT RESOLVED by the Alaska State Legislature that a Joint House and Senate Committee on Oil and Gas is established to study issues relating to oil and gas resources in Alaska; and be it

FURTHER RESOLVED that the Joint House and Senate Committee on Oil and Gas is authorized to meet during and between sessions of the legislature, and is terminated on the convening of the First Session of the Fourteenth Legislature.

COMMITTEE COPY

HCR

27

HOUSE RESOURCES COMMITTEE OBSERVER/WITNESS SIGN-UP SHEET

HCR 27

DATE: APRIL 15 SPONSOR: HURLBERT

SUBJECT(S): USE OF TRAPPING INFORMATION IN LAND PLANNING

NAME	REPRESENTING	ADDRESS	PHONE	Observer	Witness	For	Against
JIM FARMER	REP. VERN HURLBERT	POUCH V			X	X	

INITIAL ANALYSIS

HCR 27 "Requesting the State to Collect and Use Information on Trapping for Land Use Planning and Land Disposal"

The whereas postion of the resolution states that while trapping has traditionally been a major source of income for some Alaskans, the State in its land planning and disposal policies often does not take trapping into account, yet the information is available through several organizations.

The resolves ask that State agencies involved in land use planning consult with trapping and other organizations and gather information on trapping; and that the State consider trapping to be one of the highest beneficial uses of the land.

Background for HCR 27

From Rep. Vern Hurlbert's office

HCR 27 is designed to correct a condition that exist in current state land disposal policy, the need to consider trapping as a valuable and vivable use of the land, more important than the disposal as home sites, ag land, development areas or many of the mineral leasing activities. So many of these things are transitory in nature whereas trapping is compatible with nature and can be used for generation after generation.

Alaska's history is rich in trapping lore and is one of the reason's this land was opened to exploitation by European based peoples. Now the state, in its haste to give away its land, is not adequately considering this activity before the disposals are announced. Most people involved in trapping in Alaska depend on the income to help keep them off of the public agency support roles.

The disregard for their rights to continue this activity has got to stop. This resolution is designed to help correct this oversight.

As most trappers know, in any given area there is usually one area that acts as the core breeding area for the fur bearers and some of the larger animal populations. Allowing settlers to move into these areas is a way to insure destruction of the trapping in that area. A cabin on a home site does not seem to take up much physical space, but it does

create a large area that is cut off from use by the wildlife population. The more mechanical equipment, chainsaws, sno-mobiles, generators, ect. the homesteader uses the larger the area the wildlife quits using. Another factor is that once the person is there they will then claim all of the trapping they can reach, regardless of the people that used that area and the length of time they may have used it.

The only reasonable solution is to consider trapping prior to making land disposals and eliminate the areas that are critical to this activity.

Working with regional non-profits to collect data on trapping areas is one way of insuring peoples imput into the system. To really have all of the information needed each village, town, or city close to a disposal area should be contacted and ask for specific comments on potential areas. If suggested areas are not acceptable then alternate areas should be suggested by the people living in the area.

The state, as manager of the states wildlife resources, is required to insure vivable stocks for current and future users. By following the guidelines as set out in this resolution it will assist the state in their job.

FISCAL NOTE | Revision Date , 1983

I. REQUEST

Bill/Resolution No.: HCR 27

Title: Information on trapping

Sponsor: Hurlbert

Requestor:

II. FISCAL DETAIL

Agency Affected: DNR

Program Category Affected: DRD

BRU, Program of Subprogram(s) Affected: Land use planning

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL OPERATING		-0-	-0-	-0-		
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: Sharon Barton Phone: 465-2400

Division: Commissioner's Office Date: 4-12-83

Approved by Commissioner: Thomas W. Morris Date: 4/14/83

Department: NATURAL RESOURCES

Distribution:

Original to Legislative Finance

Copy to Office of Management and Budget (for Legislature introduced bills)

Copy to Department (for Governor introduced bills)

Copy to Sponsor

Copy to Requestor (if different from Sponsor)

RESOLUTION
Trapline Documentation & Protection

WHEREAS, Trappers of Alaska have developed and established use of traplines throughout Alaska;

WHEREAS, Trappers of Alaska depend upon the continual productivity of their traplines and trapping areas to provide an important element of their overall economic activity;

WHEREAS, Trapping areas and traplines are threatened everywhere by intrusions such as State and Federal land disposals and surface corridor development,

WHEREAS, Such intrusions cause competing uses of land supporting fur trapping and intrusions upon existing traplines;

BE IT HEREBY RESOLVED; The McGrath Subregional Advisary Board of the Tanana Chiefs Conference asks that the State of Alaska document, recognize and protect the uses of traplines by Alaska Trappers.

BE IT FURTHER RESOLVED, that the McGrath Subregional Advisary Board of the Tanana Chiefs Conference asks that appropriate actions be taken by the Alaska State Legislature to assure that documentation, recognition, and protection for traplines and trappers be accorded to trappers who traditionally use a trapline.

December 1982

HCR

31

STATE OF ALASKA
FISCAL NOTE

Revision Date , 1983

I. REQUEST
Bill/Resolution No.: HCR 31
Title: Kenai River Protection
Sponsor: Resources
Requestor: House Finance

II. FISCAL DETAIL
Agency Affected: Gov. Coord. OMB
Program Category Affected: Gen. Gov.
BRU, Program of Subprogram(s) Affected:
Office of the Governor - OMB

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL OPERATING		-0-				
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND		-0-				
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS:

FULL-TIME		-0-				
PART-TIME						
TEMPORARY						

~~SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL~~:
Using the existing coordination system of GCU/OMB, the office can research the recommendations of the Kenai River Task Force, help formulate an administrative position on the recommendations plus appropriate alternatives, and present recommendations for action to the next session of the Legislature. This can be accomplished using funds requested in the Government's revised budget for OMB.

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: [signature] Phone: 465-3562
Division: Governmental Coordination Date: 5-5-83

Approved by Commissioner: [signature] Date: 5-5-83
Department: Director, Office of Management and Budget

Distribution:
Original to Legislative Finance
Copy to Office of Management and Budget (for Legislature introduced bills)
Copy to Department (for Governor introduced bills)
Copy to Sponsor
Copy to Requestor (if different from Sponsor)

3/8/83

HCR

37

Resource Development Council for Alaska, Inc.

444 West 7th Avenue, Anchorage, Alaska 99501
Box 100516, Anchorage, Alaska 99510 — 907/278-9615

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Frank Jones
William Ogle
Dale Tubbs

May 4, 1983

Neil Phelps-Munson
Representative Joe Hayes
Pouch V
Juneau, Alaska 99811

Dear Neil:

Here is the backup information that you wanted for the economic development policy resolution. We certainly appreciate your help on this legislation and look forward to its passage.

I have enclosed two articles from a prominent business magazine that rates the 50 states on their business climates. In one, Alaska received a letter grade (D), and in the other a numerical rating (45th).

We feel that Alaska must raise these "grades" by demonstrating its commitment to economic development. A key symbol of state support for business development is legislative and gubernatorial support of an economic development policy such as we have submitted to your office.

This legislation is the RDC's top priority for the 1983 session. We have put many hours and the knowledge of many experts into its development and would certainly appreciate your support.

Thanks again,

Mike Abbott

Mike Abbott

State given 'D' grade for business

Alaska has received a grade of "D" on a report card from a Inc. magazine which analyzed the overall climate for small business in each of the 50 states.

While the state came in second in the energy costs category of the magazine's analysis, it did not rank among the top states in the other four categories, capital resources, small business commitment, labor or taxes.

A sixth factor, quality of life, also was recorded but the magazine editors said they considered it too subjective for overall ranking.

Inc., which is headquartered in Boston, Mass., said it researched more than 50 different components of small business life, including loan programs, wage rates and unemployment taxes, to determine state rankings within the six categories.

The magazine's editors said the survey findings were confirmed by statistics showing a direct correlation between high performance companies and high performance states: the greatest number of fast growing enterprises are found in the top ranked states.

No Alaska companies were listed on Inc.'s 1981 roster of the 200 fastest growing publicly owned small companies, which the magazine plans to publish in December.

In a letter to Gov. Jay Hammond and the Alaska Legislature, Inc. editor Milton D. Stewart, urged "your state and every state to treat this report as a baseline against which to measure future small business growth."

Each state was asked to appoint a technical correspondent to suggest ways to improve Inc.'s method of ranking them.

Stewart said the rankings "will become more meaningful . . . if we have the help of state specialists in achieving consensus."

Next year, he said, the magazine will rank states in terms of degree of improvement over this year's ranking as well as compare them with one another.

In its October issue, Inc. includes to other articles related to the ranking. Entrepreneur Jules Abend cautions that statistics do not determine where any individual company will local. Economist Robert Berney warns against using ostensible tax advantage in ranking states.

Inc. gives its criteria for "fastest growing companies," of which none were found in Alaska, as follows:

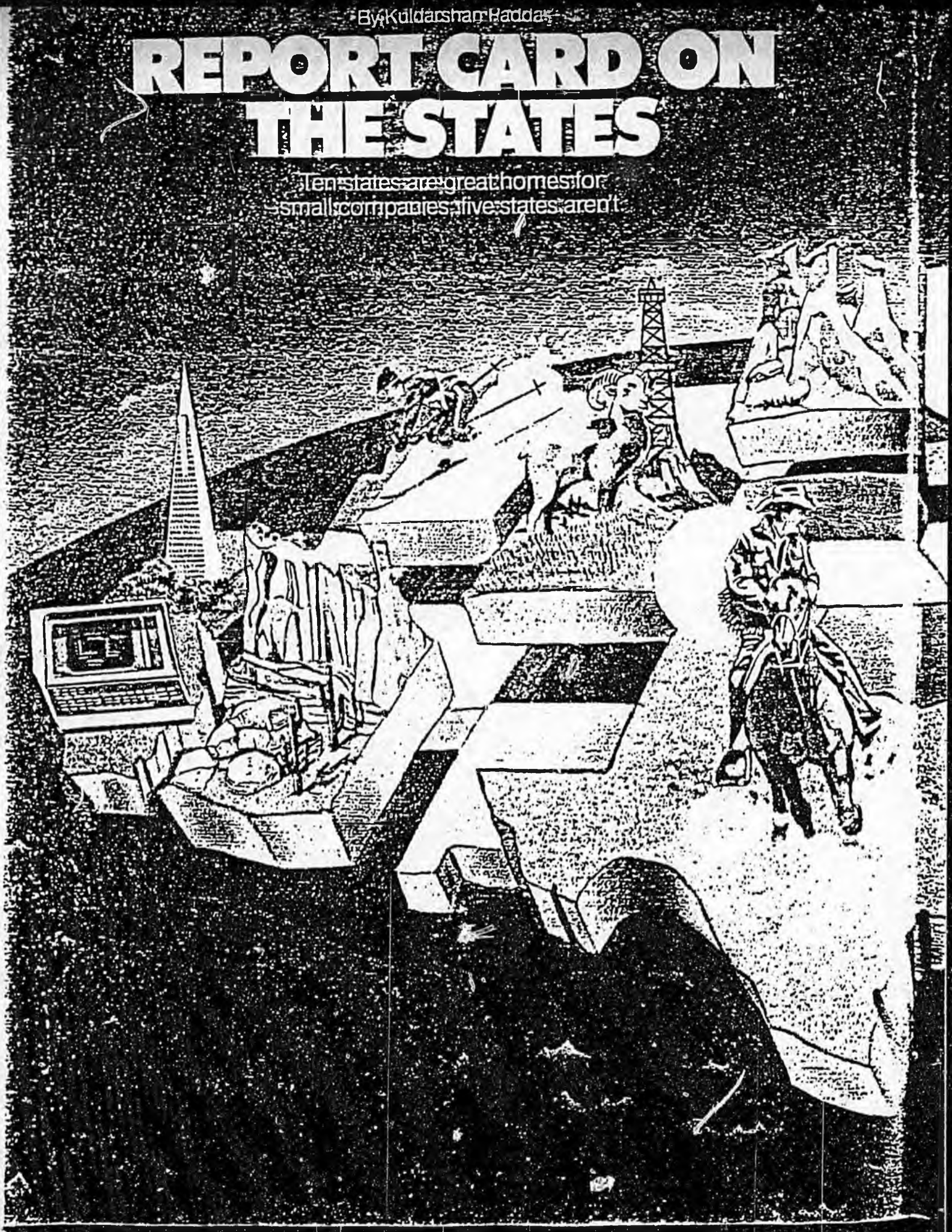
— The company must be an independent, publicly held corporation in manufacturing, mining or service industry.

— The company showed a sales/revenues history of at least five years, with an increase in its fiscal 1980 closing figures.

By Kuldarshan Haddad

REPORT CARD ON THE STATES

Ten states are great homes for small companies; five states aren't



small business man which state has the *best* business climate, and you can bet he'll give his home state as the answer. At a different time, ask the same businessman which state has the *worst* business climate, and you can bet he'll give you his home state as the answer.

To bring some objectivity to the process of analyzing the business climate in each of the 50 states, INC. researched over 50 factors in six areas of doing business: tax burdens, labor, capital resources, official commitment to small business, energy costs, and quality of life. We have ranked the top 10 states in each of the six areas. The rankings and an explanation of the factors involved in each ranking begin on page 92.

In addition, INC. decided to give each state a report card based on the combi-

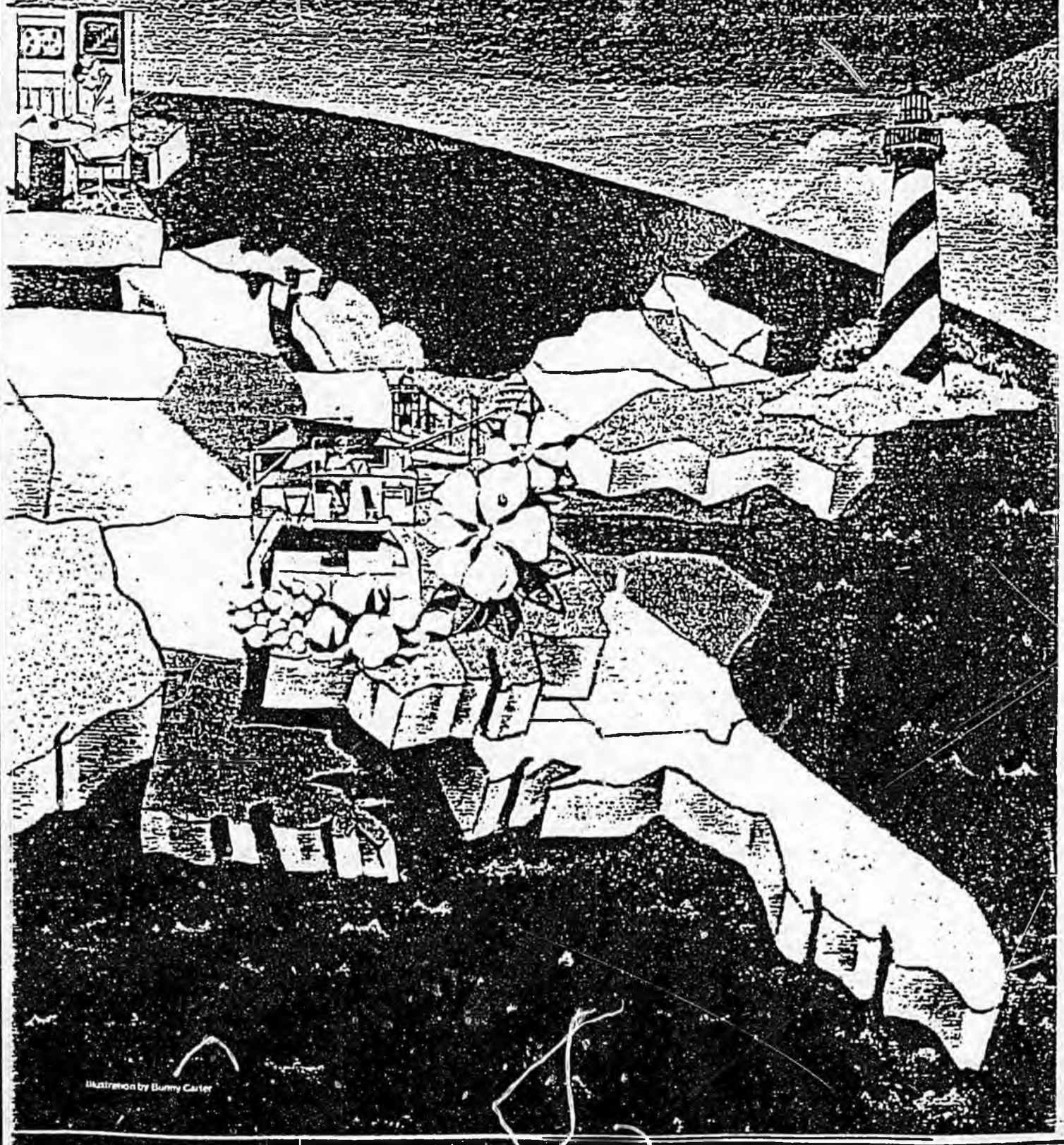


Illustration by Bunny Carter

nation of five of the individual rankings (excluding quality of life, which is so subjective). We've assigned each state a letter grade, from A through F, and published each report card in the table on pages 96 and 97. The results (10 A's, 18 B's, 11 C's, 6 D's, and 5 F's) are often surprising. You wouldn't think, for instance, of North Dakota and Idaho as states rating an A for small business climate. Both follow much the same formula for getting that grade: very high rates of small business activity (number of small companies per 1,000 population), excellent labor conditions, and light tax burdens. Both states share the same failings: weak official commitment to small business on state programs and limited capital available to home-state businesses. Idaho, in particular, gets good grades for its lower energy costs.

Minnesota has a fairly heavy tax burden, but gets an A for its efforts to attract high-technology companies. The state is one of the top five in its official sensitivity to the needs of small business, and offers a large pool of capital to its entrepreneurs. Colorado gets an A from its above-average labor climate, its light tax burden, and a positive ranking in the cost of energy.

Both Arizona and California get an A because of their governments' respective commitments to helping out small business. Beyond that similarity, the two states diverge: Arizona has a light tax burden, low energy costs, and a good labor situation, although it doesn't offer entrepreneurs much in the way of capital resources. California, on the other hand, has the second largest pool of venture capital, but is seriously weakened by high taxes and high labor costs.

While no state in the Northeast earned an A, four southern states came out tops: Texas, Mississippi, Alabama, and North Carolina. If any state could be pegged as Number 1 overall as a place to run a small company, Texas would be the one. (We wanted to avoid ranking the states overall climates because the decision about where to do business is so complex that it grossly oversimplifies the problem to say that one state is the best place for all small businesses.) Texas made the top 10 in labor, taxes, and capital resources: more top rankings than any other state. Though Alabama is hurt by its labor climate, the

THE TOP 10 STATES IN SIX CATEGORIES

CAPITAL RESOURCES

1. New York
2. California
3. Massachusetts
4. Connecticut
5. Minnesota
6. Texas
7. Pennsylvania
8. Alabama
9. New Jersey
10. Mississippi

One of the biggest headaches every entrepreneur faces is the task of raising seed capital. And if his company not only survives but grows, he often must raise second and third phase financing as well. This ranking measures the availability of that money by gauging the looseness or tightness of investment capital in the 50 states. In which states do the money sources seem most willing to invest in young and growing companies?

Not surprisingly, the top 10 include most of the acknowledged money centers in this country. The only ones conspicuous in their absence are Illinois and Florida. Illinois's failure to make the top 10 list reflects an extremely low Small Business Investment Company activity and Industrial Revenue Bond issuance rate ($4 per capita vs. the national average of $40 per capita). Florida, which ranks No. 47, lacks a loan program tailored to small business and satisfactory IRB issuance. Florida is further hindered by a conservative banking community.

New York achieved the No. 1 position through an extremely aggressive banking community as well as a preponderance of venture capitalists and other investors willing to risk participation in startups and young companies. California also boasts an aggressive banking community, high SBIC activity, and, like New York, a large number of investors willing to take risks.

Massachusetts, Connecticut, and Minnesota all have aggressive banking communities and active SBIC programs. Connecticut, in fact, is the national leader in SBIC activity. Minnesota and Massachusetts possess very active IRB programs as well.

Pennsylvania and Alabama are hobbled by a lack of small business loan programs. But they both managed to make the top 10, the former by claiming the nation's most active IRB authority and the latter by registering the second most active SBIC program. Mississippi overcame the handicap of a cautious banking community to earn a top slot by promoting the second most active IRB authority along with a well-run SBIC program.

Anchoring the opposite end of the spectrum, West Virginia finds itself in the company of Nevada, Nebraska, Kansas, Alaska, and Hawaii. Geographically a rather diverse crew, these states can all be characterized as having average to nonexistent IRB sales and SBICs. All except Alaska are also the victims of banking communities that are recalcitrant when it comes to lending.

ENERGY COSTS

1. Hawaii
2. Alaska
3. Washington
4. Montana
5. Oregon
6. Wyoming
7. Idaho
8. Maine
9. Louisiana
10. Florida

Hawaii number one? A Sunbelt oil producer like Texas or Oklahoma would seem to be a more logical choice. How could an island that is forced to import all its fuels have the lowest energy costs? The answer lies in Hawaii's climate.

The formula used for calculating energy costs took into account the raw cost per Btu for electricity, heating oil, and natural gas. The formula calculated the percent use of oil and natural gas for heating and then constructed the total heating dollar by multiplying the percent use times the raw cost for each fuel. This figure was then plugged into a formula incorporating the number of heating days, while the price of electricity was factored into the number of cooling days. Also taken into account were the electricity costs involved in day-to-day operations, such as office lighting and running plant machinery.

Thus, despite some of the highest energy costs, Hawaii, with a climate tempered by ocean breezes, has no heating bills. Alaska, on the other hand, despite a large number of heating days, managed to score well due to no cooling bills and the availability of natural gas at one-third the national average cost. Limited cooling needs also earned Maine a position among the top 10.

Washington and Oregon ranked high, based on dirt-cheap electricity provided by abundant hydroelectric power. Montana and Idaho attribute their low energy bills to a combination of very cheap

A NOTE FROM THE EDITOR

INC.'s first Special Report on the states' small business climates must be read with care because it is a *first* report. We know from our experience with similar surveys that it takes two to three years of doing a particular report to find the best and most comprehensive ways of compiling them. We think this first report on the states gives as fair and accurate a picture of those factors analyzed as possible. We also know that each state can make a better case for its own achievements in its appeals to some particular kind of business or industry.

We will, however, engage in a continuing technical review of how to improve this report during the next year. We will talk with state officials, academic specialists, and small business leaders. And we will be particularly interested in our readers' response to the report, for which we've provided a postpaid card bound in at a page 91.

During the next months, we will also study what the executive and legislative branches of each state's government is doing to specifically improve its attractiveness to small businesses. We will select for special citation those states that have taken the most promising steps for small business in certain areas: taxes, regulation, paperwork, capital, credit, procurement, data collection, management assistance, and others.

In 1980 the National Governor's Association adopted a resolution at their annual meeting in Denver, Colo., which signaled a higher priority for small business at the state level. In part it said: "From a state and local economic development standpoint, small businesses offer considerable potential for ensuring economic diversity, stability and long-term growth. The governors pledge their cooperation in working at both the state and national levels to encourage the growth and development of America's small business."

Since that conference, we've heard of some promising beginnings in what we think could be called the "50 State Small Business Sweepstakes," in which there are literally no losers.

—*Milton D. Stewart, Editor*

electricity generated through hydro power and petroleum, as well as the availability of natural gas and heating oil at well below the national average cost. Wyoming, too, claims low electricity costs, through cheap coal. It also has natural gas at costs well below the national average.

At the bottom of the rankings are the Middle Atlantic and southern New England states. Spanning an arc from Virginia to Massachusetts, these states are beset by hefty heating and cooling costs, but lack the cheap energy available to western states lying at the same latitude.

SMALL BUSINESS COMMITMENT

1. California
2. New York
3. Minnesota
4. Massachusetts
5. Kentucky
6. Illinois
7. Wisconsin
8. Michigan
9. Connecticut
10. Ohio

Visit almost any state in the nation and you will hear the familiar complaint. Our state government is one of the worst. The fellas in the state capital just don't care about small business. Same old belly-aching you say? Not if you are talking with an entrepreneur from Nevada, Wyoming, or South Dakota. All three states rank among the bottom 10 in terms of budget policies and commitment to small business programs. South Dakota, in fact, is No. 50 in this respect.

INC. analyzed the level of support among state legislatures for small business, as well as their attitude toward expenditures and revenues in general. These factors (see table on page 96) were correlated in a computer model to generate a ranking of the 50 states based on their support of small business.

The top 10 found their niche through solid commitment to small business programs, such as procurement setasides, advisory offices, and significant legislative activity favoring smaller enterprises. It is essentially the strength of these programs rather than the presence of balanced budgets that propelled them to the head of the pack.

LABOR

1. North Dakota
2. South Carolina
3. North Carolina
4. Idaho
5. Florida
6. New Mexico
7. Utah
8. Texas
9. New Hampshire
10. Kansas

Armed with a labor force that is willing to work for one of the lowest wage rates in the country and that does not believe in striking, North Dakota tops the list in the labor category. The only Achilles' heel the state exhibits is a rather tight labor pool, with one of the lowest unemployment rates in the country.

The ranking took into account many factors including union strength, militancy, and recent success in recruiting; wage rates; and the ability to find skilled workers to fill both blue- and white-collar positions.

Taking second and third place are South Carolina and North Carolina. Their strength lies in the fact that their workers get paid the lowest and third lowest wage rates, respectively, in the country and are the least unionized work forces as well. In fact, the Carolinas are organized at a level that is less than half the national average, and incredibly this level has been decreasing in recent years. North Carolina's shortcoming is that it possesses a scarcity of skilled workers for blue-collar jobs, while South Carolina has a severe shortage of workers for white-collar positions. To compensate for these weaknesses, both states are funding two of the most extensive vocational programs in the country. Idaho's major selling points are a low strike rate and the fact that it is undergoing one of the most rapid deunionization rates. Florida and New Mexico boast two of the lowest wage rates as well as a very low strike rate among two of the least unionized work forces in the 50 states. Florida also spends the highest amount per worker on vocational training programs.

Utah has a well-trained, nonunion work force, but it also has a high wage rate and the manpower is in a tight market marked by low unemployment. Texas and New Hampshire have low unionization levels. New Hampshire also has a low wage rate but suffers from a tight labor market and a poorly funded vocational program.

Among those ranked at the bottom of the list are Indiana, West Virginia, Hawaii, Missouri,

state shows exceptional performance in capital resources. Mississippi is helped out by its capital resources, primarily distributed through Industrial Revenue Bonds. And North Carolina gets particularly good grades for its labor pool and a low tax burden.

The second tier of states, those that got a B, include most of the industrial states in the country. New York and Massachusetts, for example, have enormous pools of capital for small business people, but also suffer from high taxes and energy costs. Arkansas, on the other hand, offers the fifth-best tax structure and reasonable energy costs, but has little capital. And Maine has an above-average small business activity rate, inexpensive labor, and insignificant cooling costs, but its economy is one of the most depressed in the country.

Pennsylvania and Illinois both got C grades, surprisingly. Those Philadelphia banks help their state get a top-10 ranking in capital resources, but the state is hurt by high taxes, high energy costs, a poor labor picture, and an abysmal rate of small business activity. Illinois, on the other hand, has a surprisingly strong commitment to small business through government programs and a fair amount of capital, but is hurt by its labor and energy costs.

Iowa and Maryland are surprising states to get a D on small business climate. While Maryland has an awakening interest in small companies, particularly high-technology firms, it ranks in the bottom 10 for its tax burden and its energy costs. And Iowa scores well in its tax structure and its government support of small business, but is hurt by a tight labor supply and a shortage of venture capital.

The five states that earned a failing grade are, perhaps, most interesting of all 50. Hawaii is a great place to visit, but it's a tough place to run a business. It has the lowest energy costs in the country, but it's number 49 in taxes, number 48 in labor, and gets poor marks for capital resources and official support for small business. West Virginia's government is sensitive to small business, but the state ranks in the bottom five for labor, taxes, and capital resources, and has the lowest rate of small business activity in the country.

Delaware ranks in the bottom five in

Michigan, Pennsylvania, Ohio, and Oregon, where workers earn among the highest hourly wages in the nation and are unionized at two to four times the level of workers in the top 10 states. The union activity in these lowest ranked states is marked by militancy and memberships that are much more willing to pursue job actions to achieve their goals.

TAXES

1. Nebraska
2. Arizona
3. Texas
4. Indiana
5. Arkansas
6. New Hampshire
7. North Dakota
8. Missouri
9. South Dakota
10. Colorado

Tax rates, it can be argued, are the most important factor in any comparison of state business climates. However, it is often the presence of nontaxation or exemption from taxation that can be the critical element in a fledgling company's survival and growth. Unfortunately, the wide diversity of small business makes it impossible to quantify the exemptions (see table on page 96) offered by each state.

To quantify tax policies for a state-by-state ranking, INC. weighed the tax burden per capita, the recent trends in that burden, and the future trend based on state debt. The tax burden borne by small business was not used because timely and accurate data is not available. Unemployment related taxes, however, were incorporated to more closely approximate the cost of operating a business in each state in tax terms. Nebraska, for example, emerges as No. 1 due to strong performance in all categories but particularly because of a very low employer contribution rate to the state's unemployment compensation fund.

Arizona claims very low debt per capita, leading to the expectation of a low tax rate in the future. The state also has a wealthy unemployment compensation fund that promises low unemployment taxes in the future.

Texas has low debt per capita, but even more important is the absence of a corporate or personal income tax. The Lone Star State also has the lowest employer unemployment contribution rate.

Arkansas scores well in all categories and is especially notable for one of the lowest percentage increases in taxes from 1979 to 1980.

Claiming the lowest taxation rate in the country, New Hampshire has not only avoided taxing personal income but has also kept the lid on its unemployment contribution rate.

North Dakota has a low tax rate, a small debt, and its taxes rose the least in the nation from 1979-80.

Low tax burdens also earn Missouri, South Dakota, and Colorado top 10 rankings.

As expected, states like Massachusetts, New York, and Minnesota, with notoriously high tax rates, are standouts among the bottom 10 on the list, with Alaska earning the dubious distinction of worst case.

QUALITY OF LIFE

1. North Dakota
2. Iowa
3. South Dakota
4. Wyoming
5. Hawaii
6. Rhode Island
7. New Hampshire
8. Vermont
9. Montana
10. Florida

Could North Dakota rank first in quality of life? Where's California, that mecca of sun-seekers and trendsetters? The answer lies in how the quality-of-life factors were tabulated. Unlike the other rankings, for which it was possible to create fairly accurate models that evaluated various factors on the basis of their importance to small business, the quality of life is something that is totally subjective. For example, how does one explain to the ski buff in Colorado that Florida's beaches contribute more to the quality of life than ski trails?

In fact, it is impossible to weight factors for differing lifestyles in the same scale. To establish some measure, however, INC.'s computer selected the states that were the best for the lifestyles they represent. The factors incorporated in the calculations ranged from cultural elements such as orchestras and opera, to quality of health care and education, recreational facilities, and the cost of living. The result is a list of 10 states that represent the best of their breed when personal preferences are considered.

North Dakota, for example, earns top billing on the basis of its crime rate (lowest in the nation), long life expectancy and lower cost of living. Ditto Iowa, New Hampshire, and Vermont. If your preference, however, is culture, health care and other factors associated with living near metropolitan areas, then Rhode Island, Massachusetts (No. 13), or New York (No. 14) are good bets. Sun, surf, and sand? Hawaii or Florida.

And what about California? Based on high cost of living, a tight housing market, and a high crime rate (second in the nation), the Bear Republic emerges as No. 32, just behind Minnesota and North Carolina and just ahead of Oregon and Pennsylvania in a ranking best left to humans.

STATE	INC. overall rating[1]	TAXES[2] Per capita	Unempl.	Exemptions[3]	CAPITAL RESOURCES[4] SBIC index	IRB issues per capita	Gen. obl. bonds	State loans	Bank loans[5]
Alabama	A	$ 493	2.6%	C.P.E.L.M.I.N.R	276.53	$ 66	NO	NO	15.5%
Alaska	D	3,541	4.8	E.N	23.78	0	YES	YES	19.7
Arizona	A	688	2.2	C.P.I	24.59	45	NO	NO	15.6
Arkansas	B	532	2.1	I.N	32.64	45	NO	NO	13.6
California	A	853	3.4	I	116.42	0	NO	YES	18.9
Colorado	A	538	1.3	C[6] P.E.N	106.92	15	NO	NO	17.8
Connecticut	C	591	2.6	P[9] M[10] I	388.04	31	YES	YES	17.9
Delaware	F	886	2.8	C.E[11] L.M.I.N	39.21	43	YES	YES	8.5
Florida	B	542	2.0	C.P[0] E[11] I[12] N	80.45	18	NO	NO	10.3
Georgia	B	533	1.9	L.I.N	45.32	31	NO	NO	14.2
Hawaii	F	1,091	2.8	E	40.18	NA	YES	YES	14.4
Idaho	A	542	2.1	I.N	217.11	NA	NO	NO	16.7
Illinois	C	630	3.3	L[13] M.I.N[14]	18.69	4	NO	YES	24.2
Indiana	B	499	1.6	L[15] M.I[16] N	27.31	72	NO	YES	12.1
Iowa	D	602	2.8	C[17] L[18] M[19] I[20]	8.19	45	NO	NO	11.8
Kansas	B	536	1.8	C[6] L[21] M[21] I[22] N[21]	20.85	45	NO	NO	13.0
Kentucky	B	608	2.2	L[23] M[23] I[23] N	49.45	22	NO	YES	13.2
Louisiana	C	595	3.3	C.L[24] M.N.R	116.36	8	NO	NO	16.8
Maine	B	564	3.1	I.N.R	42.10	34	NO	YES	17.5
Maryland	D	665	3.8	L[23] M.I.N.R[25]	39.34	32	NO	YES	13.0
Massachusetts	B	681	3.5	C.M.N.R	140.35	64	NO	YES	23.0
Michigan	D	643	4.1	C.P.L[26] M.I.N	27.17	30	NO	YES	14.5
Minnesota	A	789	2.3	C.P.E.L[27] M.I.N[28] R	106.98	99	NO	YES	17.6
Mississippi	A	578	2.1	P.L.M.I.N	133.64	100	NO	YES	12.5
Missouri	F	430	2.3	C.P.N	11.28	NA	NO	YES	14.5
Montana	B	554	2.9	C[29] L.I[30] N[31]	11.34	27	NO	YES	15.4
Nebraska	C	549	1.3	I	.00	19	NO	NO	12.6
Nevada	F	679	3.0	C[9] P[9] I[31]	32.20	NA	NO	NO	14.1
New Hampshire	B	302	1.8	P[9] M.I.N	214.68	62	NO	YES	14.7
New Jersey	D	560	3.7	L.M[19] I.N	87.56	79	YES	YES	14.2
New Mexico	B	746	2.1	M.I	248.59	6	NO	NO	18.0
New York	B	721	3.6	C[32] P[33] E[11] L.M[35] I.N.R	69.15	14	YES	NO	24.2
N. Carolina	A	574	2.1	I.N[35]	50.78	36	NO	NO	18.1
N. Dakota	A	566	2.5	C.E.L[36] M[34] I.R[25]	.00	60	YES	YES	14.5
Ohio	B	444	2.4	C.P.L.M.I.N	44.22	67	NO	YES	14.8
Oklahoma	B	614	1.6	L[21] M.I.N	106.01	96	NO	YES	16.7
Oregon	C	576	3.4	C.P.E[37] L[36] I.N	98.06	13	YES	YES	19.4
Pennsylvania	C	617	3.4	E.L.M[38] I[39] N.R	36.25	139	NO	NO	18.2
Rhode Island	D	593	2.9	L.M.I.N.R	24.44	67	NO	YES	20.3
S. Carolina	B	572	2.1	L.M.I.N.R	86.09	68	NO	NO	13.5
S. Dakota	B	393	1.3	C.P.E.L.I	201.01	24	NO	NO	13.4
Tennessee	B	431	1.8	P.L[23] M.I.N	22.58	56	YES	YES	14.5
Texas	A	505	.6	C[9] P.L[40] M	117.71	22	NO	YES	21.0
Utah	C	575	1.7	I	35.27	42	NO	NO	18.6
Vermont	C	540	3.3	L.M.I.N	212.24	49	NO	YES	13.6
Virginia	C	528	1.1	L.M[23]	64.72	57	NO	NO	13.7
Washington	C	743	3.3	C[9] P.E.L.M.I	126.98	0	NO	NO	25.1
W. Virginia	F	649	2.6	C.P.E.N	5.27	18	NO	NO	8.8
Wisconsin	B	713	3.2	C[41] M.I.N	58.94	42	NO	NO	14.8
Wyoming	C	862	1.3	C[9] P.E.I	68.35	88	NO	NO	17.0

LABOR			SUPPORT				
% Unempl.	% Union	Avg. hourly wage index	Procurement prog.	Assist. office	Advisory board	Legis. committee	FOOTNOTES
7.1	19.2	85	10%	NO	NO	NO	1. grade based on total points accumulated in 5 categories: taxes, capital, labor, small business support, and energy.
9.2	26.2	147	NO	YES	NO	NO	2. 1980 per capita data (Bureau of the Census); unempl. is % of total payroll employer pays in unemployment tax (U.S. Employment & Training Admin.).
5.1	13.8	99	YES	YES	NO	NO	3. Key: C=corporate income, P=personal income, E=excise, L=land capital improvements, M=machinery, equip., I=manufacturer's inventory, N=new equip. sales/use tax. Rules exemption to encourage R&D (Site Selection Handbook, Conway Publications, Inc., Atlanta, Ga.).
6.2	15.0	77	NO	YES	NO	NO	4. 1982 Small Business Investment Company financing (SBA); balance between private SBIC financing and state economic activity (Small Business Administration). Small issue industrial revenue bonds (Congressional Budget Office); general obligation bonds (Conway Publications); 1980 state loans (Directory of State Small Business Programs, Office of Chief Counsel for Advocacy, SBA).
6.2	23.7	104	YES	YES	YES	YES	5. total commercial & industrial loans as % of total bank assets (FDIC).
4.8	15.2	102	NO	YES	YES	NO	6. 1980 unemployment rate, seasonally adjusted (U.S. Bureau of Labor Statistics); unionization (Directory of National Unions and Employee Assns., BLS); average hourly wage & fringe benefits for selected manufacturing (U.S. Dept. of Labor).
5.1	21.9	98	15-25%	YES	NO	NO	7. state government's commitment to small business programs; % procurement indicates percent of state purchases awarded small business (SBA).
8.0	21.7	100	NO	NO	NO	NO	8. 10-yr. credit for new business based on jobs investment.
6.0	11.7	79	NO	YES	YES	NO	9. state does not tax personal income. Nevada, Texas, Washington, and Wyoming also do not tax corporate income.
5.1	13.6	77	YES	NO	YES	NO	10. equip. acquired after 1973 exempt from local prop. tax.
6.3	32.1	94	NO	NO	NO	NO	11. does not levy excise tax.
5.7	14.3	100	NO	NO	NO	NO	12. inventory items assessed at 10% of just valuation.
5.5	31.5	112	YES	YES	NO	NO	13. available in Cook County.
5.4	29.3	118	YES	NO	NO	NO	14. phased; fully exempt 1984.
4.1	19.2	118	NO	NO	NO	YES	15. 10-yr. capital prop. tax abatement in urban areas.
3.4	12.8	100	10%	NO	NO	YES	16. finished goods destined out of state.
5.6	22.4	99	YES	YES	YES	YES	17. 50% of federal tax paid.
6.7	16.0	103	10%	YES	NO	NO	18. 5-yr. abatement on land & equip.
7.2	18.3	84	NO	NO	NO	NO	19. tangible property taxed at 1.3% of half its cost; tax repealed for equip. bought after 1/1/77.
5.9	21.0	101	YES	YES	NO	NO	20. first $10,500 of assessed taxable value of pers. prop.
5.5	24.4	90	5%	YES	NO	YES	21. 10-yr. exemption on IRB-financed property.
7.8	34.6	133	YES	YES	NO	NO	22. applies to goods stored in licensed warehouse, provided at least 35% of prior year sales were shipped out of state.
4.2	24.4	104	20%	YES	NO	YES	23. local level only.
5.8	12.4	72	YES	YES	NO	NO	24. capital improvements only.
4.5	30.0	98	NO	YES	NO	NO	25. includes R&D equip.
5.1	24.1	115	YES	YES	YES	NO	26. local option in redevelopment areas.
3.2	15.3	100	NO	YES	NO	NO	27. pollution equip. only.
5.1	22.9	104	NO	NO	NO	NO	28. detachable tools & equip. with useful life up to 1 yr.
3.1	13.3	80	NO	NO	NO	NO	29. 1% credit based on wages for first 3 yrs., to selected new industries.
6.9	23.0	101	NO	YES	NO	NO	30. all inventories reduced to 4% of market value.
6.6	12.1	78	NO	YES	NO	NO	31. no sales/use tax.
7.1	39.2	99	YES	YES	YES	YES	32. up to 10-yr. credit under job incentive program.
4.8	6.5	72	YES	NO	YES	NO	33. credit equal to 4% of qualified capital invested in new equip., facilities with useful life of 8 yrs. or more.
3.7	14.7	89	NO	NO	YES	NO	34. personal property.
5.9	29.5	121	NO	YES	YES	YES	35. 1% preferential rate on new equip. max. $60/article.
3.4	13.5	99	NO	NO	NO	NO	36. new construction only.
6.8	23.1	117	NO	YES	NO	NO	37. credits to manufacturers & processors for prop. taxes paid on goods in process.
6.9	34.2	105	YES	YES	YES	NO	38. sales/use tax excluded on items used in industrial production & research.
6.6	27.1	77	NO	NO	YES	YES	39. tangible personal prop. excluded from local tax.
5.0	6.7	74	NO	NO	NO	NO	40. 7-yr. amortization of depreciation exemption.
3.5	10.3	89	NO	NO	NO	NO	41. credit for sales tax paid on energy.
5.8	17.7	81	NO	YES	YES	NO	
4.2	11.0	95	10%	YES	YES	NO	
4.3	13.0	95	NO	YES	NO	NO	
5.1	17.5	85	NO	YES	NO	NO	
4.7	12.7	83	NO	YES	NO	NO	
6.8	33.1	129	YES	YES	NO	NO	
6.7	36.8	110	NO	YES	YES	YES	
4.5	27.8	112	YES	NO	YES	YES	
2.8	14.9	97	NO	NO	NO	NO	

taxes and energy costs, and Missouri makes the top 10 for its taxes, but ranks in the bottom 20 in labor, energy costs, and capital resources. And, unless you run a gambling business, Nevada may be one of the hardest states to do business in: The state ranks in the bottom 20 in every category.

Missouri, in particular, demonstrates the difficulties in grading states on their relative business climates. INC. didn't consider transportation costs in its analysis, and that factor is one of Missouri's advantages. Its location in the hub of the country's transportation system is an extremely important factor for companies with heavy shipping requirements.

In order to compute rankings in six areas of doing business and to assign a grade to each of the 50 states, INC. programmed a computer to weigh and compare more than 50 factors, based on data from numerous sources. We weighted these factors to reflect their importance to small businesses in general. For example, the availability of venture capital is far more important to smaller enterprises than giant corporations, so INC. placed more emphasis on that factor in ranking the states for capital resources. Likewise, we de-emphasized the importance of unions in the work force, because they affect smaller businesses less relative to large ones.

In addition, INC. generalized the computer model to make sure that the results of our analysis would be meaningful to a wide range of small companies. Energy costs, though, were analyzed for a high-technology, light-manufacturing company. Therefore the energy rankings would be somewhat different if the costs had been calculated from the point of view of a retail or service business, and considerably different for a heavy industrial manufacturing business.

Generalizing factors for whole states was also a problem. Tax burdens, for instance, are not necessarily uniform throughout the whole state. Maryland and Michigan both have very high tax burdens, but some aggressive areas within both states offer substantial property-tax exemptions. And California presents a significant problem in analyzing energy costs, because the whole state spans East Coast latitudes ranging from Connecticut in the north to South Carolina in the south. The degree days required for both heating and cooling cover wide ranges between the northern and southern latitudes. In addition, California, Florida, and New York are difficult states for calculating statewide labor climates: In

each, the unemployment rates are higher in the southern, urban areas than in the northern, rural areas.

Perhaps the most difficult obstacles to creating an objective and meaningful critique of the states' small business climates is the highly subjective nature of the decision about where to locate a business. Among people who study this sort of decision, the current thinking is that most start-up businesses are located where their founders live. If the entrepreneur does have the luxury of deciding where to locate, the decision is most often based on factors that affect his business directly: proximity to markets in the case of regional, distribution companies, for example. Or the decision is based purely on the owner's lifestyle.

But a state's business climate does become particularly important in the case of companies that, having reached the expansion stage, want to find a good location for a new plant or branch office. And, from the state government's point of view, the true measure of managing the business climate well comes from the performance of those small companies already in the state. Without successful small companies, no state can look for real growth.

This report was prepared by Kalkidan Tadda, an editorial intern and Harvard undergraduate, with the assistance of INC. senior editor Bradford W. Ketchum, Jr.

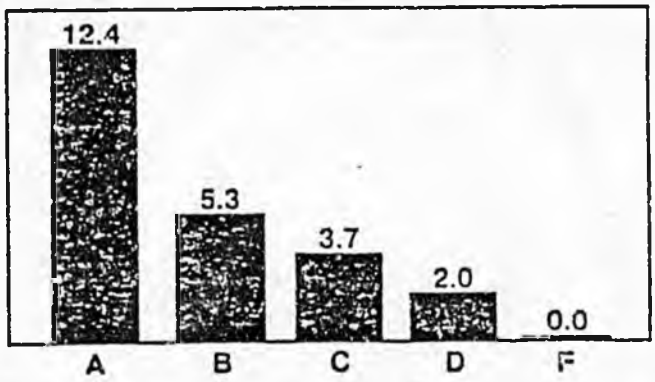
HIGH-PERFORMANCE COMPANIES LIVE IN HIGH-PERFORMANCE STATES

Not surprisingly, there is a direct correlation between the location of the country's fastest-growing, smaller companies and those states with the most positive climate for small business. When we matched up the location of the INC. 200 firms for the last three years and the states that earned an A in our analysis, we found that the top 20% of the states spawned 43% of the fast-growing companies.

From another angle, the relationship between business climate and the concentration of emerging companies becomes more clear. The average number of high-growth firms per state (adjusted) ranges from a high of 12.4 per A state to a low of 0 per F states.

We've adjusted the high-growth-companies-per-state formula to account for two anomalies: New Jersey and Missouri. New Jersey, a D state, has a high number of INC. 200 companies (19) for the last three years. But we discounted that because the business climate probably does less for emerging companies than the state's location in the bustling Northeast corridor. And Missouri is an anomaly: its one INC. 200 company, Billings, only recently moved there from Utah. Because most of the company's growth took place in Utah, we can't really give the credit to Missouri.

NUMBER OF INC. 200 COMPANIES (1979-81) PER STATE



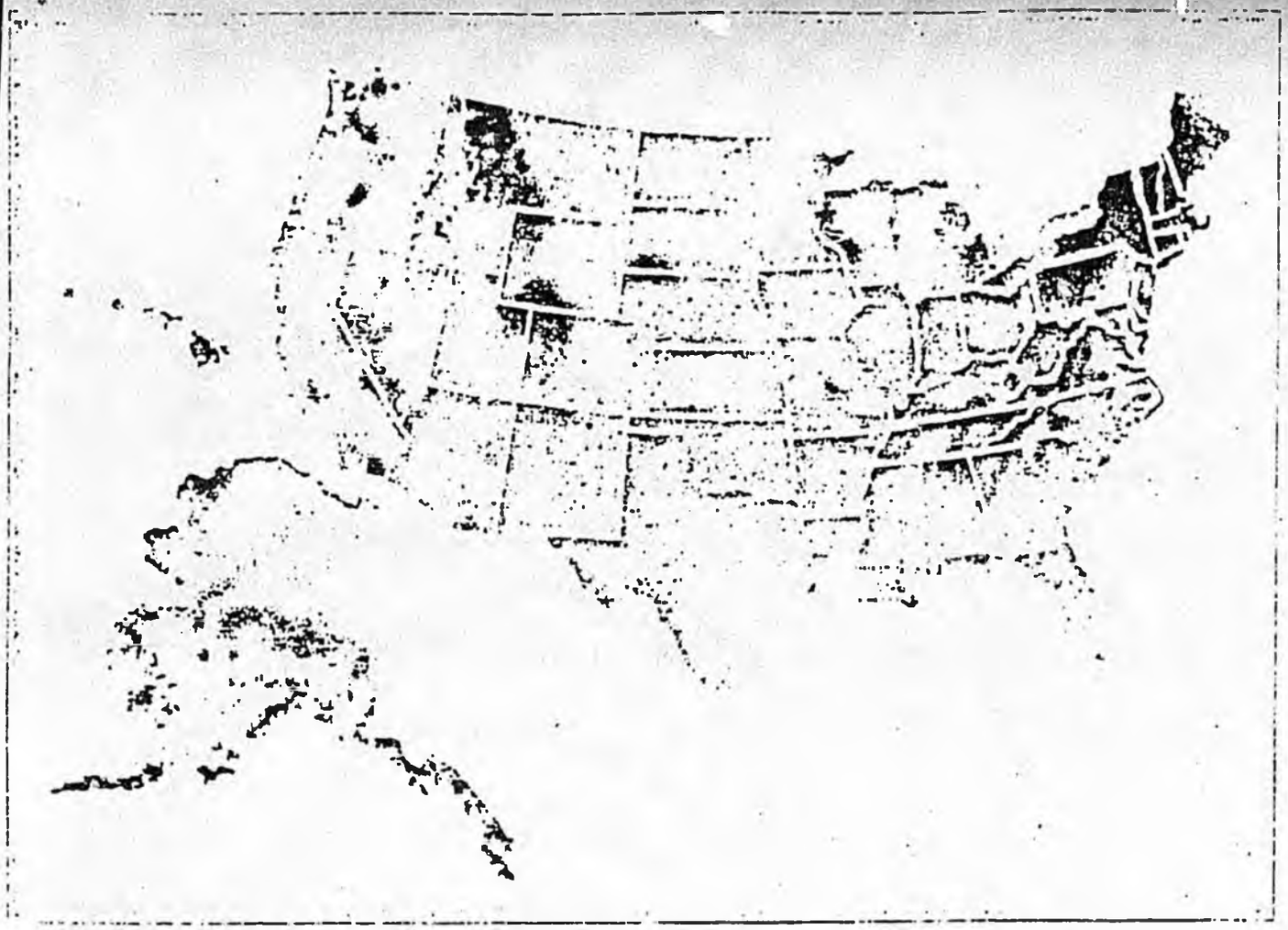
HOW ABOUT PUERTO RICO AND THE VIRGIN ISLANDS?

Puerto Rico may be the perfect choice for companies who have reached the expansion stage, and are now deciding where to locate that new manufacturing plant. Over 30 INC. 200 companies would agree, that's how many have chosen the Puerto Rico option. Agressively pursuing the manufacturing industry (especially in high technology), this tropical island has put together a package of incentives that is hard to beat. Highlights of this package include a complete exemption from U.S. corporate income taxes along with a 90% exemption from Puerto Rican corporate income and property taxes. Another important benefit of operating in Puerto Rico is its low labor costs: less than half of the U.S. average. One of the many interesting programs that Puerto Rico offers is its twin plant concept. This involves sub-assembly work in foreign islands, elsewhere in the Caribbean, at dirt-cheap labor costs. The parts are then shipped back to Puerto Rico (U.S. tariff laws do not require taxation on re-imported parts), and final assembly work done.

These advantages led Puerto Rico located plants to achieve a profit-to-sales ratio of 22.6% compared to 5.7% of their counterparts on the mainland.

The major drawbacks of locating on the island are high shipping costs and management problems because of cultural shock. The high shipping cost can be turned into an advantage if you are interested in servicing the booming economies of Venezuela and Mexico. The culture shock is not really a problem anymore because close to 90% of all industrial plants in Puerto Rico are run by managers who are natives. This means there really isn't a need to send your own vice-president down there.

The Virgin Islands is attempting to lure manufacturing companies with a package of tax incentives consisting of a 100% exemption on real-property and gross-receipts taxes along with a similar exemption from excise taxes on plant-construction expenses. There are also subsidies on federal and local income taxes. Perhaps the major attractions are relatively low labor and shipping costs. The low labor cost is gained from operating in a depressed economy like that of the Virgin Islands. And shipping costs less because the islands are exempt from the Jones Act and do not have to ship their goods to the mainland via expensive American-flagged shipping. The problems in doing business in the islands include high operating costs due to expensive land, utilities, and other such factors. You also have to have a large inventory, since it takes a while to have items shipped from the mainland.



A REPORT ON THE STATES

INC.'s second annual study rates 50 small business climates.

By Bruce G. Posner

If your company's history is anything like that of most small companies, where it is located—be it Palo Alto, Calif., or Portland, Maine—has nothing to do with any carefully drawn corporate plan. Instead, you put the business where you were raised, attended school, or simply wanted to live. Presumably, the area had much of what you wanted of the myriad things that influence "quality of life." Perhaps there was good skiing, music, or a major university within easy reach. Or you may have wanted to be near people in similar vocations, which may be why so many high-technology companies grew or are expanding in California's Silicon Valley and along Boston's Route 128.

Although state officials everywhere wish they could do more to spawn and keep growth-oriented companies, all too often they find that it is hard enough to define the amenities that attract small businesspeople without trying to influence a decision to set up business. But apart from the intangibles in appraising a business climate, there are factors that are both more concrete and, to some extent, within a state's control.

As companies grow, for example, they may need long-term debt and equity, in addition to working capital. They may also need to hire employees who have specialized skills. A company's inability to find such fundamental resources when they are needed can greatly influence its success, and it can also dampen the growth of the economy within the state.

The purpose of INC.'s second report on the states is to compare some of the major, quantifiable aspects of the climate for small business, to help businesspeople and state officials understand better how to make improvements. In selecting the criteria for measuring the 50 states as homes for smaller companies, INC. interviewed economists, state development officials, venture capitalists, and small business executives. INC. also talked with special liaison people appointed by governors to gather information on small business support programs in every state.

The analysis focused on areas of broad concern to all small companies, rather than such factors as transportation and energy, important as these may be to some businesses. Since all small business operators have capital and labor needs and are affected by taxes, we looked at the impact of those three factors on small companies. Growth opportunities in a particular environment are also influenced—sometimes heavily—by external economic and business factors. These factors, therefore, are reflected through a number of criteria under the heading of business activity.

Finally, we examined each state for small business support programs initiated at the executive or legislative level. The mere existence of official support does not

RATING THE STATES BASED ON FIVE MAJOR FACTORS

Rank/state	CAPITAL RESOURCES				LABOR				TAXES
	Bank loans % assets	Comm./ind loans per capita	SBIC finan. per 1,000 pop.	State programs[1]	Avg. wkly. wage	% union	% H.S. grads.	Value added per worker (thou./yr.)	Per $1,000 personal income
Median	53.5%	$ 927	$0.8	–	$317	23%	68%	$43.6	$112
1. Texas	54.8%	$2,527	$3.9	DL	$328	11%	65%	$55.1	$ 98
2. California	64.7	1,468	3.2	DL,LG	339	27	74	48.0	122
3. Colorado	57.9	1,262	3.1	–	326	18	78	45.7	113
4. Florida	49.5	598	1.2	–	265	12	65	37.0	97
5. New Hampshire	63.2	588	1.8	LG	256	16	70	31.2	92
6. Kansas	48.4	1,082	1.4	–	325	15	73	44.0	100
7. Arizona	62.6	888	0.6	–	317	16	73	47.7	133
8. Oregon	58.8	1,112	1.8	DL	352	26	76	39.0	114
9. Oklahoma	52.8	1,921	1.2	DL	329	15	66	42.2	102
10. Washington	58.9	1,382	0.9	–	405	34	76	49.5	109
11. New Mexico	52.7	1,043	2.3	–	259	19	66	36.0	122
12. New York	54.4	4,164	2.2	DL,LG,BG	309	39	66	47.2	163
13. Kentucky	49.2	773	1.0	DL,BG	309	24	53	45.6	104
14. North Dakota	50.1	1,245	–	BG	271	17	68	52.6	102
15. Connecticut	59.7	857	5.1	DL,LG,VC	319	23	70	42.8	105
16. Virginia	60.0	718	0.9	–	270	15	64	36.0	102
17. Nevada	59.5	738	0.3	LG	325	24	76	51.0	105
18. Massachusetts	50.0	1,213	2.1	DL,BG,VC	280	25	72	40.0	139
19. Minnesota	54.5	1,430	2.7	DL	331	26	73	45.5	127
20. New Jersey	53.1	765	0.9	DL,LG,BG	322	26	66	47.4	117
21. Utah	56.5	838	0.1	–	308	18	80	40.4	125
22. Arkansas	52.1	946	0.2	BG	247	16	56	30.4	99
23. Georgia	52.8	683	1.0	–	255	15	59	33.3	108
24. Tennessee	51.9	908	0.5	–	268	19	55	33.7	94
25. Wyoming	53.4	1,54[illegible]	2.6	–	314	19	76	61.4	148
26. Mississippi	50.6	6[illegible]	0.8	LG	236	16	52	31.6	109
27. Montana	55.1	1,17[illegible]	1.2	–	370	29	73	47.9	130
28. Maryland	57.1	55[illegible]	0.3	DL,LG,BG	335	23*	69	43.7	120
29. Missouri	47.4	1,112	0.1	BG	318	28	64	43.6	93
30. Ohio	50.4	757	0.6	DL,LG	390	31	68	46.6	94
31. Rhode Island	55.0	1,426	0.4	DL,LG,BG	240	28	62	28.4	119
32. Idaho	55.8	944	3.5	–	311	18	72	36.0	104
33. Illinois	58.7	2,841	0.7	DL	356	30	66	47.0	112
34. North Carolina	51.4	804	0.5	–	232	10	55	30.6	106
35. Wisconsin	55.8	853	0.6	DL	353	29	70	43.6	125
36. Michigan	54.3	909	0.7	DL	426	37	69	47.6	115
37. Pennsylvania	53.5	1,365	0.5	DL	325	35	65	38.5	116
38. Vermont	66.3	712	1.3	DL,LG	272	18	70	36.6	127
39. Hawaii	60.6	992	0.1	DL	290	28	73	45.1	148
40. Iowa	48.6	854	0.1	DL	379	22	72	51.0	111
41. South Dakota	67.5	1,039	1.5	–	296	15	69	36.6	106
42. Indiana	51.4	726	0.3	DL,LG,VC	376	30	67	43.5	88
43. Nebraska	50.6	965	0.2	–	324	18	74	46.7	111
44. Louisiana	52.2	1,231	1.6	DL,LG	362	16	58	64.9	116
45. Alaska	45.0	978	0.2	DL,BG,VC	457	34	80	54.2	368
46. Alabama	48.7	664	0.7	–	280	22	56	30.8	96
47. South Carolina	48.2	361	0.6	–	250	8	57	27.3	107
48. Maine	54.1	502	0.5	DL,LG	296	24	68	27.8	125
49. Delaware	46.3	551	–	–	333	25	70	49.4	116
50. West Virginia	49.8	499	0.1	DL,LG	347	34	53	43.5	112

1 DL-direct loans, LG-loan guarantees, BG-bond guarantees, VC-venture capital
2 AO-advisory office, OM-ombudsman, AC-advisory council, LC-legislative committee, SC-statewide conference, PS-procurement set-asides.
* Includes union membership in District of Columbia

STATE SUPPORT	BUSINESS ACTIVITY				
Small bus. assistance, (1971-80)	Pop. % change (1971-80)	Employmt. % gain (1971-80)	Pers. inc. % change (1971-80)	Business units per 1,000 pop.	INC.100 companies (1979-82)
–	11.5%	27.7%	45.4%	46	2
AO,OM,AC,LC,SC	27.1	67.8	77.4	47	27
AO,OM,AC,LC,SC	18.5	41.6	48.7	46	49
AO,OM,AC,SC	30.7	61.0	74.2	50	13
AO,OM,LC,SC,PS	43.4	65.9	77.1	55	10
AO,LC,SC,PS	24.6	47.9	56.7	46	2
AO,AC,LC,SC,PS	5.3	63.2	43.5	46	1
AO,OM,AC,SC,PS	53.3	79.7	88.7	49	3
AO,OM,AC,SC	26.5	46.5	64.3	51	4
AO,SC,PS	17.2	46.6	65.6	49	6
AO,LC,SC,PS	21.0	25.1	60.4	47	4
AO,OM,SC,PS	24.7	58.0	67.6	50	2
AO,OM,AC,LC,SC,PS	-3.3	0.6	9.1	46	31
AO,OM,AC,LC,SC,PS	13.7	41.8	44.4	40	1
AO,AC,LC,SC	5.6	50.5	45.5	54	–
AO,OM,PS	2.5	17.0	26.7	43	6
AO,OM,SC	11.8	39.6	50.3	39	5
AO,LC,SC	63.8	96.8	92.0	50	1
AO,OM,LC,SC	0.8	17.1	21.3	40	12
AO,OM,LC,SC	6.9	34.6	37.9	41	18
AO,OM,AC,LC,SC	2.7	17.2	22.2	44	16
AO,OM,AC,SC	37.9	32.6	70.3	48	1
AO,AC,SC,PS	18.5	38.9	60.3	45	0
AO,OM,AC,LC	17.8	37.8	49.7	45	6
AO,OM,AC,SC,PS	13.0	13.3	50.0	42	4
–	41.1	88.6	123.1	57	4
AO,OM,AC,LC,SC	12.9	34.4	50.0	44	1
AO,AC,SC,PS	13.3	42.4	42.3	56	–
AO,AC,LC,SC,PS	7.5	25.6	34.2	35	5
AO,OM,LC,SC,PS	5.1	18.5	31.9	44	1
AO,OM,AC,LC,SC	1.0	13.3	24.9	40	3
AO,AC,LC,SC,PS	-0.4	15.8	25.0	47	–
–	32.3	58.7	61.5	50	–
AO,OM,AC,LC,SC,PS	1.2	14.5	23.9	41	–
AO,AC,LC,SC	15.5	33.8	45.2	41	1
AO,OM,AC,LC,SC	6.5	27.1	36.5	40	3
AO,OM,AC,SC,PS	4.2	15.0	32.6	37	2
AO,OM,AC,SC,PS	0.2	8.6	24.9	42	6
AO,SC	15.0	35.1	29.4	54	–
AC,LC,SC	25.3	37.5	41.0	52	2
OM,AC,LC,PS	3.1	24.7	31.9	47	1
AC	3.8	36.0	30.4	50	–
OM,SC,PS	5.7	17.4	31.0	39	6
AO,OM,SC	5.3	30.7	34.4	49	–
AO	15.3	51.8	65.8	46	1
OM,SC	32.5	84.3	93.3	49	1
OM,SC,PS	12.9	34.4	50.9	41	2
AO,SC,PS	10.8	41.0	53.0	42	3
AO,OM,AC	13.2	26.3	38.9	49	–
AO,OM,AC,LC,PS	8.6	21.3	29.6	44	–
AO,OM,LC,SC,PS	11.8	25.1	49.1	43	–

Sources (by column, left to right): Federal Deposit Insurance Corp. (1,2); U.S. Small Business Administration (3); State development agencies (4); U.S. Department of Labor, Bureau of Labor Statistics (5,6); U.S. Department of Education (7); Bureau of Census, Census of Manufacturers (8); Tax Foundation (9); INC survey of 50 states (10); Bureau of the Census (11); Bureau of Labor Statistics (12); U.S. Department of Commerce, Bureau of Economic Analysis (13); Bureau of the Census, County Business Patterns (14); INC. (15).

guarantee that significant numbers of small companies are being helped. However, support for innovative programs and a strong commitment to small business at high levels can be enormously useful. Through special programs, a state can leverage its existing capital and labor resources to the benefit of small businesses. State support can also soften the effects of a declining economy.

INC. ranked the 50 states in five categories. Each category—capital, labor, taxes, business activity, and state support—was weighted to reflect its relative importance to small companies. The scoring system was based on a scale of 100 points. Because most of the experts we spoke with considered capital resources and state support the two most critical factors, each was given 25 points. Taxes, while always an area of real concern, received only 10 points, the lowest weighting, since taxes rarely play more than a minor role in the investment decisions of small companies. Labor and business activity were each weighted at 20 points to reflect their broad significance to smaller companies. Calculated by this method, the overall scores range from 82 for Texas to 33 for West Virginia.

Texas achieved the top overall ranking with an unbeatable combination of strong capital resources, an effective labor force, and a low tax burden. But it was further aided by a high level of business activity within the state and official support for small business. California and Colorado, with higher tax rates than Texas, placed second and third, respectively, largely because of their strength in capital and labor. Each also received a very helpful boost from a robust economy.

Fourth-ranking Florida scored very favorably in labor, taxes, business activity, and small business support, but appeared in the bottom 10 for capital resources. For the other states scoring low in capital, such as West Virginia and Delaware, the impact on the overall ranking was often devastating. They did not compensate as well as Florida did with strengths in other areas.

West Virginia, for example, ranked 50th overall and scored weakly on labor and business activity and only average in taxes and small business support. Its ranking of 49th in capital resources—low lending activity compared with bank assets—compounds its weakness in other areas. Delaware, although somewhat stronger than West Virginia in labor and business activity, also suffers from its poor showing in capital. It ranks last in the capital category and 49th overall. In fact, four of the five lowest-ranking states on the summary table (West Virginia, Delaware, South Carolina, and Alabama) are the weakest four states for capital resources. The fifth state, Maine, ranks 48th overall and also suffers in terms of capital.

The influence of other categories, while important, proved less decisive in a state's ranking. Although 7 of the top 10 states had very favorable climates for labor—only Oregon, Oklahoma, and Washington did not—poor performers in labor (reflecting such factors as high levels of wages, low level of education, and the strong presence of organized labor) did not automatically suffer in the overall rankings. In fact, only three states scoring low in labor—Indiana, West Virginia, and Alabama—appeared in the bottom 10 overall. Other high wage and highly unionized states, such as Ohio, Illinois, Michigan, and Pennsylvania, ranked higher because of stronger showings in other areas.

At first glance, Indiana's rank of 42 seems surprisingly weak in relation to such midwestern neighbors as Illinois and Michigan. While none of these states ranks very favorably in terms of labor or business activity—measures by which Illinois ranks at the very bottom—Indiana distinguishes itself by having the lowest taxes (per $1,000 of personal income) in the nation, while Illinois and Michigan fall in the middle.

Nevertheless, Indiana parts company from Illinois and Michigan in small business support activities. Unlike Michigan, for example, Indiana has neither a small business assistance office nor a governor's advisory council on small business. It also lacks a legislative committee devoted to small business matters, as Illinois and 11 other states have had and as 9 states have now added. To Indiana's credit, though, its officials have recently shown an interest in bolstering small business capital resources through the state's new Corporation for Innovation Development (see page 100).

A careful examination of the accompanying table shows that even states that appear quite similar can differ dramatically. But the most useful discovery may be that each of the 50 states has its own set of strengths. The Midwest and the New England states, for instance, are clearly not seeing the same heady growth as Texas and California. But both regions can become vibrant areas for small companies.

Increasingly, states concerned about the future are examining their support programs as the most obvious way of upgrading their climate for small business. Delaware, for example, made notable strides in the past year when it created four support vehicles—an advisory council, a legislative committee, an assistance office, and a program requiring the state to purchase goods and services from small companies.

THE BEST OF SHOW

Capital: Activity at the money centers

1. California
2. Connecticut
3. New York
4. Texas
5. Massachusetts
6. Minnesota
7. Colorado
8. Illinois
9. Oklahoma
10. Wyoming

High interest rates, as the past couple of years have painfully shown, can be catastrophic for small companies, wherever they are. Generally, states can do very little to mitigate borrowing costs for small companies. Apart from the cost of funds, though, capital resources vary widely from state to state. What is more, the types of resources in place in the state and how they are being used can be critical if, like most companies, yours cannot meet all its capital needs. Therefore, capital resources, along with state support programs, receive our heaviest overall consideration in ranking the states' climate for small business.

To see how the states stack up in terms of capital resources for small business, INC. looked first at two sets of banking industry figures—total state commercial bank loans as a percentage of total assets, and commercial and industrial bank loans on a per capita basis. While these measures don't tell what types of businesses are getting the loans—or even whether all the funds are being lent within the state—they usually reflect the degree to which banks are using their asset bases for aggressive lending to meet the working capital needs of business.

INC. also analyzed the states for special capital programs, such as direct loans, loan guarantees, bond guarantees, and state-sponsored venture capital investing, in the belief that these can help bring capital other than working capital to small companies. Because most experts believe that even small-issue industrial revenue bonds tend to benefit large companies and their subsidiaries with solid credit histories, we didn't consider IRBs. Finally, INC. looked at small business investment company (SBIC) investments in the states on a per capita basis, as an indicator of the relative availability of venture capital.

California, with its aggressive banks and active SBICs, emerges as the state with the most extensive capital resources for small business, a distinction it certainly would have earned more easily had all sources of private venture capital been included. Next come Connecticut and New York, whose ranks reflect their active banks, SBICs, and the targeted capital programs in place. Oklahoma and Wyoming aren't usually thought of as states with substantial capital resources, but both benefit from high levels of SBIC investments and per capita commercial and industrial bank loans.

South Carolina, West Virginia, and Delaware emerge as the states where a lack of capital resources—or an unwillingness on the part of commercial banks to lend—poses hurdles for growing small businesses. For instance, commercial and industrial lending in these three states is anemic compared to that in the rest of the states. Low levels of banking activity within a state can, of course, stem from depressed loan demand in a slow economy, but conservative bankers seem to be at least as great a factor.

Labor: The Plains states set the pace

1. Wyoming
2. North Dakota
3. Nevada
4. Kansas
5. Nebraska
6. Arizona
7. Colorado
8. New Hampshire
9. Utah
10. South Dakota

When it comes to labor, the needs of different types of small businesses vary substantially. Most companies, of course, are interested in keeping labor costs down as much as possible. But few can afford to ignore requirements involving skill and concerns over productivity.

In examining labor markets within each state, INC. looked at comparative wage levels for manufacturing and at comparative levels of unionization, which can be a factor in high wages. But in addition to factors affecting the price of labor, INC. also compared the states by levels of productivity and by levels of education among workers.

For productivity, the question was how much each worker added to the value of manufactured goods. In education, the percentage of state residents over the age of 18 who have completed high school was considered, although companies needing highly skilled employees might consider the number of engineering graduates.

At the top of the chart for labor are Wyoming, North Dakota, Nevada, Kansas, and Nebraska. Among these high scorers, however, Kansas is the only state with low union activity. None of the 5 states ranks among the top 10 in terms of low wages. In all but North Dakota, however, 73% or more of their residents over the age of 18 hold high school degrees.

Poorest performers in the labor category are West Virginia, Illinois, Indiana, and Pennsylvania. They have work forces in which only 53% to 67% of the workers hold high school de-

Such programs can be extremely valuable for bringing awareness and help to small companies. But for states facing difficult economic times and declining industries, the future may require more specialized programs in the areas of capital resources, job training, and technical assistance—all aimed at broadening opportunities for small businesses.

In the past, several states targeted most of their initiatives at existing companies, through efforts such as technical assistance programs in conjunction with universities. But increasingly, some states—Pennsylvania, Georgia, and New York, for example—appear to be highlighting new companies as the important thrust in their economic development efforts. Each of these states is directing money into supporting technology-based start-ups, with technical universities playing key roles (see page 100). Notes Roger Vaughan, a consultant at the Council of State Planning Agencies in Washington, D.C., and former deputy planning director of New York, "States interested in distinguishing themselves will have to do a lot more in helping new businesses come about."

Just as important to the small business climates of many states, though, may be how well the capital and labor needs of growing companies can be met. A growing number of states are considering such measures as the revamping of investment guidelines on public employee pension funds and increasing the outlays for technical education. Through its new Technology Park Corp., for instance, Massachusetts is putting up $20 million for a center co-funded by industry in order to train engineers and other technical specialists in microelectronics.

Some experts are convinced that every state will need to help reshape its workforce to accommodate businesses. During the next decade companies are going to need a great many technically competent workers for seemingly nontechnical jobs, according to a number of authorities on small business.

It may not be easy for public officials to think about helping small business in such ways, especially in the Midwest and the South, where the emphasis has long been on big companies and large manufacturing plants. "Politicians don't have to learn how to wave 1,000 jobs around," says Alexander Dingee, president of Venture Founders Corp., a Waltham, Mass., company specializing in assistance to start-up companies. "But it's a lot harder for them to make election-year claims about how they've helped small companies."

Bruce G. Posner is an associate editor at INC.

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grees, and all are heavily unionized in their major industries. In addition, wages for Illinois and Indiana workers average among the highest for manufacturing in the nation.

State support: Kentucky leads the bandwagon

1. Kentucky
2. New York
3. Illinois
4. California
5. Wisconsin
6. Ohio
7. Delaware
8. New Jersey
9. Mississippi
10. Kansas

Official state recognition for small business won't make or break small companies very often, but it can give them a boost from time to time and help create a positive business climate. Programs that provide reliable information or technical assistance, for example, can save business operators both time and money.

INC. surveyed the 50 states to identify those that address the concerns of small companies through small business assistance offices, ombudsmen, statewide small business conferences, standing legislative committees, and governors' advisory councils. Nine states have created new legislative committees in the past year, bringing the number of legislatures with small business committees to 21. What is more, 13 governors have recently formed new advisory councils, bringing to 29 the number of states with that form of small business support.

The number of states committed to purchasing a specified portion of their goods and services from small businesses—usually 5% to 15%—has also increased substantially. Twenty-five states currently have procurement set-aside programs, 10 of which were established in the past year.

Kentucky, New York, and Illinois emerge at the top of the charts for official state support for small business. They are the only three states in the nation with a full array of the programs measured in INC.'s survey. But even more noteworthy is that, in the past year, 25 states have upgraded their small business support activities.

The most improved state is

Delaware, which installed four new components to its small business support: an assistance office, an advisory council, a legislative committee, and a procurement program. Almost as impressive is New Hampshire, which added three programs but still lacks an advisory council.

Among the other states demonstrating increased support are Mississippi, Kansas, Rhode Island, Maryland, and Missouri.

Taxes: Indiana takes the smallest bite

1. Indiana
2. New Hampshire
3. Missouri
4. Ohio
5. Tennessee
6. Alabama
7. Florida
8. Texas
9. Arkansas
10. Kansas

As unpleasant as taxes are to many small companies, their importance to a state's overall business climate is seldom on a par with such factors as capital and local resources. Nevertheless, the level of state and local taxes that businesses and individuals must pay tells something about whether it is possible to operate and grow in that state.

Since states tax businesses so differently—by income, payroll, or inventory, for example—and vary greatly in terms of tax credits allowed, state officials and tax experts agree that any direct comparisons are nearly impossible. Instead, INC. focused on the overall level of state and local taxes as related to each $1,000 of personal income—a measure that can be examined on a state-by-state basis. By this measure, Indiana's tax rate of $88 per $1,000 was the nation's lowest, followed by New Hampshire ($92), Missouri ($93), and Ohio and Tennessee (both with rates of $94).

The state with the highest tax was Alaska at $368, although in reality nearly all of the state's revenue is drawn from big energy companies. (In fact, most

Alaskans pay no state or local taxes.) New York, where individuals pay $163 per $1,000, was No. 2, although it has just enacted new rules for start-ups (see page 101). Following New York are Hawaii and Wyoming (both $148) and Massachusetts ($139).

Such tax burdens are comparatively stiff. But tax specialists and economists point out that high state taxes rarely influence a business decision about whether to start up or expand in a particular location—except in the unlikely event that other variables are equal. For one thing, higher taxes can mean better services and schools. "If you can sell 10 times as many widgets in New York as you can in Mississippi or Alabama, you don't mind paying those high taxes," says a national tax partner for a Big Eight accounting firm. "Taxes are usually just the tail," he says, "not the dog."

Bradford W. Ketchum Jr., a senior editor at INC., *assisted in the preparation of this section. Anita Harris, a freelance writer, and Carol Holliday Blew, a business analyst, both based in Boston, assisted in research and data analysis.*

A REPORT ON THE STATES

BOOSTING SMALL BUSINESS

Overcoming an antibusiness bias

The idea of states cutting red tape for development permits and business licenses is nothing new, but Oregon has added some creative wrinkles to overcome a nagging antibusiness reputation.

Antigrowth sentiment was so strong in Oregon during the 1970s that then-governor Thomas McCall once quipped, "Come visit us, but for God's sake, don't stay!" That line was apparently

delivered in jest, but Oregon, reeling from the construction industry slump, which has shut down most of its lumber mills, is still working overtime to convince business that the state wants diversified growth and jobs.

Companies interested in doing business in Oregon were concerned about the need to obtain environmental and other permits, so the state decided to copy neighboring Washington and institute a "one-stop" center, where information on all requirements for permits could be obtained. "Oregon became the second state in the country to apply the one-stop concept," says Paul Haugland, manager of Oregon's Office of State Regulation Assistance. Haugland headed Washington's pioneer program and was hired away by Oregon, where he has carried the idea much further.

Last year, legislation was passed that, in effect, gives businesses a regulatory guarantee. "We'll look at your project and tell you every permit and license you're going to need," explains Haugland. "If it turns out that we slipped up and forgot one, it's on us. You don't have to get it."

So far, the office hasn't missed a permit, so the legal question of what would happen if someone sued to block a project because of a forgiven license has never been resolved. But no one questions the merits of allowing a business to find out about all its permits at once.

Any company planning to set up shop in Oregon now fills out just one 4½-page application. In 30 days, according to Haugland, his office will provide the guaranteed list of permits needed for the project. The office then acts as an advocate for the company in resolving any difficulties with state agencies.

Pension fund steps in

Late last year, Graydon Webb, president of G. D. Ritzy's Inc., wanted to expand his fledgling fast-food restaurant business, headquartered in Columbus, Ohio. Webb, a former vice-president for franchise sales at Wendy's International Inc., the highly successful hamburger chain, was eager to grow beyond his two outlets in the Columbus area, but doing it with a lot of debt would not be easy. Fortunately for Webb, he didn't have to. His company received a $2 million equity investment—and from a very unlikely source: the Public Employees Retirement System of Ohio (PERS).

In exchange for 40% of its stock, G. D. Ritzy's became the $6.5 billion PERS's first small company investment since the Ohio legislature liberalized investment guidelines earlier in 1981. PERS, like most of the nation's public employee funds, had previously been governed by statutes limiting investments to larger, publicly traded companies. Thus, most of its investments were in highly rated debt of big companies, some of which were based outside the state.

Under the new guidelines, the Ohio fund is now authorized to put 5% of its assets—or up to $325 million—into any partnership, proprietorship, or corporation that is either based in the state or has half of its assets or employees there. "Pension funds," says Robert McLaughlin, a PERS investment officer, "can step in to fill the financing gap to the benefit of the local economy and the performance of the fund." While it may take a while for PERS to find appropriate investments, in time it could put money into dozens of Ohio businesses and generate jobs there.

Other states seem to be following Ohio's lead in an effort to direct new capital into emerging companies. Neighboring Michigan, for example, badly scarred from the prolonged slump in the auto industry, recently adopted legislation permitting state pension funds to put up to 5% of its $6.7 billion State Employees' Fund in Michigan small companies and venture capital firms.

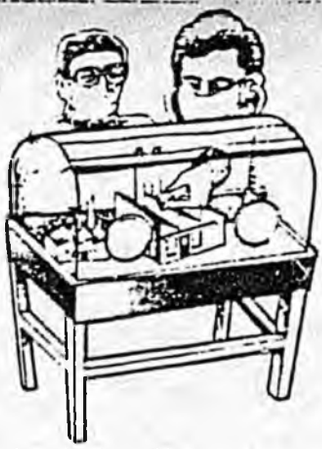
From ivory tower to marketplace

Pennsylvania was a pioneer in acknowledging the importance of technology transfer when it created the Pennsylvania Technical Assistance Program (PennTAP) in 1965. The program linked the state's small business community to existing academic resources. Now the state has begun to carry its role as business problem-solver one step further.

Later this year, a new state-supported program called the Ben Franklin Partnership will get under way with $1 million of state funds, to be matched by an equal amount of private money. Pennsylvania's idea is to further leverage university resources, which are already bringing technical assistance to small businesses, to assist entrepreneurs in product commercialization and applied research.

PennTAP, based at Pennsylvania State University, at University Park, has already earned its spurs with many smaller companies, in which lack of research facilities and personnel can make even a small technical problem loom very large. I. N. Rendall Harper Jr., president of American Micrographics Co. in Pittsburgh, for example, knew he was wasting lots of silver from the film plates he uses in his business but didn't know if it would be economical to recover it. PennTAP introduced him to Penn State researchers, who showed him how to reclaim the silver while complying with federal environmental rules.

Pennsylvania is not the only state with this type of incubator program. Georgia and Tennessee are among the others that



have built small business programs around their universities. The result, says Reuben Harris, director of the Center for Industrial Services at the University of Tennessee, is that "businesses can get the help they need, and ivory tower professors get real-world experience."

Pennsylvania's Ben Franklin Partnership will operate from regional centers around the state. But instead of dealing only with technical problems, as PennTAP does, it will develop ways to move new ideas from the laboratory to the marketplace. The state hopes the new program will help create growth in advanced technologies, such as robotics, biotechnology, and magnetics, as a means of offsetting declines in Pennsylvania's older industrial base.

A fresh approach to capital

No matter where an enterprise is based, finding equity capital for growth is often one of the toughest problems an entrepreneur faces. Private venture capitalists put money in few deals, and few states are willing to expose public funds to high risks. But even in the fiscally conservative Midwest, Indiana seems to have found a way to bring a new source of venture capital to the state's small companies.

Indiana's new Corporation for Innovation Development (CID), authorized last year by the legislature, will be capitalized by private investors, who get a credit—30% of their investment—against their state taxes. While granting tax credits means that Indiana will give up some revenue initially, Lieutenant Gov. John Mutz points out that the approach allows the state to "leverage additional private investment while leaving venture capital investment decisions to the private sector." If the enterprises are successful, they will pay taxes.

Indiana expects CID to draw at least $8 million of private funds, primarily from the state's com-

mercial banks, insurance companies, utilities, and manufacturers. The corporation, which will eventually pay investors Indiana state tax-exempt dividends, could make its first investments by the end of the year. And while it is too soon to say where the money will actually go, Marion C. Dietrich, CID's president and chief executive officer of Cummins Engine Co. in Columbus, Ind., says CID is particularly interested in funding enterprises that are devising productivity improvement technologies to assist manufacturing industries, such as auto and steel.

By law, CID must put its money into Indiana start-ups and new federally licensed small business investment companies. Dietrich reports that the corporation also plans to participate in leveraged buy-outs.

In creating CID, Indiana joins Connecticut and Massachusetts, among a few other states, in developing programs to make more venture capital available. Since its establishment in 1972, the Connecticut Product Development Corp. (CPDC) has committed about $5.3 million to finance product development by 39 companies within the state. When these businesses bring products to market, CPDC claims a royalty, which in 1981 amounted to $219,000. Since 1979, meanwhile, the Massachusetts Technology Development Corp. (MTDC) has invested about $3.7 million in 16 businesses, helping, it says, to make available an additional $14 million in capital for the companies from private sources.

"Private venture capitalists aren't geared to high-risk investments," says Fred Schmid, president of Crystal Systems Inc., a Salem, Mass., company that recently struck out in its efforts to attract private equity investors. Crystal Systems produces industrial synthetic sapphire crystals, but it needed new capital to develop a silicon product for commercial photovoltaic applications. Although private venture capitalists kept saying no, MTDC agreed to lend Crystal Systems $250,000 for seven years, in the belief that a market will eventually develop for the product.

What is more, MTDC's loan enabled Crystal Systems to get a larger credit line from its bank and another $500,000 in long-term debt from another lender. "MTDC's investment showed confidence in the business at a critical time," Schmid says.

The enterprising states

While the Reagan Administration's controversial proposal to create urban enterprise zones in depressed areas is still being considered by Congress, a few states are taking matters into their own hands. Regardless of what finally happens in Washington, Connecticut has passed enabling legislation for its own brand of enterprise zones. This fall it will decide which of the state's economically depressed communities will be the new enterprise zones.

Other states, including Virginia and Kentucky, have their own enabling legislation, and still more are looking at enterprise zones to stimulate business and employment. Connecticut's programs, for example, will offer companies state and local property tax relief, as well as $1,000 grants for each job created. What seems to distinguish Connecticut's plan from those being developed elsewhere is its focus on small businesses.

Such an orientation wasn't accidental. "We're interested in overall development of the zones," says John J. Carson, Connecticut's commissioner of economic development, "so we're targeting small and medium-sized businesses."

Many have criticized the federal enterprise zone plan because it would primarily benefit large corporations that can use tax write-offs. Instead of stimulating new business, this might merely lead to shifts of corporate assets from one side of town to another. Such concern has led small business advocates to suggest that any tax credits be made refundable, to ensure that they are useful to new and small businesses needing cash flow more than tax benefits.

While Connecticut didn't opt for refundable credits, it did establish a new $1 million loan fund for small companies operating within the zones. The fund will lend a company up to 25% of its fixed or working capital, up to a maximum of $100,000 for manufacturing concerns and $50,000 for retailers. It will lend the money for seven years at one percentage point higher than the rate of the state's most recent general obligation bond offering.

Connecticut's enterprise zone legislation will also assist small companies with a unique job-voucher system designed to reduce the cost of finding qualified workers. The state labor department will determine which workers qualify for job credits either as zone residents or under the guidelines of the federal Comprehensive Employment Training Act (CETA). Those who do qualify turn vouchers over to the zone employer who hires them, says Carson, thus saving small companies the sometimes hefty cost of screening employees.

Going for growth in job training

Job-training programs may be coming of age with a new program in Arizona that targets funds for employment in such high-growth industries as electronics and aerospace. Arizona is taking an approach that is different from such states as North and South Carolina, Georgia, and Alabama, where job-training programs have been offered to almost any company willing to set up shop in the state—even when the jobs are in such declining domestic industries as textiles and furniture making. To minimize unemployment problems down the road, Arizona's Office of Economic Planning and Development tries to help only those employers that are apt to generate growth.

The state conducted a major study titled "Opportunities in Arizona for Suppliers of High Technology Manufacturers," which amounted to a series of market studies for a number of industries. Now Arizona can offer job-training subsidies of up to 50% of wages for six months to industries in the state showing the greatest growth potential.

"We're trying to avoid training people for dead-end jobs," says Alton Washington, the state's manpower program manager. He reports that in the program's first year of operation, 8,000 people have been or are being trained by new programs.

Early indications point to satisfaction on the part of the employers. Comtec Economation Inc., for instance, a maker of electronic quartz crystals, is using the program to train 200 employees in Flagstaff. "It took the state only eight weeks to accept our application for training assistance," says Dave Convery, general manager.

A shift in tax incentives

While most state legislatures seek ways to stimulate business through an array of tax incentives, New York has a sharper focus. Eager to spur development of new—particularly high-technology—companies, New York this year began exempting investors in new businesses from capital gains tax payments as long as their money is held in a company for at least six years.

The state has also granted its 6% investment tax credit and its new 10% research and development investment tax credit to new concerns. These measures are meant to provide willing investors and greater cash flow in the early years of a business.

Whether the policy will have its intended impact won't be apparent for some time. The first investment tax credit refunds won't come until next year, and the capital gains exemption won't come into play for four years, when a portion of it becomes available. But an intense lobbying effort by the National Federation of Independent Business to have both measures apply to all small companies suggests that at least some people believe these measures could be significant spurs to investment.

In September 1981, California dropped the capital gains tax on long-term investments in all small independent businesses—except those dealing in tangible assets, such as gems and collectibles. No concrete results are yet evident, but Michael Kieschnick,

director of California's Office of Economic Policy, says, "I've gotten hundreds of calls from lawyers and accountants." Kieschnick plans to conduct a survey this fall to see how the California exemption of capital gains for new small businesses has affected investment decisions.

David Ludlorff, a New York City-based freelance writer, assisted in the preparation of this section. Counsel for Community Development Inc., a Cambridge, Mass., consulting firm, contributed material.

HCR

51

To: House Resources Committee Members

From: Committee Staff

Date: February 26, 1984

Re: CS for HCR 51

The proposed CS for HCR 51 makes only two basic changes in the bill, as follows:

1. It incorporates the change approved by the committee on February 20, by adding, on page 2, line 7 "two members representing the adjacent residential areas to be affected by development of the Delta Junction Bison Range", and the related change on page 1, line 27, from "seven-member" to "nine-member";

2. It deletes all references to the bison drift barrier, found in the original bill on page 1, lines 26 -29, and on page 2, lines 15 - 17, which reads "and the construction and maintenance of a bison drift barrier along the southern boundary of the Delta agricultural project;"

The deletion of the bison drift barrier reflects the present form of HB 552, where the appropriation for the fence was amended out. Further, the prime sponsor feels that to say in the resolution where the fence would be built is inappropriate.

Alaska State Legislature

COMMITTEES
Co-Chairman — House Resources Committee
Chairman — REAA Budget Oversight Committee
Member — House State Affairs
DOT — Finance Sub Committee

While In Session:
Pouch V
State Capitol
Juneau, Alaska 99811
Phone (907) 465-4951
465-4940

Home P.O. Box 355
Delta Junction, Alaska 99737

House of Representatives

Dick Shultz

M E M O R A N D U M

Date: February 16, 1984

To: Representative Ringstad

From: Representative Shultz

Subject: HCR 51

In my District teleconference last night, I received a lot of testimony concerning the Bison Range Advisory Committee which is discussed in HCR 51. Most of this testimony came from people who live in the immediate area of the Bison Range, but who are not farmers. Because the development of the range would have an affect on them, they feel that they should be represented on the committee.

Therefore, I have prepared the following possible amendment to HCR 51 for the review of the Resources Committee:

Page 2, Line 10: Add "(6) two members representing the immediate residential area to be impacted by development of the bison range;"

adopted w/o objection

Proposed amendment to HCR 51

Page 2, line 10: Insert the following:

(6) two members representing the immediate residential area to be impacted by development of the bison range;

Page 2, line 2: Delete "SEVEN-MEMBER" and replace with nine-member

Official Business

Alaska State Legislature
House Resources Committee
SIGN-IN

FEB. 20. 84

HCR 51
BISON

NAME	ADDRESS	PHONE	REPRESENTING

Alaska State Legislature

COMMITTEES
Co-Chairman — House Resources Committee
Chairman — REAA Budget Oversight Committee
Member — House State Affairs
DOT — Finance Sub Committee

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Therefore, I have prepared the following possible amendment to HCR 51 for the review of the Resources Committee:

Page 2, Line 10: Add "(6) two members representing the immediate residential area to be impacted by development of the bison range;"

page 2, Line 2: Add nine

Delete [seven]

New

13-1923
Hein
2/6/84✓

IN THE HOUSE BY SHULTZ

HOUSE CONCURRENT RESOLUTION NO.

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTEENTH LEGISLATURE - SECOND SESSION

Relating to the appointment of a Delta Junction bison range advisory committee.

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

WHEREAS the Delta Junction bison herd is a highly valued state wildlife resource; and

WHEREAS drawing permits issued for the hunting of Delta Junction bison constitute a valuable source of state revenue; and

WHEREAS the Delta Junction bison herd has established the Delta agricultural project as a fall and winter range; and

WHEREAS the feeding, wallowing, and traveling by the Delta Junction bison herd within the Delta agricultural project has resulted in damage to crops, monetary loss to local farmers, legal conflicts, and physical harm to the herd; and

WHEREAS the bison range concept is a proven means of keeping bison in an area as long as adequate forage is available on the range; and

WHEREAS the current state of development of the Delta Junction bison range area is inadequate to sustain bison for more than a few weeks; and

WHEREAS the expansion of available forage on the Delta Junction bison range area is required to provide a winter range for the Delta Junction bison herd and to effectively keep the herd from grazing within the Delta agricultural project; and

WHEREAS a bison drift barrier must be constructed along the southern boundary of the Delta agricultural project to prevent the Delta Junction bison herd from drifting onto the project and causing further harm to crops;

BE IT RESOLVED by the Alaska State Legislature that the governor is requested to appoint a ~~seven~~ 9-member Delta Junction Bison Range Advisory Committee with members representing the following interests:

(1) two members representing the Delta agricultural project;

(2) two members representing Delta Junction sport hunters and the state fish and game advisory committee;

(3) one member representing nonconsumptive wildlife users;

(4) one member representing timber, mining and other consumptive natural resource industries; and

(5) one member representing the tourism industry; and be it

FURTHER RESOLVED that the governor is requested to provide that the committee shall consult with and offer its advice to the Department of Fish and Game, the Department of Commerce and Economic Development, and the Alaska Agricultural Action Council, on matters relating to the game management plan required under AS 16.20.310 and the construction and maintenance of a bison drift barrier along the southern boundary of the Delta agricultural project; and to provide that a member of the advisory committee is not entitled to per diem, travel, or other compensation from the state for the performance of acts as a committee member.

BACKGROUND

HCR 51

"Relating to the appointment of a Delta Junction bison range advisory committee."

In the late summer of 1983, a group of Delta Junction area residents began meeting in efforts to find a solution to the continuing problem of the Delta bison herd and the detrimental effect of growth in the Delta area on the herd. Most Alaskans are well aware of the problem in that bison have been shot by farmers and a virtual range war has been going on almost since the beginning of the Delta agricultural project in 1979.

This group, which called itself the "Delta AdHoc Committee", was comprised of farmers, business and community leaders, the timber industry, the Delta Chamber of Commerce, the City of Delta Junction, the Alaska Department of Fish and Game, the U.S. Soil Conservation District, the Deltana Corporation, the Cooperative Extension Service, the Alaska Agricultural Action Council and the Delta Sportsmen's Association. Their goal was to find a compromise solution to the ongoing problem and establish an atmosphere where the bison herd, sport hunting, agriculture, tourism, and other community interests could co-exist.

When HB 551 was introduced, it included a provision that the Governor establish a Delta Junction bison range advisory committee. The goal of this provision was to establish a replacement for the AdHoc Committee and give it the necessary clout to assure that the bison range was properly completed and managed. In subsequent discussions with the administration, it was determined that the Governor did not wish to have the legislature dictate the establishment of ANY new boards, commissions or committees. With this in mind, Representative Shultz recommended to the House Resources Committee that the Advisory Committee be deleted from HB 551 and he subsequently introduced HCR 51.

An important provision in HCR 51 states that "a member of the advisory committee is NOT entitled to per diem, travel, or other compensation from the state for the performance of acts as a committee member."

HCR 51 will convey to the Governor the Legislature's intent to lend credibility to the AdHoc Committee and assure that the bison range is completed and operated in a manner which will assure a healthy atmosphere for all concerned, including the bison.

HCR

53

Official Business

Alaska State Legislature
House Resources Committee

SIGN-IN

APR. 2, 1984

HCR 53
ED TODD LK

NAME	ADDRESS	PHONE	REPRESENTING

SEND TO: Alaska State Geographic Names Board
c/o The Department of Community and Regional Affairs
Pouch B
Juneau, Alaska 99801

Proposed Name: ED TODD LAKE Borough: Ketchikan Gateway Borough

Spell phonetically if pronunciation not obvious: _____

Latitude 55 ° 31 ' ____ " North; Longitude 130 ° 38 ' ____ "West

Section 23 & 26 , Township 73 S, Range 97 E, Copper River C-D Meridian

Distance and direction from prominent town or feature:
East of Ketchikan approximately 100 miles

Description of feature:
Approximately one quarter mile wide and one and one half miles long

Basis of knowledge that the feature is unnamed: Little Goat Lake is indicated on maps and in the dictionary of Alaska place names as "Little Goat Lake" because it has been commomly called that for a number of years.

Type of name selection:
(please mark with an "X" one of the below):

☐ DESCRIPTIVE: state why this selection is appropriate:

☐ LOCAL USAGE: state number of years known by this name: ____

State variant spelling and or usage if known: _____

Proposal form, page two

[XX] COMMEMORATIVE: (The Board will not consider a commemorative name selection until the one year anniversary of death.)

Full name of deceased: Edwin V. Todd

Date of individual's death: October 15, 1978

Last residence of the deceased: Ketchikan, Alaska

Length of stay in Alaska Approximately 40 years

Please give a brief biography of the individual. Please include contributions of the individual to City/State.

See Attached House Concurrent Resolution

When proposing a COMMEMORATIVE NAME SELECTION to the Board it is imperative that the proposal be accompanied with support from the local area, i.e. city officials, borough assembly members, and other interest groups or individuals.

The Board requests that you contact the Native Corporation concerned for an opinion of the name selection. If you wish the Board to contact the Native Corporation for you, please request the Board Secretary to do so. Correspondence to the Native Corporation should be addressed ATNN: LAND OFFICER.

[ ] OTHER ___state reason: _____

THIS PROPOSAL MUST BE ACCOMPANIED WITH A MAP COPY OF THE AREA DESIGNATING THE APPROPRIATE FEATURE YOU WISH TO PROPOSE.

List identification aids that are enclosed with this proposal:

Map copy designating feature
Photographs
Other information

PROPOSED BY: Representative Jack McBride

ADDRESS: Alaska State Legislature
Pouch V
Juneau, Alaska 99811

form approved 7/16/81

GUIDELINES FOR GEOGRAPHIC NAME PROPOSAL
STATE OF ALASKA

Historical Name:
The Board will consider approval if:

1. Authenticity of name can be established
2. Name is clearly associated with area proposed

Aboriginal Name:
The Board will consider approval if:

1. Name is, or was, in common local usage
2. Name can be spelled according to an established system of orthography
3. Name is pronounceable without considerable difficulty

Existing name applied to a related feature:
Board generally approves if, for example:

1. Name of a stream is applied to an unnamed lake or glacier from which the stream originates
2. Name of a mountain is applied to an unnamed glacier which is part of that mountain.

Descriptive Names:
The Board will consider approval if:

1. Name is relevant and most descriptive to the feature
2. Name is not in use elsewhere in the Region
3. Name is not frivolous
4. Name is in good taste

Commemorative: The Board will not consider a commemorative name proposal until the one year anniversary of death.
The Board will consider approval if:

1. The individual made highly significant contributions to Alaska.

THE BOARD DISCOURAGES BLANKET NAMING OF NATURAL FEATURES.

Form approved 7/16/81

KETCHIKAN GATEWAY BOROUGH
344 FRONT STREET
KETCHIKAN, ALASKA 99901

March 14, 1984

Jack McBride
Representative
State of Alaska
Pouch V
Juneau, Alaska 99811

Dear Jack:

This past Saturday morning at a Special Assembly Meeting, our Borough Manager advised the members of the Assembly of your effort to rename "Little Goat Lake" in Misty Fjords to "Ed Todd Lake." I am pleased to send along this letter of support.

Best of luck with this very appropriate legislation and a "Thank You" for seeking this honor in memory of a very fine man.

Sincerely,

KETCHIKAN GATEWAY BOROUGH

Carroll G. Fader
Borough Mayor

JW/7/12

TEMSCO
HELICOPTERS, INC.
P.O. BOX 5057 • KETCHIKAN, ALASKA 99901
HUGHES AUTHORIZED SERVICE STATION
FAA REPAIR STATION NO. 562-1

TELEPHONES
KETCHIKAN: (907)225-5141
OR 225-4583
PETERSBURG: (907)772-4780
WRANGELL: (907)874-2010

TELEX 099-55204

March 15, 1984

Representative Jack McBride
Alaska State Legislature
Pouch V (MS 3100)
Juneau, Alaska 99811

Dear Jack:

I wanted you to know that I heartily approve the proposal to name an area lake in memory of Ed Todd.

Ed was well respected in the aviation industry, and a legend in his own right.

Sincerely,
TEMSCO HELICOPTERS, INC.

Kenneth C. Eichner
President

KCE:crb

This company complies with the CODE OF ETHICS of the Helicopter Association of America

THE FOLLOWING DOCUMENT(S) MAY NOT FILM LEGIBLY BECAUSE OF POOR QUALITY OF THE ORIGINAL.

From: Dictionary of Alaska place names
U.S. Geol. Survey. Professional Paper 567, 1967.
key: Don Orth.

. long, on Eagle
om Eagle Lake,
Mts.; 56°06'15"
'). *Var.* Eagle

966 by USFS;
"Eagle Lake."
, see Little East

: *stream*, flows
eek to form East
f Granite Mtn.
uck-Kushokwim
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1952 by USGS

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: Eastern Rook-

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Putnam (1903,
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yds. across, in
, Aleutian Ra.,
W; (map 28).

; Islands were
by W. H. Dall,
plied separately
(p. 177).
n Yukon River,
k Low.; 64°11'
Var. Dasger

rted in 1954 by

Named by prospectors; reported in 1903 by USGS as Eldorado Creek (Prindle, 1905, pl. 13).

Little Eldorado Creek: *stream*, see Nugget Creek.

Little Fairmount Island: *island*, 0.4 mi. long, in Prince William Sound, 0.5 mi. SW of Fairmount I., 43 mi. NE of Whittier, Chugach Mts.; 60°51'35" N, 147°27'45" W; (map 63).

Local name published on recent USGS maps; derived from nearby Fairmount Island.

Little Falls Creek: *stream*, flows SE 0.5 mi. to Falls Creek 0.8 mi. NW of its junc. with Cache Creek, 32 mi. NW of Talkeetna, Alaska Ra.; 62°29'08" N, 151°01'20" W; (map 81).

Local descriptive name reported in 1958 by USGS.

Little Fish Creek: *stream*, flows SW 11 mi. through Fish Lake to Fish Creek, 5 mi. NW of Tanacross, Yukon-Tanana High.; 63°27' N, 143°26' W; (map 85).

Local name reported in 1950 by USGS.

Little Flash Lake: *lake*, 100 yd. across, on southern Kiska I., Aleutian Is.; 51°52'42" N, 177°18'20" E; (map 14).

An arbitrary name beginning with "L" to correspond to "L" grid used by the U.S. Army for tactical purposes during World War II; published on a 1953 AMS map.

Little Fork Island: *island*, 0.3 mi. across, on SE coast of Shuyak I., 42 mi. N of Kodiak I.; 58°30'20" N, 152°23'00" W; (map 43). *Var.* Maloi Krieposti.

Translation of the name "Os[trov] Mal[oy] Krypost," published in 1849 by the Russian American Company.

Little Fox Creek: *stream*, flows S 2 mi. to Sand Bay, Great Sitkin I., Aleutian Is.; 51°59'48" N, 176°05'15" W; (map 17).

Descriptive name published in 1951 on a USGS map.

Little Garfield Creek: *stream*, flows SE 8.5 mi. to Noxapaga River, 3 mi. S of Noxapaga and 29 mi. SW of Imuruk Lake, Seward Penin. High.; 65°26' N, 164°18' W; (map 110).

Prospectors' name reported in 1903 by [illegible]

[illegible] *island*, see Little Gavanski Island.

Little Gerstle River: *stream*, flows NE 24 mi. to Tanana River, 34 mi. SE of Delta Junction, Tanana Low.; 63°47'50" N, 144°46'30" W; *BGN 1937*; (map 86).

Local name reported in 1937 by USGS.

[illegible]

Little Glacier Slough: *stream*, on S coast of Alaska, flows S 3 mi. to Gulf of Alaska, 10 mi. SE of Cordova, Malaspina Coastal Plain; 60°27' N, 145°32' W; (map 64).

Local name published in 1951 by USGS.

Little Goat Lake: *lake*, 1.5 mi. long, on mainland, drains into Big Goat Lake, 2 mi. W of Wilson Lake, Coast Mts.; 55°31' N, 130°38' W; (map 3).

Local name reported in 1955 by USGS.

Little Gold Creek: *stream*, flows N 6.5 mi. to Jarvis Creek, 26 mi. S of Delta Junction, Alaska Ra.; 63°39'55" N, 145°40'40" W; *BGN 1937*; (map 86).

Local name reported in 1937 by USGS.

Little Gold Creek: *stream*, flows S 2.8 mi. to Gold Creek, 48 mi. N of Big Delta, Yukon-Tanana High.; 64°49'15" N, 145°34'30" W; (map 101).

Named by prospectors and reported in 1905 by D. C. Witherspoon (in Prindle, 1913a, pl. 1), USGS.

Little Goldstream: *locality*, see Berg.

Little Goldstream: *RR. station*, see Berg.

Little Goldstream Creek: *stream*, heads at 64°42' N, 148°36' W, flows W and NE 32 mi. to Goldstream Creek, 6 mi. S of Minto Lakes, Tanana Low.; 64°47' N, 148°53' W; (map 100).

Local name shown on an Alaska RR. manuscript map dated 1914.

Little Goose Bay: *cove*, 0.4 mi. wide, on Polk Inlet, Prince of Wales I., Alex. Arch.; 55°24'45" N, 132°27'30" W; *BGN 1963*; (map 4).

Local name reported in 1961 by USFS; so called by local loggers and fishermen, "because of its proximity to Goose Bay."

Little Goose Island: *island*, 0.3 mi. across, part of Sandman Reefs, 12 mi. S of Deer I., Aleutian Ra.; 54°41'00" N, 162°12'15" W; (map 25). *Var.* Goose I., Gusinnoi, Civoutchy Rocher.

Name derived from Goose Island, published in 1882 by USC&GS on Chart 805. See Goose Island.

Little Granite Creek: *stream*, flows SW 3.5 mi. to Matanuska River, 2 mi. E of Sutton and 12 mi. NE of Palmer, Chugach Mts.; [illegible]

[illegible] by USGS.

[illegible] *island*, [illegible] mi. SW of Green I., [illegible] mi. SE of Chenega, Chugach Mts.; 60°12'20" N, 147°30'30" W; (map 63).

Local name published on recent USGS maps; named relative to nearby Green Island.

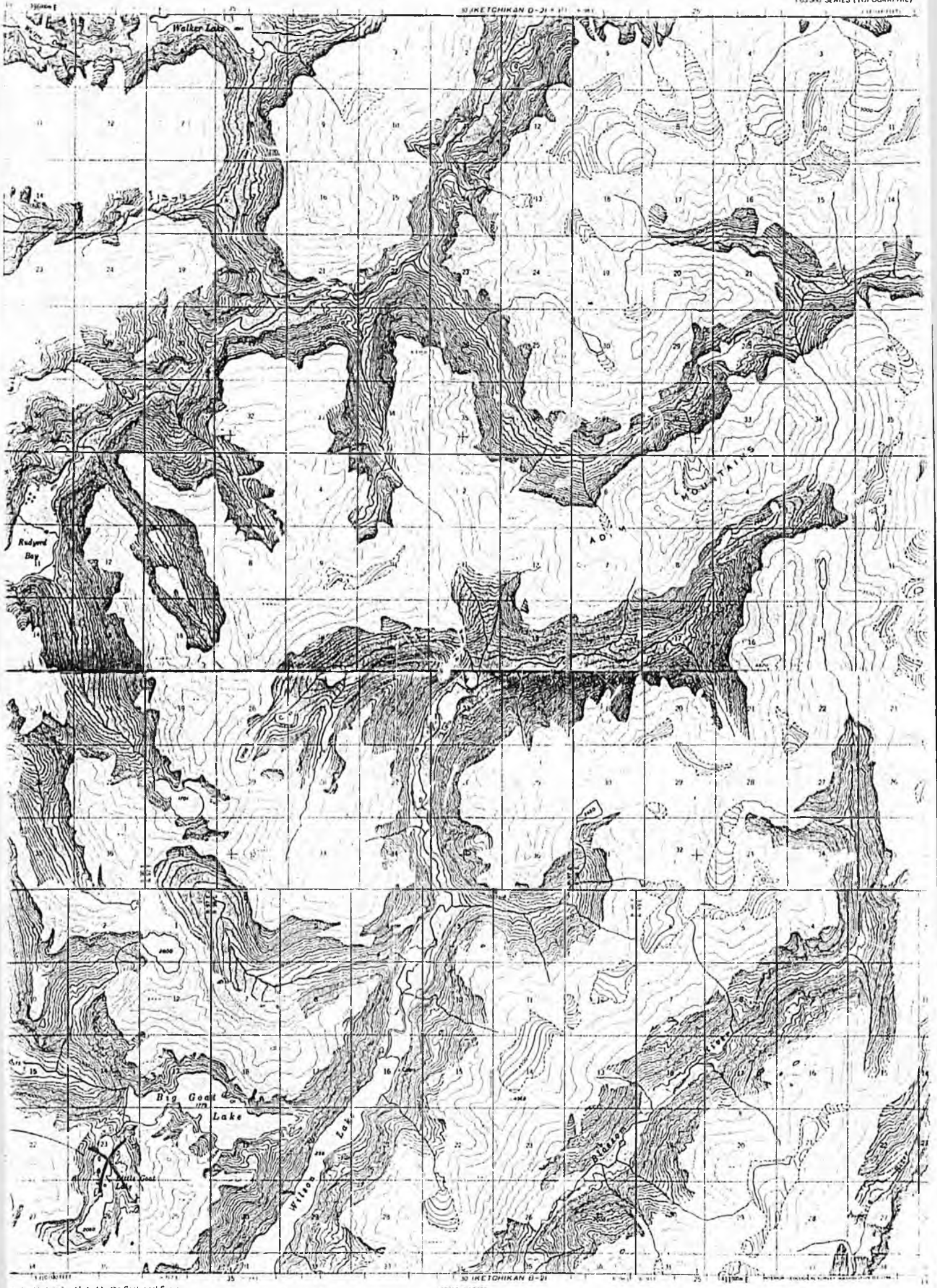
Little Gulch: *ravine*, trends W 0.5 mi. to Glacier Creek, 8 mi. N of Nome, Seward Penin. High.; 64°37'15" N, 165°20'30" W; (map 94).

Prospectors' name reported in the 1903 Campbell Mining Dist. [illegible]

THE PRECEDING DOCUMENT(S) MAY NOT FILM LEGIBLY BECAUSE OF POOR QUALITY OF THE ORIGINAL.

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

KETCHIKAN (C-2) QUADRANGLE
ALASKA
1:63,360 SERIES (TOPOGRAPHIC)



...ed, edited, and published by the Geological Survey
...by USGS
...by photogrammetric methods from aerial photographs
...1949. Field checked 1955. Map not field checked
...Hydrographic data compiled from USC&GS
...and R102 (1:229 376, scale 1955)
...information is not intended for navigational purposes
...Transverse Mercator projection. 1927 North American Datum
...based on Alaska coordinate system, zone 1
...Transverse Mercator grid ticks
...blue
...approximate unsurveyed and unmarked locations
...by the State of Alaska Division of Lands
...Meridian
...within the Tongass National Forest

SCALE 1:63360

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ALASKA
QUADRANGLE LOCATION

KETCHIKAN (C-2), ALASKA

1955

HJR

10

KODIAK ISLAND BOROUGH

Telephones 486-5736 - 486-5737 — Box 1246
KODIAK, ALASKA 99615

January 21, 1983

HOUSE RESOURCES COMMITTEE

JAN 25 REC'D

Governor Bill Sheffield
Office of the Governor
Pouch A
Juneau, Alaska 99811

Re: HJR 10

Dear Governor Sheffield:

Enclosed is a copy of my testimony before the North Pacific Fisheries Management Council (NPFMC) in Kodiak on January 18, 1983 in opposition to the proposed moratorium for the Alaska halibut fishery. If the Secretary of Commerce and NPFMC should concur and approve the moratorium it will be a new major policy decision adversely affecting the future of all our fisheries. The public testimony of Kodiak fishermen was unanimous in opposition to the moratorium. It is inconceivable to me that the Reagan administration and the State of Alaska could go along with such a program of bureaucratic, economic regulation of our industry.

The Kodiak Island Borough has gone on record against the shares-quota system with the enclosed Resolution No. 82-38-O of March 1982. We will be considering an updated resolution at our February 3, 1983 meeting in opposition to the moratorium.

I feel this upcoming decision concerning the moratorium will be such a major policy decision by your administration that I hope you are able to give personal direction. It's not just a matter of how many halibut fisherman are for or against it, but rather what will be the future of all of Alaska's fisheries.

I appreciate any attention you might give to this matter. This decision will affect the future of all our open access fisheries.

Sincerely,

Dave Herrnsteen

R. David Herrnsteen
Mayor
Kodiak Island Borough

RDH:cmk

Enclosures

cc: Senator Bob Mulcahy, Alaska State Senate
Representative Fred Zharoff, Alaska House of Representatives
Senator Jay Kertulla, President of the Senate
Representative Joe Hayes, Speaker of the House
Bettye Fahrenkamp, Senate Resources Chairman
Representatives John Rignstad and Richard Shultz
Co-chairmen, House Resources
Don Collinsworth, Acting Commissioner, ADF&G

KODIAK ISLAND BOROUGH
RESOLUTION NO. 82-38-R

A RESOLUTION OF THE KODIAK ISLAND BOROUGH ASSEMBLY OPPOSING THE SHARE-QUOTA SYSTEM OF ALLOCATION OF FISHERIES RESOURCES.

WHEREAS, the North Pacific Fishery Management Council on March 25, 1982 enacted a moratorium on new entrants to the Alaska halibut fishery, and directed that a shares-quota system of allocation of the fishery be prepared for the 1983 season, and

WHEREAS, the United States Senate recently passed SB 2244 giving the Council the necessary authority to enact such a system, and

WHEREAS, the bill is expected to pass the U. S. House of Representatives without public hearings, and

WHEREAS, the proposed share system will allocate permanent fishing shares consisting of a fixed percentage of the halibut to individual fishermen based on their average harvests of the past three years as a percent of the total harvest, and

WHEREAS, it is intended that these shares may thereafter be bought, sold or leased by the initial shareholders, and that individual shareholders may purchase additional shares from willing sellers up to an aggregate of two percent, or possibly higher, of the total quota per shareholder,

WHEREAS, it appears inevitable that these shares will concentrate to fewer and fewer people, theoretically as few as 50 if two percent is the maximum allowed per person, and

WHEREAS, the annual value of the halibut harvest in Alaska approaches $50,000,000 to the fishermen, and

WHEREAS, it has been conservatively estimated that the value of halibut shares could be three to five times the value of their annual allowed catch, or about $250,000,000, creating an undeserved windfall to the initial shareholders, and an even greater burden to future potential shareholders, and

WHEREAS, this halibut share-quota system is being used as a precedent and prototype for other Alaskan fisheries by state and federal fishery managers, and

WHEREAS, under the shares system a fisherman's catch will be dependent solely on the number of shares he owns (his wealth) rather than on his abilities as a fisherman, and

WHEREAS, such a system will concentrate the increasing wealth of our fisheries into fewer and fewer hands, creating great inequities of opportunity in our fishing communities, particularly among the young, and

WHEREAS, the share system greatly hinders fishermen from being able to diversify among various fisheries, thus depriving them of a key element for success, and

WHEREAS, Alaska fishery managers already have an adequate variety of regulatory tools such as harvest levels, sex and size limits, gear restrictions, area closures, et cetera and our fisheries are generally very healthy biologically, and

WHEREAS, the fishing industry is too vital to the people and economy of Kodiak and Alaska to risk all the inherent dangers and inequities of such an irreversible, unnecessary management plan as the shares system, and

WHEREAS, the Kodiak Island Borough considers the rich, abundant fisheries resources in the waters surrounding Kodiak Island and Alaska to be a renewable PUBLIC resource which serves a primary purpose, along with helping feed people around the world, of sustaining the livelihoods and economy of the people and communities of our island and state, and

WHEREAS, the idea of permanently turning over the ownership of our public resource to a few private hands is repugnant to the fishing industry and people of Kodiak.

NOW, THEREFORE, BE IT RESOLVED that the Kodiak Island Borough is opposed to the share-quota system of allocation of any fisheries resources in Alaska, and that this resolution be communicated to the following people:

The President
Ronald Reagan

The Honorable Jay S. Hammond
Governor of Alaska

The Honorable Ted Stevens
United States Senate

The Honorable Frank H. Murkowski
United States Senate

The Honorable Edward M. Kennedy
United States Senate

The Honorable Don Young
The United States House of Representatives

The Honorable John B. Breaux
The United States House of Representatives

The Honorable Gerry E. Studds
The United States House of Representatives

NPFMD, Chairman, Clem Tillion

Alaska Legislature

Messrs. H. A. Boucher, Steve Cowper, Tom Fink, Oral E. Freeman, Bruce J. Lemke, Terry Miller, Rick Reakoff, Bill Sheffield, Edward J. Vincent, Brad Bradley, Mike Colletta, Stephen McAlpine Charles H. Parr, Terry Stimson, David A. Rose

All Alaska Cities

PASSED AND APPROVED this 30th day of April, 1982 by the Borough Assembly.

KODIAK ISLAND BOROUGH

By R. David Herrnsteen
Borough Mayor R. David Herrnsteen

ATTEST:

By Shirley Miller, CMC
Borough Clerk

Ayes 7 Nays 0

TESTIMONY TO THE NORTH PACIFIC FISHERIES MANAGEMENT COUNCIL
REGARDING
A MORATORIUM ON NEW ENTRIES INTO THE ALASKA HALIBUT FISHERY FOR 1983

R. David Herrnsteen
Mayor
Kodiak Island Borough

The Kodiak Island Borough encompasses the Kodiak Island group extending from the Barren Islands to the Trinity Islands and has a population of over 12,000 people. In 1981, and certain other previous years, the City of Kodiak ranked as the number one fishing port in the United States as measured by dock side value of fish landed. As our economy is dependent almost solely on fishing, we are concerned that our fish are properly managed biologically in our fisheries. In addition, as there is a natural turnover of participants in any fishery - some people get out - while new people get in. I am concerned that all our local residents have equal opportunity for present and future employment in our fisheries.

The Kodiak Island Borough's largest responsibility is education - the Assembly is responsible for building and funding the schools. We have an extensive program of fisheries education in our schools, including on-the-water experience for our high school students. I am concerned that our young people leaving school have a chance to find their niche in the fisheries, if they so desire. Some students try fishing halibut to help fund their college education - this moratorium would not allow new students to have this opportunity.

The Kodiak Island Borough includes six villages, five of which are second-class cities. Employment opportunities other than fishing are particularly few in the villages. There have recently been federal cutbacks in the various social and jobs programs. These villages have gone on record, through the Kodiak Area Native Association, as being opposed to the halibut moratorium. It's hard to have a resource in your front yard, watch others making good money, and not be able to have a crack at it. That's not fair and equitable.

Having lived in Alaska 22 years, and fished in Kodiak 17 years, I've seen where many times if a person gets quite comfortable financially, and particularly can make it in a short period of time, often they will tend to move Outside to a condo in Hawaii, a house in Seattle, or a farm in Missouri or Vermont (for example). That's their privilege, and I have no gripes if they are able to do it because they are good fishermen and can out-compete the others. But when they are able to do this because the government has restricted competition and allowed only a select few to profit from the increasing wealth of our fisheries, at the expense of employment opportunities of our local people, that's not equitable.

The workings of an economy are often very nebulous, it's hard to exactly describe on paper in dollars and cents, but it is still very real. Kodiak's economy over the past 15 years has been a slow, steady growth. After the king crab boom in the mid 60's, and the simultaneous reconstruction of Kodiak after the tidal wave of 1964 subsided, our economy had a pretty healthy growth. As the fisheries went up and down with the natural fluctuations of the fish stocks and fish prices, many fishermen moved back and forth among

fisheries. Those fishermen who stuck with one fishery benefited from the others having the ability to move out and into a more prosperous fishery.

In the late 60's and early 70's many halibut fishermen, particularly from Seattle, left the depressed halibut fishery and moved into the Alaska crab fishery. When the king crab fishery slumped in the early 70's many crabbers became combination boats and switched to the booming shrimp fishery; as shrimp declined in the late 70's many shrimpers switched to crab. And as salmon seasons have gone up and down over the years, many salmon fishermen switch back and forth among crab, shrimp and halibut to make a living.

Some areas of Alaska don't have as much continental shelf and aren't as blessed with the abundance of fisheries we have here, but we are generally an open town - people come here from Oregon, Washington, Southeast Alaska, Cook Inlet, and Westward Alaska to fish - some only seasonally, some move here. Some come only when they have a poor season at home. Usually we don't enjoy seeing the Outsiders who come and go, but it's been our freedom to move around and diversify that's been the secret of our success.

Certainly this system of mostly free entry has its problems. When you have a slump after a boom, it takes time for boats to move out of a fishery and into something else. And there are times when management of the fishery has to be more sophisticated and cautious. And it means the fisherman has to be cautious as a businessman at times. If he expands too heavily during a boom and isn't prepared for increased competition, or for a slump, he can feel a pinch. Or if he gets too high expectations during the "easy money" that occasionally accompanies a boom, he'll feel a shock when the reality of normal times hits. It's important for a fisherman to remember during a boom, or when he's "on a roll", that his earnings aren't normal or likely to continue that high.

If limited entry had been put on all our fisheries 10 or 12 years ago, I feel it would have been a disaster to the town as a whole - socially and economically. If we had locked everybody into their fisheries back when most crabbers fished just crab, and shrimpers just shrimp, etc. we would now probably have just a group of family dynasties harvesting our fish, and with many of them moving Outside. I think the town would have frozen or shrunk in size. You wouldn't have seen, every year, the new homes and steady expansion. It would have been feast or famine for many fishermen.

The price of halibut climbed from $.18 in 1967 to as high [illegible] $2 a pound, shrimp went from $.04 to $.28, king crab went from $.10 to $4.3[illegible], tanner crab went from $.10 to $1.80. Even though the quotas and harvests have fluctuated greatly, the overall seafood harvest values have climbed to a record $130 million value to fishermen in 1981 in Kodiak. Instead of new people, new jobs, new blood and enthusiasm, you would have had a static or even declining number of men. It's very possible that the capital costs would be just as high because of write-offs, just fewer people dividing the pie. It's very possible that except within the family, crew jobs would have become salaried under some of the limited entry schemes.

Now I'm not eager to see how many people we can bring to Kodiak or Alaska, but we do need jobs for our young people. Many of our businesses and people's dreams are dependent on some growth. What concerns me most is that we have some fairness and equity in the allocation of the wealth of our fisheries.

Drive through our high school parking lot and see how many brand new 4-wheel drive pickups you see. Last summer was a slow season, so the number may be down a little. Some kids are able to afford them because they might fish with their dad who may be an exceptional fisherman. But if limited entry had been put on all fisheries 12 years ago, many kids would have those trucks solely because their dad happened to have received one of those lucky permits 12 years ago. We would have developed a privileged class, an elitest society that was determined by the roll of the dice - who was fishing when limited entry was imposed. I don't think that's healthy for society, or what Alaska and fishing is all about.

My own personal case is typical. In 1967 they closed the Kodiak salmon season for almost the entire summer, so I spent four months on a halibut schooner. For the next four years I continued to make halibut trips along with fishing on crab, shrimp and salmon boats. Halibut prices were down (as low as $.17/lb.) and stocks were slumping (we fished 26 days on a highline schooner for 30,000 pounds in 1971 - my crew share was $90 for the month). I crewed for eight years with many highliners in all four fisheries so that when I got my own boat I could be diversified.

In 1974 my wife and I made the big jump and bought our own 42 foot boat. For two years we fished entirely shrimp, then we branched into crab. In 1978 we sold our first boat and bought a slightly larger boat. When shrimp declined we tendered salmon along with crab fishing. Last year because of the salmon price slump we did not tender, so fished just crab - including dungeness.

Even though I haven't fished shrimp since June of 1978, I am still a shrimp fisherman and dependent on the shrimp resource to make my living. Even though I haven't fished halibut since July 1971 and then only as a crewman, I am still a halibut fisherman, and consider myself dependent on the halibut fishery. I've spent more hours at the roller, gaffed more halibut and baited more hooks than a large number of the fishermen who could qualify to fish under the proposed moratorium the next three years. I have a vessel and a reel that are suited for halibut. All of the skills I've developed as a skipper in finding crab and shrimp and running my business are applicable to finding halibut. The halibut, cod and pollock stocks are in an upward cycle, and are also preying heavily on crab and shrimp stocks. I am dependent upon my ability to move my business along with nature's cycles in order to make a living. The guidelines of the proposed moratorium are arbitrary and capricious. To exclude me because I never fished halibut since January 1, 1978 is not fair and equitable.

The Council needs to look at fisheries as a group and over time, taking into consideration dynamic environmental and market conditions. It is natural and healthy economically that as the halibut stocks and markets started booming in the late 70's, that participation increased. The same boats I crewed on in the early 70's, averaging a crew share of maybe $1500 for a three week trip, by the late 70's were crewsharing $1000 a day and better - $60,000 man-shares in much shorter seasons. Instead of working off-season winter jobs, as many men did in the earlier years, many were able to lay back in the winters. There is nothing wrong with making big money- that's the thrill of fishing - that's the

dream that keeps you going. It's only wrong when you feel you deserve big money all the time, and need to exclude others in order to achieve it.

Obviously the Council's own actions have been a very large impetus in the increased fleet. Ever since 1978, the Council has been setting "cut-off dates for eligibility" for halibut limited entry - setting up work groups, funding studies, etc. All of these actions have helped create the often frantic rush to fish halibut, even if at a loss. If this moratorium should be approved, it will be a major government policy and will create a new rush to participate in all fisheries not under a limited entry system. The State of Alaska's enthusiasm for extending limited entry beyond salmon and herring definitely cooled in the late 70's and many Kodiak fishermen once again started making their decisions on when and what to fish, purely on business and personal reasons. A new government policy like a halibut moratorium would have a very major effect on participation in the other fisheries. It would start another frantic rush, would increase our costs by forcing us to participate unprofitably in certain fisheries so we could qualify for future permits. In addition, it would decrease our individual earnings because of the added participation. All these negative reactions would be very real and are not just imaginary. It would be an extremely unwise action for our industry. You cannot act on the halibut fishery without affecting the rest of the industry. The harvesting sections of our industry are just as interrelated as the fish in the ocean.

It is very likely that if future limited entry would be put to rest and the halibut moratorium be turned down, there would be less participation in the halibut fishery than if the moratorium would be enacted. A three year moratorium would bring people out of the woodwork who had already dropped out of the fishery, just so they could increase their qualifications for future permits, and wisely so. The Council has been saying periodically since 1978 that "next year's" participation won't count. So why should the Council be believed now if the Council should say participation during the next three years won't count. More than twice as many people (6,481 individuals) will be eligible to fish under the proposed moratorium than ever fished in any one year (2,800), and it seems certain that a large number of those who dropped out will re-enter the fishery, largely in the hopes of financial gain from ownership of a future share or permit. In addition, many of those who fished the past year or two, but were not financially successful and were considering quitting, will have a renewed incentive to remain active in the fishery during the moratorium.

A moratorium has such a nice allure to it. You kick out the fewest and postpone the disagreements about the various limited entry systems. However, during the enactment of Alaska's limited entry law (and ever since) government lawyers have told us that a moratorium is the most unconstitutional of all limited entry alternatives because it creates such a closed class without a means of entry. The halibut resource is in the best shape its been in decades and I believe there is no way you can justify "protection of the resource" as reason for a moratorium.

Certainly the moratorium will appeal to the fear all fishermen have of competition. It appeals to the greed in us. For the hobby or vacation halibut fisherman who has regular year-round shore-based jobs its real nice. But watch out - how can they be considered dependent on the fishery. For the successful fisherman who has fished mainly or solely halibut and had a taste of the big season, he thinks he'll be eliminating future competition.

The halibut commission has been telling fishermen for over a year that without limited entry they will lose halibut as a fishery. The commission can't justify its own existence if the season is too short, they say. Hogwash! The biologists just need to be used in the other fisheries, also if they have slack time. It seems to me that the halibut commission has a unique bureaucratic position in being separate from both ADF&G and NMFS, a situation which needs review.

Certainly the fishing industry has troubled times. I haven't been so concerned for a long time as to where I'll make it next season. But putting boxes around each fishery and each boat isn't the answer, There are no guarantees in fishing, and if someone wants one he's in the wrong business.

Dave Herrnsteen Jan 21, 1983

R. David Herrnsteen Date
Mayor
Kodiak Island Borough

HJR

19

COMMITTEE REPORT

HOUSE

FURTHER: RESOLUTION

Date: February, 1983

Mr. Speaker:

The Committee on HOUSE SPECIAL COMMITTEE ON FISHERIES has had HB 18 relating to United States observers on foreign fishing vessels.

under consideration and reports it back as follows:

[ ] do pass [ ] do not pass

[ ] do pass with attached amendments(s)

[ ] replace with CS for _____ [ ] same title [ ] new title

and recommends _____

[ ] AND attaches a "Letter of Intent" [ ] New Fiscal Note [ ] Zero Fiscal Note Attached

[ ] reports it back without recommendation

[ ] referred to the _____ Committee

MEMBERS SIGNING DO PASS	MEMBERS HAVING OTHER RECOMMENDATIONS:

CHAIRMAN

H 60

"Letter Of Intent To Accompany House CS for SJR 10 (fisheries)"

It is the intent of the House Special Committee on Fisheries that a reopening of the United States/Canada Salmon Treaty negotiations would address the following topics of concern to the Alaska Fishing industry:

1. The chinook catch for commercial Southeast Alaska salmon fisheries needs to be raised to a minimum of 320,000 to insure the continued economic viability of the troll fishery. This figure should be adjusted annually to account for Alaska hatchery production.

2. The area off the West Coast of Vancouver Island (statistical areas 20 through 27) should be limited by a harvest lid for chinook salmon.

3. Size limits on king salmon cannot be allowed to increase under the treaty. If they did increase, the actual harvest numbers could remain within the limits while total poundage increased negating any benefits to escapement.

4. A provision should be added which would address Columbia River tribes treaty fishing rights, if any, for the term of the U.S./Canada salmon treaty.

5. On the Stikine River, Canadian sockeye salmon harvests should be limited to 35% and there should be no directed Canadian harvest of coho salmon.

6. On the Taku River, Canada should be held to the 1983 limits of 3000 sockeye salmon and 5000 pink salmon until enhancement efforts result in stronger returns.

7. The drift gill net fishery at Tree Point for sockeye salmon should be limited to 2800 boat days through ADF&G statistical week 31 or until the beginning of the pink salmon management plan rather than a catch limit until better tagging data is available. The catch limit of 130,000 leaves no means for the Alaskan gillnetters to benefit from enhancement efforts.

8. Annex IV, chapter 1, paragraph 1 deeming U.S. origin of 37.5 percent of the salmon originating in Canadian sections of transboundary rivers should be moved from the Annex portion of the treaty document.

9. The purse seine fishery at Noyes Island for sockeye salmon should be limited to 920 boat days through ADF&G statistical week 31 rather than a catch limit until better tagging data is available. The 160,000 leaves no means for the Alaskan seiners to benefit from enhancement efforts.

10. The Yukon River should either be deleted from this treaty and handled separately or the current wording should be changed so that any accounting of interceptions be done only after adequate research is completed.

Short Analysis of CSHJR 19

This resolution asks Congress to amend Section 201 of the Magnuson Fishery Conservation and Management Act to:

1. Provide that U.S. observers be stationed on all foreign catcher vessels and motherships operating in the FCZ;

   Current FCMA provides that if the catch of a harvesting vessel will be transferred to a mothership where an observer is aboard, then the catcher need not have an observer. It is suspected that violations are heavy on these catcher vessels, and would not be as prevalent if observer were aboard all vessels fishing in the FCZ.

2. Require that the vessels provide adequate, safe and clean quarters for the observers.

   Currently a fishing vessel may be waived the observer requirement if inadequate or unsafe quarters would jeopardize the observer. By requiring in law that vessels fishing the FCZ provide adequate quarters, this loop-hole would be closed.

3. Define the conditions, "beyond the control of the secretary" under which the observer requirement may be waived for a foreign vessel.

   This answers the often misused loop-hole at subparagraph (2)(c) where the observer requirement may be waived if no observer is available, for reasons beyond the control of the secretary.

4. Require that vessels without observers report to a U.S. port for review of ship's log and catch after fishing in FCZ.

   It was the consensus of the fisheries committee that if a vessel did manage to get the observer requirement waived, the least we should ask is that they report for an inspection of what they caught and where and when they caught it.

The addition of item 4 is the only change from the original HJR 19.

The resolution goes to President Reagan, Vice President Bush, Congressional leaders and members of the Alaskan delegation.

(1) FULL OBSERVER COVERAGE PROGRAM.

(1) Except as provided in paragraph (2), the Secretary shall establish a program under which a United States observer will be stationed aboard each foreign fishing vessel while that vessel is engaged in fishing within the fishery conservation zone.

(2) The requirement in paragraph (1) that a United States observer be placed aboard each foreign fishing vessel may be waived by the Secretary if he finds that

MOTHER SHIPS →

(A) in a situation where a fleet of fishing vessels transfers its catch taken within the fishery conservation zone to a mother vessel, aboard which is a United States observer, the stationing of United States observers on only a portion of the harvesting vessel fleet will provide a representative sampling of the bycatch of the fleet that is sufficient for purposes of determining whether the requirements of the applicable management plans for the bycatch species are being complied with;

OBSERVER REQUIREMENT WAIVED

(B) with respect to any foreign fishing vessel while it is engaged in fishing within the fishery conservation zone

TOO SHORT FISHING TIME →

(i) the time during which the vessel engages in such fishing will be of such short duration that the placing of a United States observer aboard the vessel would be impractical, or

INADEQUATE FACILITIES →

(ii) the facilities of the vessel for the quartering of a United States observer, or for the carrying out of observer functions, are so inadequate or unsafe that the health or safety of an observer would be jeopardized; or

NO OBSERVER AVAILABLE →

(C) for reasons beyond the control of the Secretary, an observer is not available.

(3) Observers, while stationed aboard foreign fishing vessels, shall carry out such scientific, compliance monitoring, and other functions as the Secretary deems necessary or appropriate to carry out the purposes of this Act; and shall cooperate in carrying out such other scientific programs relating to the conservation and management of living resources as the Secretary deems appropriate;

PERMIT SURCHARGE FOR OBSERVER COSTS

(4) In addition to any fee imposed under section 204(b)(10) of this Act and section 10(e) of the Fishermen's Protective Act of 1967 (22 U.S.C. 1980(e)) with respect to foreign fishing for any year after 1980, the Secretary shall impose, with respect to each foreign fishing vessel for which a permit is issued under section 204, a surcharge in an amount sufficient to cover all the costs of providing a United States observer aboard that vessel. The failure to pay any surcharge imposed under this paragraph shall be treated by the Secretary as a failure to pay the permit fee for such vessel under section 204(b)(10). All surcharges collected by the Secretary under this paragraph shall be deposited in the Foreign Fishing Observer Fund established by paragraph (5).

(5) There is established in the Treasury of the United States the Foreign Fishing Observer Fund. The Fund shall be available to the Secretary as a revolving fund for the purpose of carrying out this subsection. The Fund shall consist of the surcharges deposited into it as required under paragraph (4). All payments made by the Secretary to carry out this subsection shall be paid from the Fund, only to the extent and in the amounts provided for in advance in appropriations Acts. Sums in the Fund which are not currently needed for the purposes of this subsection shall be kept on deposit or invested in obligations of, or guaranteed by, the United States.

INSUFFICIENT APPROPRIATIONS

(6) If at any time the requirement set forth in paragraph (1) cannot be met because of insufficient appropriations, the Secretary shall, in implementing a supplementary observer program:

(A) certify as observers, for the purposes of this subsection, individuals who are citizens or nationals of the United States and who have the requisite education or experience to carry out the functions referred to in paragraph (3);

(B) establish standards of conduct for certified observers equivalent to those applicable to Federal personnel;

(C) establish a reasonable schedule of fees that certified observers or their agents shall be paid by the owners and operators of foreign fishing vessels for observer services; and

(D) monitor the performance of observers to ensure that it meets the purposes of this Act.

HJR

28

HOUSE RESOURCES COMMITTEE OBSERVER/WITNESS SIGN-UP SHEET

DATE: 3-25-83 SPONSOR: Rep. Herrmann

SUBJECT(S): HJR 28

NAME	REPRESENTING	ADDRESS	PHONE	Observer	Witness	For	Against
Adelle D Herrmann	District 26	Porch V			X		
Joe McGhie	Tlingit Haida Central Council	Juneau	586-1432	X			
Bob Arnold	DNR			X			

Haines, Alaska
March 8, 1983

Senator Bill Ray
Pouch V
Juneau, AK 99811

Dear Senator Ray:

On Feb. 17, 1982, we wrote you a letter prior to the creation of the Forrest and Eagle Preserve (Senate Bill 796) in opposition to the Preserve reasons being the pending Native Allotments in and adjoining the proposed preserve, we felt once this was made into law we would have problems to acquire titles to these allotments. At that time some of these allotments were up for adjudication by the B.L.M., but were not adjudicated due to the creation of the preserve.

In March and April 82, we had meetings with John Katz, Commissioner of D.N.R., and Reed Stoops, Frank Rue and Tom Lawson all of D.N.R. at that time they promised that they would work out a process where the state would quit claim its interests on patented or tentatively approved lands, and would help fund the survey through this process. They promised this would be done within a month, as they would go to Washington and meet with James Watt and Bill Horn all this would be done if a Forrest and Eagle Preserve was adopted. They also promised that we would not be used as a pawn or blackmailed. Now its been a year since this all started and the whole matter has not moved towards being resolved. We think that this would be in the State's best interests if this issue were expedited.

It seems that the Attorney General of D.N.R. is not agreeable to this process. It seems we have had one bureaucratic delay after another.

Also during the creation of this Preserve, there was suppose to have been money set aside for surveying the allotments but it seems now taht was lost in the shuffle at the last minute.

We have written to our representatives in Washington for funding for the surveying, but the B.L.M. claim they haven't the manpower or funds for surveying. This used to be their excuse on mining claims until pressure was put on Washington. Now the B.L.M. contracts this out to certified surveying contractors also when these surveys are made, the contractors hire locally.

Maybe the D.N.R. and the B.L.M. could go jointly on these surveys. We are enclosing a copy of a letter written to Senator Murkowski by the B.L.M. with our corrections on the bottom.

We would appreciate anything you can do for us at the State or Federal level as this is of great concern to us.

Sincerely,

Henry C. Jacobot

alaska federation of natives, inc.

411 W. 4th Avenue, Suite 1A • Anchorage, Alaska 99501 • Phone 907-274-3611

March 15, 1983

Representative Adelheid Herrmann
ALASKA STATE LEGISLATURE
Pouch V
Juneau, Alaska 99811

Dear Adelheid:

The Alaska Federation of Natives, Inc. supports House Joint Resolution No. 28. We believe that the mandate of Congress should be funded and accomplished by the Bureau of Land Management, Department of the Interior so that Alaska Natives can receive their allotments. This process is important so that Native corporations can receive clear title to all of their land as intended by Congress.

Thank you for your interest and support of Alaska Native affairs.

Sincerely,

Janie Leask
President

REPRESENTATIVE
ADELHEID HERRMANN
P.O. BOX 63
NAKNEK, ALASKA 99633
(907) 246-4495

While in Juneau
POUCH V
JUNEAU, ALASKA 99811
(907) 465-4942, 465-4943

Alaska State Legislature

House of Representatives

CHAIRMAN
SPECIAL COMMITTEE
ON FISHERIES

MEMBER
TRANSPORTATION
COMMITTEE

DISTRICT 26
ADAK
AKUTAN
ALEKNAGIK
ATKA
BELKOFSKI
CLARK'S POINT
COLD BAY
DILLINGHAM
DUTCH HARBOR
EGEGIK
EKUK
EKWOK
FALSE PASS
IGIUGIG
ILIAMNA
KING COVE
KING SALMON
KOKHANOK
KOLIGANEK
LEVELOCK
MANOKOTAK
NAKNEK
NELSON LAGOON
NEWHALEN
NEW STUYAHOK
NIKOLSKI
NONDALTON
PEDRO BAY
PILOT POINT
PORT ALSWORTH
PORT HEIDEN
PORT MOLLER
PORTAGE CREEK
SAND POINT
SOUTH NAKNEK
SQUAW HARBOR
ST. GEORGE
ST. PAUL
TOGIAK
TWIN HILLS
UGASHIK
UNALASKA

MEMORANDUM March 24, 1983

To: Representative John Ringstad

From: Representative Adelheid Herrmann

Subject: SSHJR 28

Although the issue of native allotments is very complex with many legal ramifications and the involvement of federal, state, and local organizations of all kinds, the intent behind SSHJR 28 is quite simple. The message I want to send to Congress is this: BLM has received inadequate financial support for the processing and surveying of claims, and it's time to get moving. This lack of committment on the federal level is holding up the progerss of our state and is causing hardship for thousands of individuals. I am no expert on land claims, but I have received the message from throughout my district that something needs to be done. Here's what I know about the situation:

In 1906 the Native Allotment Act provided for selection of parcels up to 160 acres, but not many people knew about the Act until the late 1960's. Most claims were filed in 1970 and 1971. The Alaska Native Claims Settlement Act repealed the 1906 Act but allowed for the processing of applications pending on or before December 18, 1971.

Filed applications are reviewed by BLM and many are subject to an adjudication requirement which means BLM must investigate whether the claim is valid and is properly described. There are over 6,000 native allotments statewide that require adjudication. According to an article in the 8-15-82 Anchorage News, BLM has adjudicated only 10-15% of the claims which require adjudication.

After a claim has been processed, the site must be surveyed. Surveying costs approximately $8-10,000 per parcel. So far BLM has surveyed only 750 allotments. It has been estimated that there are 14,000 parcels which will have to be surveyed.

You can see that things are really bogged down. This not only affects private individuals, but native corporations, municipalities, and the state as well. Until the issue of native allotments is resolved, thousands of acres of land will remain in

limbo. It affects development in rural Alaska since land status must be determined before any improvements can be made.

If passed, SSHJR 28 tells Congress that this is a statewide priority and we wish it to be recognized as such by the federal government. One way to attack the problem is with more money - money for the processing of the claims and money for the surveys. That is what this Resolution requests.

I introduced the Sponsor Substitute because the orginal Resolution contained a statement which could not be substantiated. The SS removes lines 16 and 17 which stated that an informed source said that it would be 70 years for applications to be processed. Removing this "whereas" does not effectively change the Resolution in any way.

THE ALASKA NATIVE FOUNDATION

411 WEST 4th AVENUE, SUITE 314 • ANCHORAGE, ALASKA 99501 • PHONE (907) 274-2541

83-133

March 10, 1983

Rep. Adelheid Herrmann
Alaska State Legislature
Pouch V (MS 3100)
Juneau, AK 99811

Dear Ms. Herrmann:

HJR No. 28 relating to the processing of Alaska Native Allotments certainly receives the full endorsement of the Alaska Native Foundation.

The ANF, through the assistance and involvement we have with villages, has been aware of the tremendous delays involved with the entire process. It concerns us that many village corporations may be denied title to their lands without a speedy process on the individual allotments.

Please keep me informed of any progress in the matter.

Keep up the advocacy. . .

Sincerely,

Franklin L. Berry
President

:ds

Haines, Alaska
March 8, 1983

Senator Bill Ray
Pouch V
Juneau, AK 99811

Dear Senator Ray:

On Feb. 17, 1982, we wrote you a letter prior to the creation of the Forrest and Eagle Preserve (Senate Bill 796) in opposition to the Preserve reasons being the pending Native Allotments in and adjoining the proposed preserve, we felt once this was made into law we would have problems to acquire titles to these allotments. At that time some of these allotments were up for adjudication by the B.L.M., but were not adjudicated due to the creation of the preserve.

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It seems that the Attorney General of D.N.R. is not agreeable to this process. It seems we have had one bureaucratic delay after another.

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Maybe the D.N.R. and the B.L.M. could go jointly on these surveys. We are enclosing a copy of a letter written to Senator Murkowski by the B.L.M. with our corrections on the bottom.

We would appreciate anything you can do for us at the State or Federal level as this is of great concern to us.

Sincerely,

Henry C. Jackson

alaska federation of natives, inc.

411 W. 4th Avenue, Suite 1A • Anchorage, Alaska 99501 • Phone 907-274-3611

March 15, 1983

Representative Adelheid Herrmann
ALASKA STATE LEGISLATURE
Pouch V
Juneau, Alaska 99811

Dear Adelheid:

The Alaska Federation of Natives, Inc. supports House Joint Resolution No. 28. We believe that the mandate of Congress should be funded and accomplished by the Bureau of Land Management, Department of the Interior so that Alaska Natives can receive their allotments. This process is important so that Native corporations can receive clear title to all of their land as intended by Congress.

Thank you for your interest and support of Alaska Native affairs.

Sincerely,

Janie Leask
President

Calista Corporation

518 Denali Street, Anchorage, Alaska 99501 (907) 279-5516

March 22, 1981

The Honorable Adelheid Herrmann
House of Representatives
Pouch V
Juneau, Alaska 99811

Re: House Joint Resolution No. 28

Dear Representative Herrmann:

This letter is to inform you that Calista Corporation is in full support of the intended results of the House Joint Resolution No. 28, relating to the processing of Native Allotments.

While we are supportive of this resolution, we feel that the first "WHEREAS" should be amended as follows: beginning with line 10, the words "Alaska Native Claims Settlement Act of 1971" should be deleted and in-lieu of add "Native Allotment Act of 1906". Rationale:

The Native allotments were applied for pursuant to the authorities granted by the terms of the Native Allotment Act of 1906.

The new language would read as follows:

> Whereas, the Bureau of Land Management of the United States Department of the Interior has been given the responsibility for processing the applications for allotments granted under the Native Allotment Act of 1906.

In our humble opinion, we feel this language would not only strengthen the intent of House Joint Resolution No. 28 but further clarify its intent.

Thank you for your kind consideration. If you have any questions per this letter, please contact us.

Sincerely,

CALISTA CORPORATION

Nelson N. Angapak
Executive Vice President

NNA:slb

LAW OFFICES OF
ALASKA LEGAL SERVICES CORPORATION
615 "H" STREET, SUITE 100
ANCHORAGE, ALASKA 99501
TELEPHONE (907) 272-9431

March 14, 1983

Ms. Beth Robinson
c/o Representative Adelheid Herrmann
Pouch V
Juneau, AK 99811

Dear Ms. Robinson:

In response to your request for information regarding the need for the federal government to allocate additional funds for processing Native Allotments, I am enclosing several newspaper articles. I believe that the figure 30 years is probably the best current estimate. The 70 years which you mentioned was an estimate made by a BIA employee in a letter to an applicant. I have spoken with that individual and have been informed that he now believes the true figure to be closer to 30 years.

You should be aware that this time period is derived from an estimate of the time required to survey the allotments. It assumes that the applicants' entitlement to the allotments will be adjudicated at a faster rate. While this is true with respect to the "easy" cases -- such as those subject to automatic approval under section 905 of ANILCA -- those allotments which the BLM intends to deny must go through a "Pence" hearing. The Office of Hearings and Appeals of the Department of the Interior has only been able to complete about six hearings per year. If there were a thousand of these, you can see that it would take a considerably longer period of time to finish processing the applications. Similarly, there are between 50 and 100 Aguilar applicants who will have to go through a lengthy procedure.

I have also enclosed for your information an article regarding the potential impact of allotments on such major state projects as the Fairbanks-Anchorage intertie. On a lesser scale, I have included an article dealing with an allotment in the small boat harbor in Bethel. While all allotments are not so strategically placed, these demonstrate the potential problems which may result from a failure to process the allotments in a timely manner.

If I can be of further assistance, please do not hesitate to contact me.

Sincerely,
ALASKA LEGAL SERVICES CORPORATION

Craig J. Tillery

Craig J. Tillery

CJT/bh
Enclosures

Rural Alaska
Community Action Program, Inc.

10 March 1983

Representative Adelheid Herrmann
State Capitol
Pouch V
Juneau, Alaska 99811

Dear Representative Herrmann:

I am writing to express wholehearted support for HJR 28, relating to the processing of Native allotments.

As your proposed resolution so capably states, Congress charged the Bureau of Land Management with responsibility for processing Native Allotments over 10 years ago, and Alaska Native applicants have been waiting all that time can ill afford to wait any longer to receive clear title to their land.

Years ago, RuralCAP was involved in helping Alaskan Natives deal with the complicated allotment application process. Those efforts, as well as our continued close connection to rural residents, have made us keenly aware of the serious impacts of this unreasonable delay, both on individuals and village corporate landowners.

We must not accept inadequate funding as an excuse for putting the legal rights of Alaskans on the back burner. Hopefully, passage of this resolution will help correct this injustice. A formal statement of position on this issue by the State Legislature on behalf of its citizens is long overdue. We strongly endorse and encourage passage of HJR 28 as that positive step forward.

Sincerely,

Robert A. Lohr

Robert A. Lohr
Executive Director

Administration • P.O. Box 3-3908, Anchorage, AK 99501-0908 • (907) 279-2511

•Obituaries
• Tell It To Bud

Land acquisition: a sticky wicket for Susitna

by A.J. McClanahan
Times Writer

Native land ownership and claims could be a stumbling block, or at least the subject of complex negotiations, in the massive $5-billion Susitna dam project.

Negotiations to acquire almost 50,000 acres — about 78 square miles — for the two-dam hydro project are expected to start this summer, says Alaska Power Authority spokesman George Gleason.

But it's going to be a tough battle, despite general support for the project by native corporations involved.

"We were pushed into selecting that land . . . So if somebody wants to say we want all of the land, that's fine. But if they want some of the land, that's a different story," said Roy Goodman, business consultant for the Knik village corporation, Knik Atnu Inc.

Goodman also works as a consultant for the native regional corporation Ahtna Inc., which manages land for the village of Cantwell within the area of an access route.

Natives point out that the Talkeetna area was one of those withdrawn by the U.S. Department of Interior for "deficiency" claims. Those are areas offered to natives who were unable to get enough land in the areas of their villages or regions because of already existing private or public land ownership.

Others say, however, that the natives saw the future dam site as a way to make money.

Whatever the case, the Alaska Power Authority is going to have its hands full in negotiating for the land.

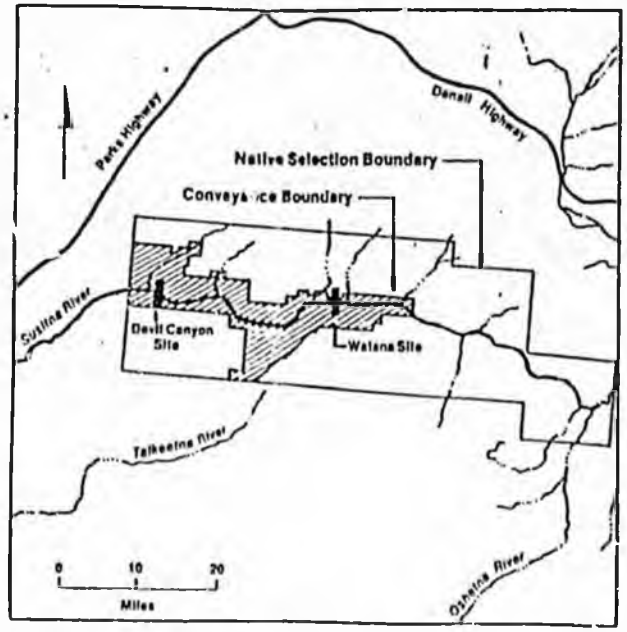
Others who own land in the area, or who have claims to land there include Tyonek, Chickaloon, the Anchorage-based native regional corporation Cook Inlet Region Inc., and possibly some of the other villages within the CIRI area.

Acquisition of the land by the power authority can't start officially until the massive two-dam project has been approved.

But both the Alaska Power Authority, which is administering the project, and affected natives for the last two years already have been considering just how negotiations could proceed.

In the meantime, an argument between some villages and native regional corporations over who owns sand and gravel underneath native lands could further complicate Susitna.

The project will require at least 62 million cubic yards of fill material, said Gleason. Officials say the cost could range anywhere from 25 cents to $1 for each cubic yard.



Map shows property boundary lines for proposed Susitna dam project

The power authority has hired a consultant whose work will include a study of the sand and gravel issue to figure out just who owns specific parcels of land which could be used for sand and gravel extraction.

Depending on who owns land under which sand and gravel are located, much of the money could go to native corporations because they have claim to much of the land in the project area, Gleason said.

Under federal law and court rulings, sand and gravel resources are considered "subsurface estate," which means they are owned by the regional corporations.

A number of villages disagree, however. So it could become a critical issue for the villages that have claim to land in the Susitna project area.

Sen. Ted Stevens, R-Alaska, recently issued a statement supporting the villages' position. He urged villages and regional corporations to iron out their differences and offer a proposal to Congress.

Gleason said the money to pay for the sand and gravel probably will be put into a trust account, where it will remain until the natives agree on who owns the resource.

Another land claim in the dam area is by a native group called Gold Creek Inc., which is recognized in the Alaska Native Claims Settlement Act as a potential native group. That of about 14 people is cl about two square mi es the intertie corridor, a claim is pending befor of Indian Affairs and the of Land Management.

And some of the land area — claims for a han parcels within the area of chorage/Fairbanks Interti being claimed by individ "native allotments." Such were authorized under a of Congress. Under that a tives could file for title to of up to 160 acres any tim the act.

Although it was repea the Alaska Native Claims ment Act of 1971, the Bur Land Management is still to process thousands of ment applications.

The power authority have the authority to co land for the project itsel Bruce Bedard, a native specialist for the power ity. But for the intertie it be tricky business to co land, because it will invol gotiations with the BIA.

Because the BIA hol native allotment lands i for natives until the land veyed, condemnation wo volve much more red ta

Day-surgery

Sea sanctuary plan

HARBOR from page 29

the ground. Boyette said that the City also agreed to compensate Crow for any damage done to the vessels during the attempted move.

In the interim, Andy Hicks, a marine surveyor working for B.J. Logan and Associates of Anchorage, came to Bethel to evaluate the two barges. Boyette described Mr. Hicks' crawling through the vessels to arrive at an estimated value of $18,000 for the two: $15,000 for the Widow Maker and $3,000 for the Aldak.

After two days of unsuccessful efforts at thawing the ground around the barges, the city crew brought in a Terex to attempt to lift the barges out of their frozen slough bank. When that didn't work, the crew brought on their D-S Caterpillar tractor, to try to shove the vessels out of the ice. This attempt also failed, with the result that the barges broke into pieces.

The City crew gathered the broken wood into a pile and faced with the choice of collecting it all and hauling the shards to the dump, or burning the wrecked hulks on site, the crew elected to burn the boats.

Fire Chief Mark Barker was not informed of the burning, nor were any fire department personnel involved in the blaze.

According to Boyette, he informed Alice Crow and Myron Angstman as soon as he heard the news of the burning. Bruce Crow, he said, was in Chauthbaluk that Friday. When he returned, finding his barges burned, Crow reportedly called the police.

Negotiations between the City and Crow continue. "The City did it," said Boyette. "The City accepts responsibility," he said.

Buttcane claims City is being "extorted" by feds

Tundra Drums
2/3/83

The mood of the Bethel city council was indignant Friday afternoon, at a special council meeting to settle a question of a new Native allotment filing on the site of the small boat harbor, now under construction.

"I feel as though we're being bribed, blackmailed

Please turn to page 19

City News from page 1

and extorted," said councilman Bob Buttcane after a brief executive session, "but for the sake of the small boat harbor, I'm willing to give into the demands made." Buttcane said he found it appalling but could not do otherwise.

Councilman Buttcane's remarks came in response to a negotiated list of land options from the local BIA land office and the allottee, James Nicolai of Atmauthluak.

Council was informed in mid-week that a several acre Native allotment was recently accepted for filing by the BLM and BIA within the 57-acre small boat harbor boundary. The original seven-and-one-half acre Nicolai Allotment was either recorded in error with the wrong coordinates or had eroded, leaving only about 100 feet of riverfront property on the N.N.Ne quarter of Section 16. This situation was recently realized by BLM and with the authority to adjust allotments, they did so by redrawing Mr. Nicolai's land allotment filing within the harbor.

Late last year land for the small boat harbor was conveyed by BNC to the City of Bethel under the 14c3 provisions of the Alaska Native Claims Settlement Act. The filing came as a complete surprise to both BNC and to the City.

At the advice of BIA Realty Specialist, Mr. Nicolai agreed initially (see related story LOST ALLOTMENT on page 1) to the following land options.

—1. Condemnation by the Corps of Engineers. Expedited procedures can

Please turn to page 22

EXTORTED from page 19

allow condemnation to take place in a relatively short period of time.

—2. State condemnation. Same as above.

—3. Land exchange for 4.5 acres of city land for the required 4.5 acres at the boat harbor site, plus, cash—$30,000.

—4. Straight out purchase of the 4.5 acres required.

—5. Scrap the project for the time being. This would cause the Corps to pull out and also cause Knik to sue the Corps and the City for damages.

—6. Land exchange of 9 acres for the required 4.5 acres plus a cash exchange of $5,000.

Tundra Drums
2/3/83

Lost allotment, boat burning plague harbor project

by Richard Goldstein

Two thorny legal problems involving the City of Bethel's small boat harbor project have surfaced recently. The first of these initially could have caused a shutdown of the entire project, when the Army Corps of Engineers threatened to pull out their participation.

The second does not have quite the same negative potential, and will probably require that the City pay an as yet to be determined amount of money for damages.

The first problem came to light in mid-January when Glen Watson, the Bethel Native Corporation's land planner, discovered a 'lost' Native allotment, occupying a small portion of the project site, across Brown Slough, in Louse Town.

BNC had received interim conveyance on that entire parcel of land from the Bureau of Land Management and had reconveyed about 40 acres to the City under auspices of section 14c3 of the Alaska Native Claims Settlement Act. BNC could not have done so if the land had been encumbered by any conflicting allotment.

Watson informed the AVCP realty office, which in turn contacted Richard Honey, manager of the Bureau of Indian Affairs' realty office in Bethel.

Upon investigation, the valid Native allotment application of Jimmy Nicolai of Atmauthluak was produced, showing Mr. Nicolai with a legitimate

see turn to page 29

HARBOR

from page 1

claim to about four and one half acres of land, most of which, however being situated in the Kuskokwim River, several hundred yards upriver from Crow and Sons' fishing operations.

Only about 100 square feet of the allotment appeared to fall within the harbor project boundaries.

Russell Blome, a realty specilist from the Bureau of Land Management was notified and flew to Bethel. On January 21, Blome, Honey and Nelson Nicolai, the allottee's son, toured the allotment area and staked out the boundaries. Nelson Nicolai however, informed the two government agents that the land described in the allotment document did not conform to what his father had intended when the elder Nicolai filed his application in 1972.

Honey and Blome then re-drew the allotment to conform to Nelson Nicolai's specifications, increasing the size of the area to seven and one half acres, about four and one-half acres of which now falls within the small boat harbor project. The federal government then informed the City and the Corps, partners in the $3 million project.

By the end of last week, the Corps was threatening to pull out of the project altogether if the City did not resolve its problem with the allotment holder. Acting quickly, the City drafted six alternative solutions to the problem, all of which were acceptable to Mr. Nicolai and to the BIA.

One of the six alternatives proposed an acre-for-acre land swap with an additional $30,000 added on for Mr. Nicolai.

In return for conveyance of the allotment to the City, the City would grant to Mr. Nicolai a four-and-one-half acre parcel of City-owned land lying just west of Ptarmigan subdivision.

According to several estimates compiled by City Capital Projects Director Dan Boyette, the current value of that parcel of land is approximately $200,000.

The deal was supposed to have been arranged on Monday, but at the last minute, the government backed off, claiming that City by-laws prevent the direct conveyance of land without a hearing and without bids submitted.

But City Planner Tony Stigall disputes that assertion, claiming that the by-laws allow for the city to convey land to the state, to the federal government or to any political subdivision of the state. He cited several precedents within the City's history to support his claim.

As the negotiations began to break down, Richard Honey, the local BIA representative for realty, suggested that his client would accept a straight cash settlement of $6 a square foot, or about $1.2 million for his land.

Although this was one of the six alternatives agreed to by all parties, the buy-out price was quite a bit more than the City had bargained for.

As a result of the impasse, Honey and Bruce Landon, an attorney from the Solicitor General's Office of the Department of the Interior, met on Tuesday in Anchorage with Stigall and with Joe Purcell, from the office of Rick Garnett, the City attorney.

According to Dan Boyette, "things look good" for a settlement, as of Tuesday night.

Meanwhile, work on the project continues, with Knik

Construction excavating the harbor site.

And according to Mr. Boyette, the Corps has been mollified and has withdrawn its deadline for resolution of the allotment dispute.

The second incident came about when the City, on its own initiative, burned two barges belonging to Bruce Crow, both of which were located within the project boundaries.

Crow has retained Bethel attorney Myron Angstman. According to Angstman, Crow wants the two 60-foot-by-16-foot wooden craft replaced.

According to Dan Boyette, Crow's family was notified in late August that the two vessels, the Widow Maker and the Akiak, had to be moved, as both were lying on ground slated for excavation.

Boyette said that he contacted Crow's son Sam, and that his daughter Alice indicated that her father was upriver moose hunting at the time, but that she would see what she could do about moving the barges. The barges remained unmoved.

Boyette said that Bethel Police Chief Tom Varnell also informed the family at about the same time, and City Planner Stigall took a map of the proposed project to show to two members of the Louse Town Development Corporation: Louie Andrew and Bruce Crow.

In addition, according to Boyette, Public Works Director Gary Volkman also told the Crow family that the barges had to be moved.

Through his lawyer, Crow maintains that he wasn't informed about the need to move the barges until late September, after the last of the high water, when the vessels were finaly grounded up the Louse Town Slough.

With the start-up of work imminent, an agreement was finally reached between the City and Crow, in which the City offered to attempt to move the vessels, now frozen in

Please turn to page 30

City, BIA reach agreement on land entanglement

by Richard Goldstein

Tundra Drums - 1/25/93

An agreement has been reached between the City of Bethel and a Native allotment holder whose land was found to be located within the City's small boat harbor project, in Louse Town.

Under terms of the agreement settlement, Jimmie Nicolai of Atmautluak will be paid $380,000, the money coming out of project funds. The money will be held by the City for Mr. Nicolai, accruing interest at 13 percent a year.

In return, Mr. Nicolai has signed over to the City a four acre portion of his Native allotment located within the harbor construction site.

The money will be used as Mr. Nicolai's bid in the auction sale of a 6.02 acre site located near Ptarmigan subdivision. The City has taken steps to auction off that portion of property within nine months of the effective date of the agreement, signed on Monday, February 7.

If the property is not successfully sold within nine months, or if Mr. Nicolai is not the successful high bidder, he will be paid the $380,000 and the interest.

If Mr. Nicolai's bid is high, then the City will award to him the 6.02 acre site near Ptarmigan, and the interest accrued from the $380,000.

These arrangements were arrived at after extensive consultations between the City and the Bureau of Indian Affairs, which represented Mr. Nicolai in the matter.

Please turn to page 29

BIA from page 1

The small boat harbor project was begun in earnest last year when the Bethel Native Corporation granted a 58 acre parcel of land to the City under auspices of Section 14c3 of the Alaska Native Claims Settlement Act, which regulates land conveyance from Native corporations to local municipalities.

In conveying the land, BNC was under the impression that it had clear title, and apparently was unaware of the Native allotment which had been top-filed by Mr. Nicolai in August, 1970. The allotment was only discovered by BNC land planner Glen Watson subsequent to BNC's having conveyed the parcel to the City, and following an agreement between the City and US Army Corps of Engineers for construction of the harbor.

When news of the discovered allotment was aired, the Corps felt its position was compromised and initially threatened to walk off the project unless a deal was quickly agreed to settling the land ownership issue within the project's boundaries.

But assurances were obtained, the land agreement was struck, and the Corps has continued to oversee the project, with Knik Construction still excavating the site.

But with one problem solved, the City still has to grapple with another harbor-related problem: replacing the two 60 foot by 16 foot wooden barges belonging to Bruce Crow which the City's public works crew burned two weeks ago.

The two barges, reportedly used by [illegible] during his summer fish buying and processing business, were parked, high and dry, up the Louse Town Slough, squarely in the middle of the proposed harbor.

Having received permission to attempt to move the barges from the harbor site, and assuming the responsibility for any ensuing damage, the City crew began to work at extricating the vessels from the frozen slough bank. But neither heat, nor Terex, nor D-8 Caterpillar could pry the boats loose...at least in one piece. While pushing on the barges with the Cat, the barges began to break up. The crew pushed the wooden hulks into a heap and reportedly burned the fragments.

Neither the Bethel Fire Department, nor Crow himself were told beforehand of the plan to burn the barges.

Through his attorney, Myron Angstman, Crow has indicated that he wants the City to replace the barges by break-up.

A marine surveyor hired by the City to assess the worth of the barges before they were burned

$18,000. Whether the City can replace the two vessels for that amount of money is questionable. There are very

few replacement barges available in the Delta at present.

Natives take land claims to high court

by A.J. McClanahan
Times Writer

Southeast Alaska natives are attempting a last-ditch effort to gain title to more than 200 parcels of land they believe are rightfully theirs.

The government says they are out of luck because the land is in the Tongass National Forest.

The natives have lost once at the U.S. District Court level and twice in the Ninth Circuit Court of Appeals. Even so, Alaska Legal Services Attorney Craig Tillery thinks the 200 or so natives have a chance of winning in the U.S. Supreme Court.

To the natives, the stakes are high.

The case involves land secured under the 1906 Native Allotment Act which authorized natives to obtain restricted title to parcels of up to 160 acres for each person. Title was for land they traditionally used for hunting, fishing, trapping or homesites.

Under the act, natives got the land under a trust arrangement

See Lands, page A-4

Lands

(Continued from page A-1)

with the Bureau of Indian Affairs. The allotment land essentially belonged to the natives, but they needed to obtain BIA approval for most transactions.

By the same token, they didn't have to pay taxes on the land.

The act was repealed by the Alaska Native Claims Settlement Act of 1971, but statewide there are 7,421 applications for about 14,000 parcels ranging from 40 to 160 acres each. The applications remain pending before the Bureau of Land Management.

Getting the Supreme Court to take the case is no easy task.

"You not only have to convince them you're right, but that it's important," Tillery said.

It is to the natives.

If the Supreme Court does not rule in their favor they will lose their claim to the land, Tillery said. "They're also losing their link with their past, their heritage," he added.

The case involves approximately 32,160 acres of land in Southeast Alaska, located in the Tongass National Forest. That amount of land is substantially less than 1 percent of the 17-million-acre forest, which is the largest national forest in the nation.

The suit was filed on behalf of Albert Shields Jr. of Juneau in a class action suit for about 200 natives. It stems from a native allotment application filed by BIA for Albert Shields Sr. in 1972.

Two years after the application, the Bureau of Land Management made a field examination of the application and found that the land was within the Tongass National Forest. The bureau's report stated that Shields had used the land extensively, but that his use did not predate the forest.

The U.S. Forest Service said Shields had to prove that his use of the land predated the forest, which was created in 1902. In 1909 the forest was increased to include most of Southeast Alaska.

The Alaska Legal Services filed suit on Shields' behalf on Feb. 23, 1977, to fight the decision. He died Nov. 13 of that year, but the court allowed his son Albert Shields Jr. to be substituted as plaintiff.

The government says that natives must establish personal — not just ancestral — use and occupancy of the land from before the land was put into the forest.

The case was made into a class action suit three years later.

In 1981, the court ruled against the natives, so they appealed to the Ninth Circuit, which ruled against them twice.

Tillery said the case also will affect natives who have allotments in the Chugach National Forest.

The natives' brief will be filed with the U.S. Supreme Court by the end of next month. Tillery said he expects word on whether the high court will hear the case by early this summer.

In a related development, nine Democratic state representatives have introduced a resolution in the legislature, calling on Congress to increase BLM financing so that allotments can be conveyed within 10 years.

BLM officials have said in the past that it could take 30 or more years to convey the land.

The resolution was introduced by Reps. Adelheid Herrmann, D-Bristol Bay; Albert P. Adams, D-Kotzebue; John G. Fuller, D-Nome; Peter Goll, D-Haines; Vernon L. Hurlbert, D-Sleetmute; Tony Vaska, D-Bethel; Fred F. Zharoff, D-Kodiak; Ben Grussendorf, D-Sitka; and Don Clocksin, D-Anchorage.

Welcome 1982 AFN Convention

Tundra Times

Alaska's Oldest Statewide Newspaper

VOLUME XIX, NUMBER FORTY-TWO ISSN 0049-4801 USPS 644-040 October 20, 1982

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ALASKA STATE LIBRARY
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INSIDE: Banquet plans Page 7

Allotment conveyance may take 20 years

By LINDA LOP -JENKINS
Tundra Times

Last week the good news for Native land allotments was that the "Fanny Barr" class action suit against the United States had been settled in favor of the allotment seekers.

The bad news this week is that, at the present rate of land surveying, it will take 20 years to clear up all the allotment petitions awaiting resolution in federal Bureau of Land Management files.

One skeptical allotment watcher said cryptically after hearing of the Fanny Barr settlement, "Your children and children's children will be in college before all these allotments are conveyed, they're in such a mess."

The Fanny Barr decision centered on the allotment petitions filed by an unknown number of Alaska Natives with volunteers during an early-1970s allotment drive.

Under terms of the settlement, any Alaska Native who filed an allotment form with a RurAL CAP volunteer or employee before the Dec. 18, 1971 deadline and who believes that the request never was passed on to the BLM or BIA, should write a letter to the District Court Clerk stating that that had happened.

Their letter must be received by the court clerk by Nov. 22 and would put into effect a process in which the petitions would be investigated and acted upon by the government.

The bad news is the length of time necessary to survey each land petition and the limited amount of financial and staff resources available to conduct those surveys.

Frances Eickbush, chief of the Division of Cadastral (land surveying) Studies for BLM, estimates that if the land surveys are conducted at this year's rate, 40 years will

(Continued on Page Eleven)

Struggling in the shadow

AROUND ALASKA

No money, long process stall conveyances

(Continued from Page One)

pass before all the surveys are conducted.

If the surveys are conducted at the rate planned for next year, Eickbush said 20 years could elapse.

The cadastral office has altered and made more efficient the methods it uses to conduct surveys for the coming years. Eickbush said that his surveyors plan on surveying 500 parcels in the Point Hope, Galena, Anvik, and Eagle-Northway areas in the coming year.

Until this year, the surveyors tended toward a more scattered approach and surveyed parcels throughout the state as those parcels were cleared for survey by the BLM's adjudication office.

The regional survey method will allow the cadastral office to get 'more for its money' by focusing on general areas and saving travel costs and time.

In nine years, the cadastral office has conducted surveys on 1,663 parcels of land. Allotment requests have been filed by about 9,000 people who are seeking about 13,381 land parcels.

Under the 1906 Land Allotment Act, petitioners can seek up to 160 acres of land divided in up to four different parcels.

Eickbush says that it takes from one to four days to survey a parcel.

Another problem fouling up the works in the land allotment conveyance procedure is the State of Alaska which filed blanket appeals to thousands of Native allotment petitions after the passage of the Alaska National Interest Lands Act (ANILCA), according to one attorney.

Don Mitchell, a former Alaska Legal Services Corp. attorney who worked on ANILCA passage in Washington D.C., and now works for the Alaska Federation of Natives, said that ANILCA stipulated that allotments which were not appealed by anyone within 180 days of ANILCA's passage would be cleared to survey and no challenge could be filed.

The State violated the intent of the ANILCA legislation, however, when it filed blanket appeals to the 4,000 to 5,000 allotments on day 180 of the appeal deadline, he says.

ANILCA also required that the agency appealing the allotment specify his, her or its reasons for objections but the state obviously couldn't nor did it specify in each case, he says.

No one, however, has taken the State to court over this matter, Mitchell said.

More than 8,000 people filed allotment petitions during the 1970s allotment drive — an amazing number of requests which were brought about by the efforts of the Rural Alaska Community Action Program under the direction of Byron Mallott, then John Shively.

Many of the allotments were filed with volunteers from the villages who were trained by RurAL CAP employees.

Unfortunately, says Shively who now works with NANA Development Corp., in such a massive effort, with so many volunteer workers, problems will crop up and more than 100 petitions were found in three villages several years after the allotment drive was ended and the deadline for filing allotment petitions was long past.

The allotments couldn't be filed after the signing of the Alaska Native Claims Settlement Act on Dec. 18, 1972.

Three groups of petitions were found in the attic of a building, which formerly housed a Nome RurAL CAP office; in the home of one volunteer in Quinhagak, and others were sent back to the village of Akiachak with the promise that RurAL CAP or BIA workers would follow to help straighten them out. The workers never showed up and the petitions were kept in village files for years.

When the petitions were brought to light, the Alaska Legal Services filed a class-action suit on behalf of Fanny Barr, one of the Shishmaref petitioners whose request was lost in an attic, and others.

MOVING FUR

SALE

ALL MUST GO

YOUR SHAREHOLDERS

ment Act, petitioners can seek up to 160 acres of land divided in up to four different parcels.

Eickbush says that it takes from one to four days to survey an average parcel depending on the type of terrain to be surveyed.

Each survey costs about $8,000 to just survey with the total field examination, adjudication and paperwork running about $30,000 per allotment for all parcels, he estimates.

The age-old problem of lack of funds also crops up daily in the office. According to testimony presented at many hearings on the allotments for the past four decades, Congress rarely has funded the allotment process to anywhere near the amount needed to sufficiently carry it out.

Previous allotment officers testified that requests for additional money were generally ignored.

The reason that RurAL CAP became involved in the allotment drive was because neither the BIA or BLM had sufficient money to go out to work on the allotment requests.

Today is no different.

Eickbush says that his office requested $15 million for the current federal budget year but received only $8 million for the year. That $8 million must also pay for office surveys of Alaska state land withdrawals, village withdrawals and many other programs so the piece of the "budget pie" remains insufficient to get the job done.

Eickbush said that if more money were to be allocated — and with the federal budget belt-tightening the way it is, that doesn't look likely — he would contract with private surveyors to do the work.

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HJR

38

HOUSE RESOURCES COMMITTEE OBSERVER/WITNESS SIGN-UP SHEET

DATE: April 5 SPONSOR: Rep. J. Cowdery

SUBJECT(S): HJR 38

NAME	REPRESENTING	ADDRESS	PHONE	Observer	Witness	For	Against
Rep Cowdery	sponsor	Pouch V	465-4905		X	X	

ANALYSIS OF HOUSE JOINT RESOLUTION NO. 38

"Supporting alternatives for the marketing of North Slope Gas."

This resolution is a signal of strong support for a transportation system to be constructed for Alaskan North Slope Gas. It supports and encourages sales of Alaskan gas to all probable markets at home and abroad, and calls for all state, federal, and Congressional agencies to give equal support and assistance to any system that will carry our gas to market.

UNITED STATES DEPARTMENT OF COMMERCE
The Under Secretary for International Trade
Washington, D.C. 20230

RECEIVED MAR 14 1983

MAR 7 1983

Honorable John J. Cowdery
State Representative
State Capitol
Juneau, Alaska 99801

Dear Mr. Cowdery:

Thank you for your cable to President Reagan regarding Alaskan resources. The White House has asked me to respond.

During Prime Minister Nakasone's January visit to the United States, President Reagan and the Prime Minister agreed to form a U.S.-Japan Working Group on Energy to examine many of the issues raised in your telegram. Secretary Shultz later met with Foreign Minister Abe to begin the arrangements on the structure and agenda of the first Working Group meeting. Discussions will include a wide range of issues including coal, oil and natural gas, and their respective roles in the energy security and development of both nations.

Japan, through the Ministry of International Trade and Industry (MITI), has been active in performing assessments of Alaska's coal reserves and has expressed interest in the possibility of importing Alaskan oil. The other Pacific Rim nations are also potential markets because of proximity and the desire to deal with the United States as a reliable supplier of both coal and oil.

The export of Alaskan oil is restricted, but there has been much discussion in the Administration and Congress about removing these restrictions. The export of Alaskan oil involves a trade-off of insuring the adequacy of domestic oil supplies, and the economic incentive to export commodities not in short supply. We have sought to balance these objectives while administering the short supply regulations of the Export Administration Act (EAA). We will pay close attention to this issue during the 1983 reauthorization of the EAA. This Administration is committed to increasing the energy security and interdependence of our allies and trading partners.

Sincerely,

Lionel H. Olmer

Department of Energy
Washington, D.C. 20585

RECEIVED MAR 8 1983

March 2, 1983

Honorable John J. Cowdery
State Representative
State Capitol
Juneau, Alaska 99811

Dear Mr. Cowdery:

President Reagan has asked the Department of Energy to review and respond to your telegram of January 18, 1983, in which you urged the President to encourage Japan to look toward the energy resources available in Alaska.

The President has recently initiated a cooperative effort with Japan to explore opportunities for enhancing energy investment and trade between our two nations. During Japanese Prime Minister Nakasone's recent visit to Washington, President Reagan proposed, and the Prime Minister agreed to, the establishment of a U.S.-Japan Working Group on Energy. The focus of the group's work will be on identifying and resolving impediments to private investment and free trade in energy in various sectors: oil, coal, gas and synthetic fuels.

In support of this effort, the U.S. Government will be examining the potential for increased U.S. energy trade with Japan and the legislative, technical, and economic constraints to such trade. In the course of our discussions with the Japanese Government, we plan to make every effort to keep the private sector and the legislature informed of the course of these deliberations at appropriate junctures.

We welcome your interest in further development of U.S. energy resources and in such cooperative efforts as we now have undertaken with Japan.

Sincerely,

George Bradley

George Bradley
Principal Deputy Assistant Secretary
for International Affairs

Introduced by: King
Date: Feb. 1, 1983
Vote: Unanimous
Action: Adopted

KENAI PENINSULA BOROUGH

RESOLUTION 83-34

APPROVING AND ENCOURAGING CONSTRUCTION OF THE TRANS ALASKA GAS PIPELINE.

WHEREAS, the Trans Canada Gas Pipeline for delivery of Alaskan gas to Midwest markets has not proved feasible so as to get necessary construction financing; and

WHEREAS, the result is that the gas is not being sold to the detriment of the Alaskan people and the State of Alaska; and

WHEREAS, the Governor's Economic Committee has filed a report dated January 1983, setting forth the economics of a Trans Alaska Gas System as an alternative for North Slope gas which would result in construction of a pipeline for gas to tidewater in the Nikiski area; and

WHEREAS, the oil and gas infrastructure is already in place in that area which could be developed to utilize gas from the North Slope; and

WHEREAS, use of this gas within the State and preparation of gas within the State for shipment would be beneficial to the State of Alaska through increase of employment and increase of taxes as well as giving a market for North Slope gas; and

WHEREAS, it is in the national interest to allow marketing of this gas in the Pacific rim areas of Japan, Korea, and Taiwan, as well as the west coast of the United States in order to reduce the deficit in our balance of trade with those nations and to bolster the United States economy;

NOW THEREFORE, BE IT RESOLVED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH:

Section 1. That the Kenai Peninsula Borough hereby approves, encourages, and urges rapid action to approve and activate construction of a pipeline for North Slope gas from the Prudhoe Bay area to tidewater in the Nikiski area of the Kenai Peninsula Borough as envisioned in the report by the Governor's Economic Committee.

Section 2. That the Clerk of the Kenai Peninsula Borough distribute copies of this resolution to President of the United States Ronald Reagan, U. S. Senators Ted Stevens and Frank

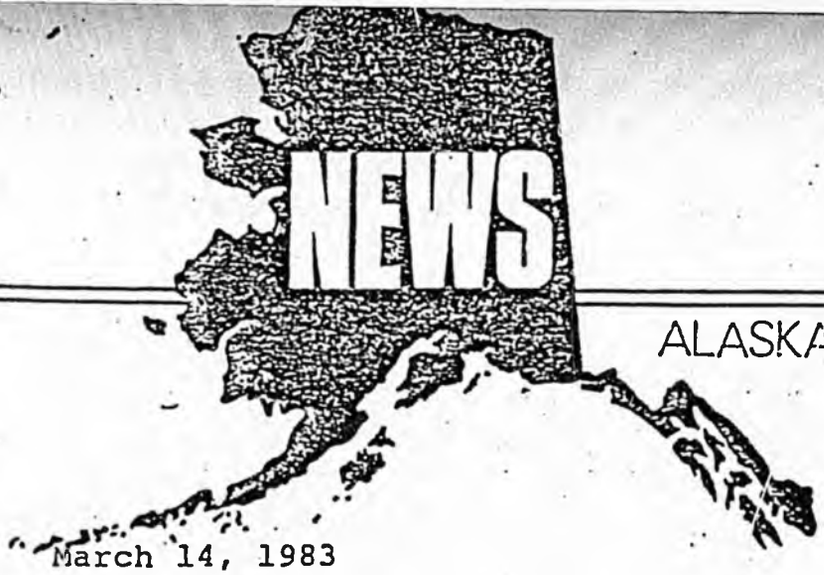
Murkowski, Representative Don Young, Governor of Alaska William J. Sheffield, and to all members of the Alaska Legislature immediately after its adoption.

ADOPTED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH ON THIS 1st DAY OF February, 1983.

Donald L. McCloud, Assembly President

ATTEST:

Borough Clerk



ALASKA CONGRESSIONAL DELEGATION

Senator Ted Stevens
Senator Frank Murkowski

March 14, 1983

FOR IMMEDIATE RELEASE

WASHINGTON--Senators Frank Murkowski and Ted Stevens have urged Commerce Secretary Malcolm Baldrige to recommend revisions in the Export Administration Act's restrictions on the export of Alaskan crude oil.

Baldrige is currently reviewing the act, which is set to expire in September, and the Administration will soon be forwarding to Congress its recommendations for renewal.

"While I have yet to endorse any specific proposal, I recognize that now is the time to begin the lengthy process of removing federal restrictions and preparing for the possibility of future exports of Alaska's oil," said Murkowski.

"Under the existing Export Administration Act, any oil export faces an uphill battle for approval in Congress. Revising the law will remove the first roadblock, but we still face the restrictions included in the TAPS Authorization Act," Murkowski added.

Sen. Stevens said, "The administration's public support in exploring these issues before Congress would be an important step toward the release of Alaska's oil to the free market."

-more-

"We have urged Secretary Baldrige to make an early recommendation on lifting the oil export ban. Any final proposal on the export of Alaska oil to Japan will have to include a provision that only United States ships can carry oil from the Prince William Sound area," Stevens said. "It is also apparent that substantial revisions in Japanese export policies will have to take place before the export of Alaska oil will be acceptable to Congress."

The Export Administration Act was amended by Congress in 1979 to tighten restrictions on resource export. Under the law, any new oil export must be expressly approved by both houses of Congress.

The Trans-Alaska Pipeline System Authorization Act requires the U.S. Senate and the House of Representatives to disapprove, rather than approve, any new export within 60 days after being proposed by the President.

In their letter to Baldrige, the Senators said that the factors which led to the tightening of the Export Administration Act ban on foreign sales of crude oil are not the same today. Murkowski and Stevens said that the interest in crude oil export expressed by the U.S.-Japan Energy Working Group, as well as changing world oil supply and demand dynamics point to a possible change in the Administration's position on oil export.

"If a consensus develops in the near future that favors export, we would not want consideration of this issue to become inflexible because the existing Export Administration Act was already underway," the Senators wrote. "We hope your recommendations regarding the Export Administration Act will have flexible parameters and ample latitude for far-ranging and complete discussions of this issue," they concluded.

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For further information: Jane Robbins (202) 224-6665

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that dogged the earlier oil pipeline. But its main problems have been a sharp jump in cost estimates, from an original $10 billion, to $43 billion or more, and the consequent need to pass these costs on to customers.

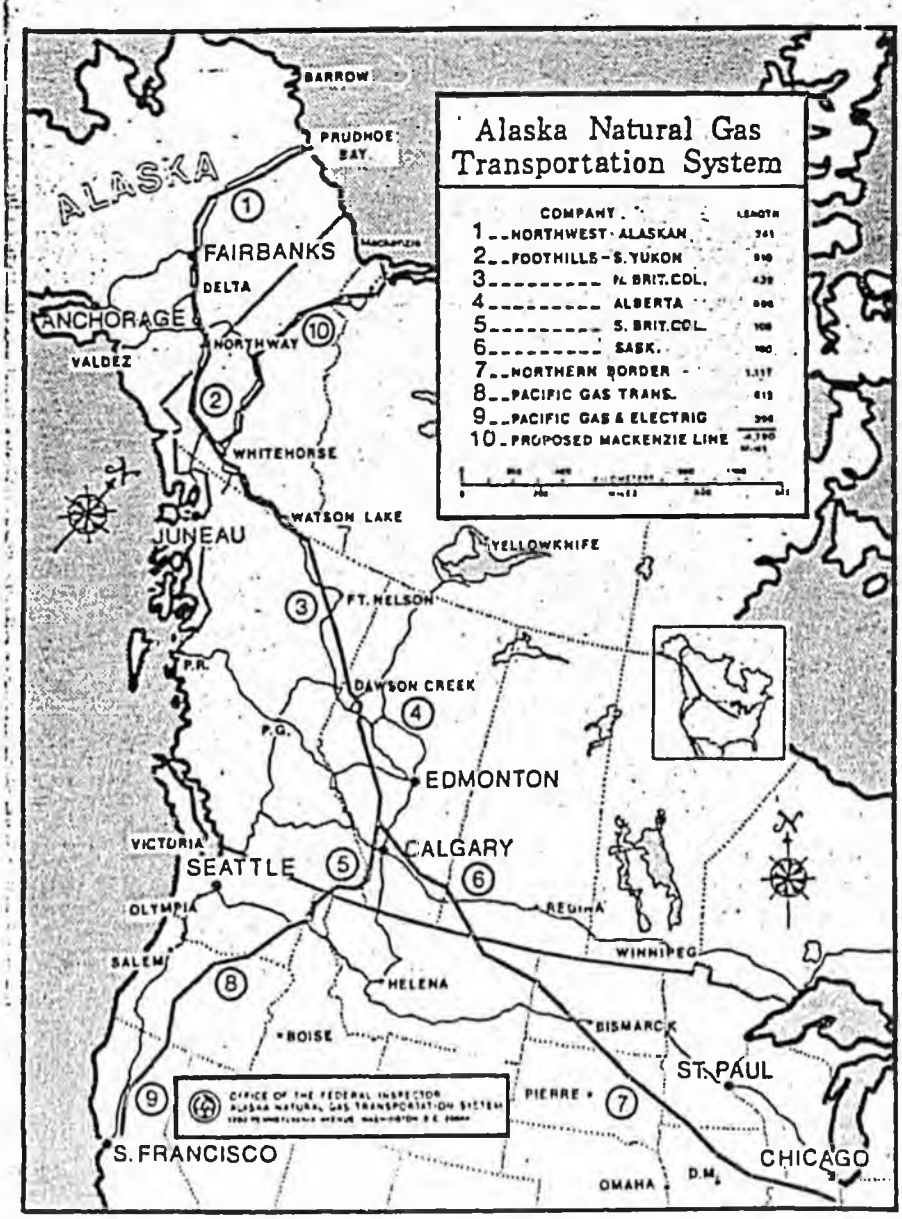
In part, this has been addressed by the companies and Alaska in a variety of plans to make the cost of gas relatively stable throughout the project rather than "front-loading" the capital cost. According to state officials, this could cut the often-cited price of $18 a thousand cubic feet by 60 percent initially. Then, the costs would be spread over years.

"Everybody has to be a participant in this leveling process," one oil company official said, implying that producing companies would probably have to make concessions on the wellhead price they received for their gas as they asked banks to wait longer for their financing profits.

Companies are also devising ways to reduce costs of conditioning the gas and building pipelines. Nonetheless, a growing body of opinion seems to hold that the pipeline may be dead.

"When ANGTS was approved, the nation was suffering a severe natural gas shortage brought on by wellhead gas price controls," said a recent report prepared for Alaska by Booz, Allen & Hamilton. "Consequently, there was strong interest in bringing Alaskan gas and other supply supplements to market. Now, however, the domestic natural gas supply-demand picture has changed."

Accordingly, two former governors of Alaska, Walter J. Hickel and William A. Egan, are pushing an alternative under the aegis of a special committee appointed to suggest solutions. They advocate



building an 820-mile pipeline from Prudhoe Bay to the port of Kenai, Alaska, and then liquefying the gas for shipment to Japan by tanker. According to this view, Alaskan gas can probably never be competitive in the Lower 48, and its natural market is Japan.

Advocates of this plan say it will lessen the United States' $20 billion payments deficit with Japan, prevent the Soviet Union from capturing a large chunk of the Japanese gas market—as it has in Europe—and cost $18 billion less than the line through Canada.

Perhaps most important from Alaska's perspective, the advocates say, the state could finally profit from what is perhaps its richest resource. This is an especially important argument because Alaska's oil revenues will begin to decline sharply at the end of this decade as the recovery of Prudhoe crude becomes more difficult.

"They've been talking about the potential of Alaska for 150 years now," Hickel said in an interview. "You have to make something happen, or a potential is just a broken promise."

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ALASKA

STATE LEGISLATURE

MEMORANDUM

28 March,'83

TO: Rep. John Cowdery

From: Merrill Sikorski

RE: Information & costs of delivered NS gas.

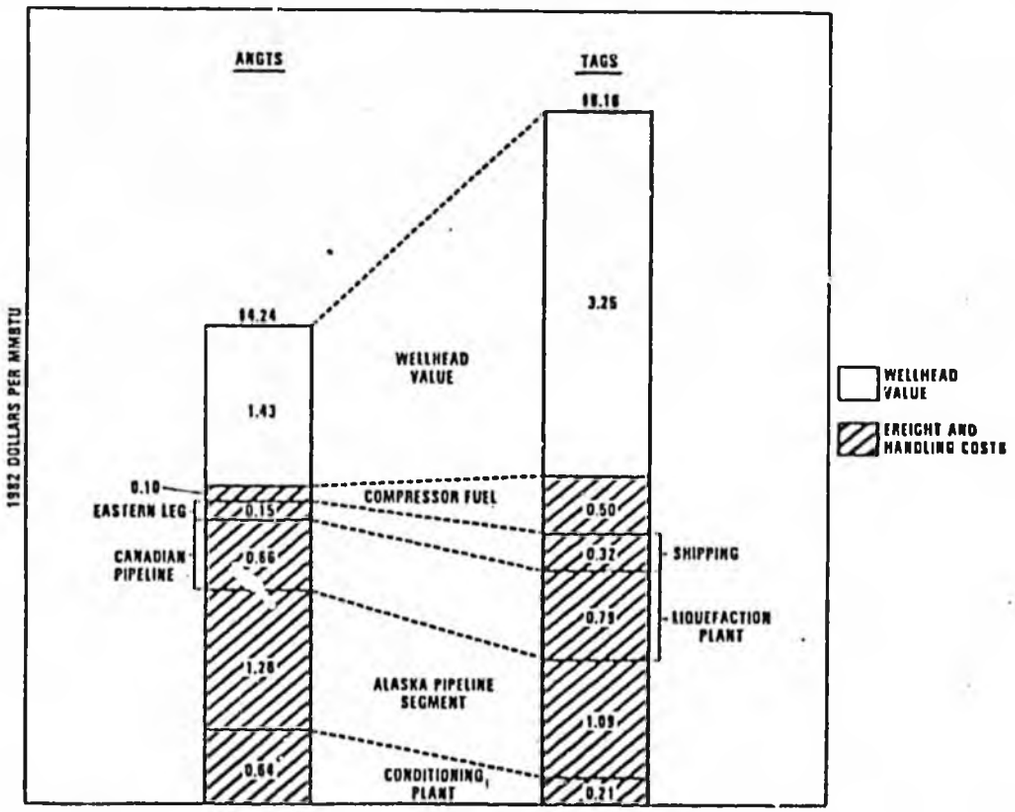
With capital costs being passed on to the consumers, the latest estimates for ANGTS gas to the midwest is $18 a thousand cu. ft. (three times the current market rate) As shown in the attached graphic from the Booze, Allen & Hamilton report, TAGS is estimating in 1982 dollars the price to Japan at $5.67 MMBTU.

John, another factor that seems apparent after reading the article on "Rearming of Japan", in last weeks U.S. Business Report, is our national security. Nakasone is pushing toward rearming his country. If Japan is as effective as they are at everything else they do, they may have quite a military capability by the end of this decade. This is the same time that their energy needs will call for additional LNG, which will also be available from the U.S.S.R. within that time frame. It would behove this nations security to have a technologically advanced nation such as Japan, with new military capabilities, dependant on the U.S. for its energy supplies, rather than the Soviet Union.

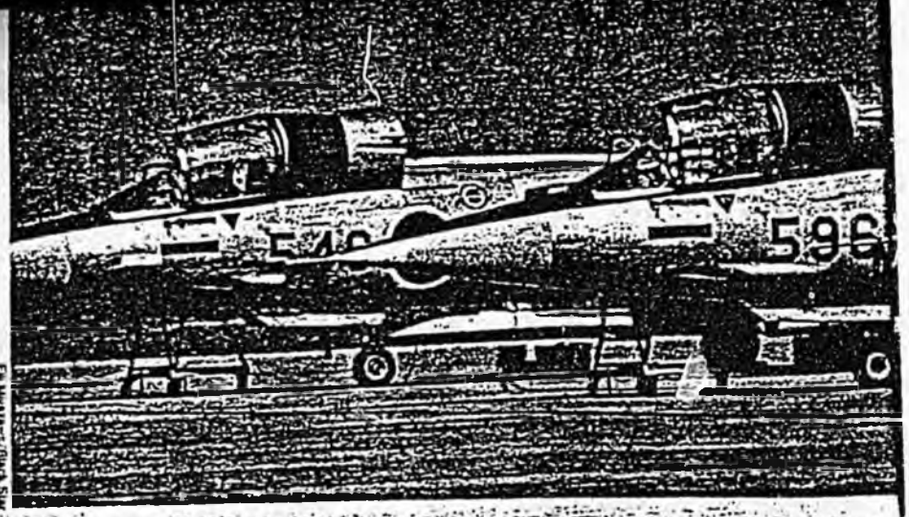
CONCLUSIONS . . .

THE MAJOR ECONOMIC ADVANTAGE OF TAGS IS THE HIGHER VALUE OF ITS TARGET MARKET -- LNG USE IN THE PACIFIC RIM

COMPARISON OF WELLHEAD GAS VALUES FOR ANGTS AND TAGS



BUT, BOTH TAGS AND ANGTS ARE VULNERABLE IN SEVERAL WAYS . . .



SPECIAL REPORT

REARMING JAPAN

Reagan prods, U. S. business worries, and many Japanese fume

For 40 years, the issue of defense in Japan has been buried in the radioactive ashes of Hiroshima and Nagasaki. Stunned by a devastating military defeat in World War II and humbled by the American occupation, the Japanese have spent the past decades concentrating on business and trade, leaving the defense of their country almost entirely in the hands of their conqueror, the U. S. For most Japanese, pacifism became the only acceptable alternative when militarism failed.

But 38 years after General Douglas MacArthur accepted its surrender on the deck of the USS Missouri, Japan is debating whether it should turn once again to arms. In fact, rearmament is destined to be one of the key Japanese foreign policy issues of the 1980s.

More than anyone, it is the Reagan Administration, with an eye toward the Soviet Union, that is pushing Tokyo to increase military spending and assume a much heavier defense role. "Japan is just not bearing its share of the defense load," complains a high State Dept. official. "The U. S. is not willing, or able, to carry all these burdens alone." If the Pentagon has its way, Japan would shoulder responsibility for bottling up the entire Soviet Pacific fleet within the Sea of Japan, while helping to patrol vital sea lanes to Guam and the Middle East (map, page 108).

Although Washington has been grumbling for years about Japan's "free ride," it now has a receptive listener in Yasuhiro Nakasone, who became Prime Minister last November. One of Japan's most articulate hawks, Nakasone is a former Defense Minister who believes a country as economically powerful as Japan should play a larger role in its own defense. Unlike his predecessors, who bowed to the deep postwar pacifism of the Japanese, Nakasone is ready to challenge all the taboos on rearmament and military spending. His promise, during his January visit with President Reagan, to turn Japan into "an unsinkable aircraft carrier" was a bone-rattling shock to a Japanese population used to oblique statements from its political leaders.

Japan's forces are poorly commanded and ill-equipped.

Yet that was just one part of Nakasone's rearmament campaign. In mid-January, he led the ruling Liberal Democratic Party (LDP) in calling for a new national constitution that would tear up the "peace constitution" written for Japan by MacArthur and do away with Article 9, reviled by conservatives, under which the Japanese pledge to "forever renounce war" and to "never maintain any war potential." The same week, Nakasone pushed through Cabinet approval of a technology-transfer agreement with the U. S., which Washington had sought for years. Just days after that, he persuaded the LDP to begin reviewing Japan's policy of restricting the export of weapons—a key change if Japan is going to rearm in a big way. Most important, Nakasone is

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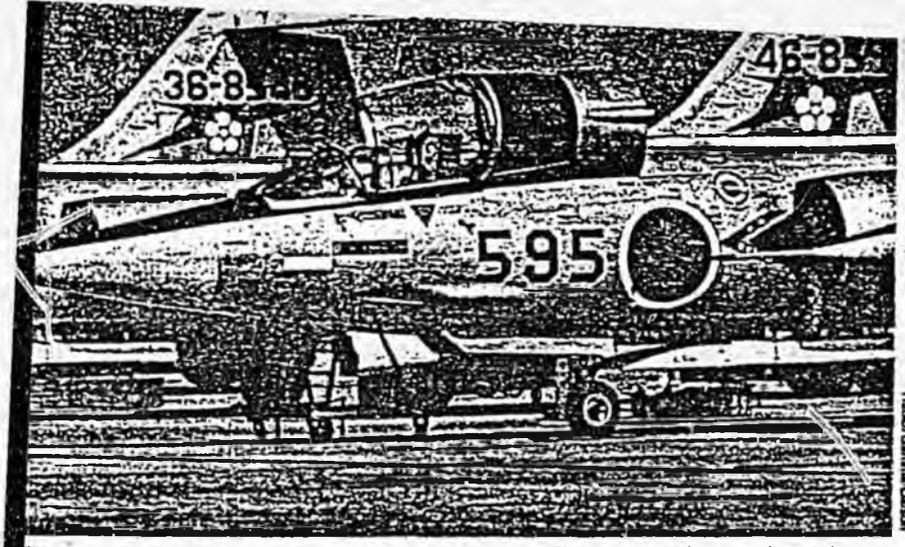
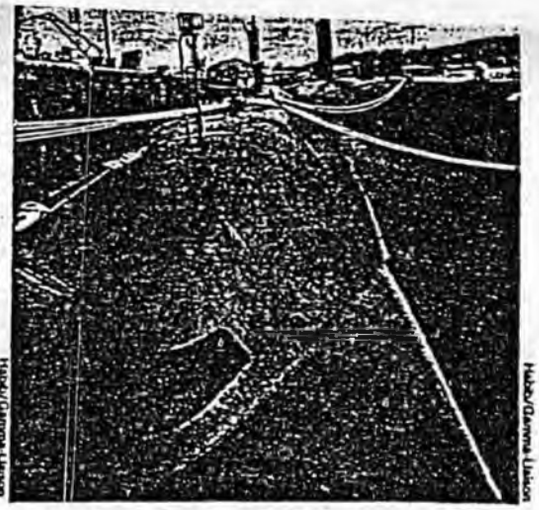




Weapons made in Japan: To build its arms industry, Tokyo would have to break its own guideline that limits military spending to 1% of GNP.

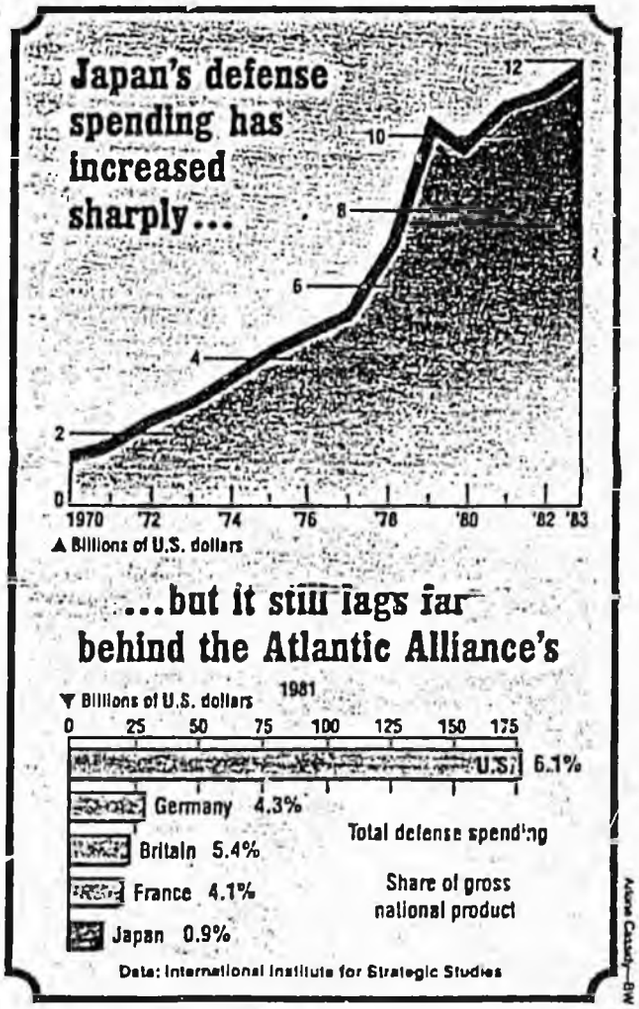
hinting at breaking the most important of all Japan's self-imposed guidelines—the limitation of military spending to 1% of gross national product. Many expect him to break through that limit in the next two years, opening up the possibility of much higher government financial support for the armed forces. "We are now approaching the ceiling," says Kazuo Tanikawa, director general of Japan's Self-Defense Agency. "Perhaps we are at a point where we have to reconsider [the 1% limit]."

That prospect may win applause in the White House and on Capitol Hill, but it alarms a great many people in Asia, including the Filipinos, who have searing memories of Imperial Japan's Greater East Asia Co-Prosperity Sphere. The growing discomfort with Washington's sponsorship of Japan's rearmament goes beyond remembrances of World War II, however. U.S. businessmen are wondering if Japan will repeat its successes in exporting autos, televisions, semiconductors, and VCRs with a new series of military exports. Japan's electronics abilities could make it a strong exporter of electronic weapons.

Others fear that technology the U.S. transfers to Japan for a military buildup may return home in commercial goods (page 109). Already, Mitsubishi Heavy Industries Ltd., the country's largest defense contractor, assembles F-15s and executive jets in Japan—in adjoining hangars. The specter of a repeat on a huge scale of that kind of technical transfer haunts many U.S. executives. "Do I think it is an eventual threat? You better damned well believe I do," says a U.S. defense industry executive in Tokyo. "Whatever they do, they do well."

None of this yet worries most officials of the Reagan Administration. Washington is focusing on Japan's enormous economic strength and its failure to carry out any major military or aid programs in defense of the Western alliance. "Forty years after the war, it is . . . anachronistic to continue the present situation of total Japanese dependence on us," says a high-level State Dept. official.

Washington discounts the possibility that bolstering Japanese military spending might rebound to hurt American exports. "I don't see much impact on our commercial policy," says another Administration official. In fact, some Administration experts believe that the U.S. can tap into advanced Japanese technology in semiconductors, fiber optics, and robotics by tying Japan into American military programs. A key defense specialist contends that U.S. efforts to persuade Tokyo to increase its military budget are aimed "at getting them to let more of their technologies come here."



Moreover, the Reagan Administration is confident that it can control any tendency toward rebirth of a Japanese militarism reminiscent of the 1930s. "Some people, to be sure, feel that there may be some danger of the Japanese reverting to militarism," says one Administration source. "Kissinger worries about this. But we are confident that that can be managed."

The basic Administration strategy is to offer Japan a limited range of weapons, making Tokyo dependent on the U.S. for most of its military needs. The key tactic is to encourage industry-to-industry technology cooperation for specific defense items. Since Japan would coproduce these weapons under license to U.S. companies, it would need permission from Washington to export them. "It is in the interest of the Department of Defense to equip the Japanese with the weapons they need to defend themselves," says a key Defense official. "But we do not intend to provide them with offensive weapons or give them access

ALASKA

STATE LEGISLATURE

MEMORANDUM

March 9, 1983

TO: Oil & Gas Committee File

FROM: John J. Cowdery /.C.

SUBJ: Joint Resolution Points

1. The State of Alaska has to take a strong stand to sell this gas. Ask those who say we shouldn't, "If we can't be strong, how can we expect the oil companies, the Japanese, or the federal government to be strong?"

2. Ask those who say we agree on results but disagree on how to go about it how they would go about it. We have to look at the competition. Indonesia, Canada, Australia, Thailand and the Soviet Union --our competitiors-- all send their top government guys to Japan and other markets to make LNG projects happen. We need the same firepower.

3. Alaska will be treated like a stepchild as long as she behaves like a stepchild. We're not a stepchild, we're a sovereign state. We understand the problem in what is the national and international interest. We have to constantly ask the question: "How long can a sovereign state wait when America asks for its resources and refuses to take them?" It's our gas, and our whole state's economy depends on getting to market.

4. We could never give a tree away in Seattle after the Second World War when we wanted to get our timber industry going. We won't ever sell coal in Wyoming. And we're not going to compete with gas in Oklahoma. It's time to get tough. What is the state of Alaska waiting for?

On the resolution itself, I think it is essential that the first two "let it be resolved" clauses of the original draft resolution be included in the final joint draft. The resolution is virtually useless if it does not single out the Asian market and ask governments and businessmen in those areas to take advantage of the secure, long-term trading relationship purchase of Alaska's North Slope gas would offer.

A second, new suggestion would be to include the following resolution clause for the federal government:

> "And be it further resolved that the federal government is urged to explore the prospect of making development of North Slope gas transportation facilities a National Interest Project of nations on both sides of the Pacific for its

long term benefits to this nation and its potential trading partners."

To explain, Japan has made projects in the Soviet Union "national interest projects" not because they are uneconomic but because the government has taken the long-term view that this trade would be beneficial to relations between both nations. Our government and Japan should be urged to do the same thing and that consideration will, I expect, be a part of the first joint energy task force talks on March 21.

Finally, we should make one more try to strengthen the joint resolution. Line up other, less committed members of the Senate - majority and minority- but timing is the priority. Even if they are not introduced together, its good to have a strong measure in both houses. Take strong stand, public reaction should be with us, should be easier to get a strong resolution through the Senate. Stand tough.

Pipeline Pains

Back in the midst of the late and unlamented "energy crisis" we kept writing that, even though the weight of the earth was finite, energy prices wouldn't go up and up forever. This fearless (at the time many thought reckless) prediction looks pretty good right now, with OPEC officially cutting its benchmark price to $29 and probably facing further downward pressure.

Which reminded us to check up on another and more recent prediction: That the great Siberian pipeline would prove to be an economic turkey. When President Reagan was trying to get the Europeans to back out of their deal to finance the Soviet pipeline in response to the crackdown in Poland, we kept insisting that since it's not economic to pipe gas from Prudhoe Bay to Chicago, it can't be economic to pipe gas from Siberia to Bavaria. The Europeans kept insisting that even though they were lending the Soviets money at below-market interest rates (an average of 8.67% on the $3 billion lent so far), they would make that back by receiving below-market gas prices when deliveries started. By now, with energy prices crumbling, it is totally apparent that if the Europeans had listened to Mr. Reagan, they would have saved themselves a bundle.

It's apparent, that is, to those who understand the complicated gas pricing contracts. This is not easy; if the contracts were understood by the man in the street, Europe would be awash in a consumer revolt. By way of explanation, take what has been published about the otherwise secret German contract, which is for the largest volume and set the standard for the other deals.

The contract has two prices: a base price and a floor price. The base price is around $4.70 per million BTUs, but goes up and down with movements of an index of oil prices. This is the price the Europeans had in mind in claiming they had negotiated a good deal. However, to apply, the indexed base price must be above the set floor price.

The floor price, intended to give the Russians a minimum return on their investment, started out below the market but assumed a 3%-a-year increase in the real price of oil—producing a price of about $5.70 per million BTUs in 1981 dollars by the end of the decade. This is about equivalent to the now vanished OPEC benchmark oil price of $34 a barrel. Unless energy prices reverse themselves and return to this price plus inflation, the relevant price in the Siberian gas contract will be not the base price but the floor price. That is, the price will be well above the world energy price. The Europeans have given the Russians below-market loans for the privilege of buying above-market energy.

Worse yet, the contracts include a take-or-pay clause for 80% of the contracted gas volumes, meaning that whatever happens to energy prices, the Europeans have guaranteed the Soviets the floor price for 80% of their scheduled deliveries. West Germany, France and Italy have placed dibs on 23 billion cubic meters of gas a year once the pipes are full, with deliveries starting next year and stretching through the end of the century. So they will be buying enormous amounts of gas at prices that may be enormously above the going rate. Perhaps this explains the otherwise cryptic remark by former German Chancellor Helmut Schmidt, whose government set the pipeline in motion in the first place, "I do not think that OPEC should be allowed to break down, certainly not."

Still worse, gas consumption in Europe isn't rising but falling. In its most recent annual report, Ruhrgas, the German supplier and lead contractor with the Soviets, blushingly noted that higher prices had mysteriously led to less gas consumption than predicted. The European Community has just released figures showing that European natural gas consumption fell by 6% last year. Gas imports from outside the EC actually fell for the first time ever.

Ruhrgas denies rumors that negotiations are still taking place on one crucial aspect of the contracts, saying that the final contracts are signed and refusing to comment on their terms. The rumor has been that Ruhrgas would like to delay the "plateau phase" of the contract, when the pipelines would be full and the floor price would start to apply. It's easy enough to see how such ideas would arise; if Ruhrgas isn't trying to find a way out of its contract, it ought to be.

There are many reasons to explain why European governments and energy concerns fell prey to such bad economics. One is the general Chicken Little reaction to increased energy prices. On the one hand, this led potential sellers like Norway to keep their energy resources in the ground, where they will now remain for a long time to come. On the other, it led potential buyers into a lot of bad investments. Just as Exxon was collapsing its shale oil projects, though, the Europeans were defending the pipeline against Mr. Reagan's onslaughts. This myopia of course results because governments were involved, partly because they are inherently inflexible, partly because they wanted to subsidize European steel jobs, and partly because they wanted to keep "detente" alive by subsidizing the Soviets.

We hate to say we told you so, but as regular readers know, we did. In rebuffing Mr. Reagan, Europe lost its best and perhaps last chance to get out of a losing deal. Everyone else's energy prices will fall as the OPEC house of cartel cards collapses, but Europe will be stuck with a lot of high-priced Siberian gas. All the European consumers can hope for is that in the future their governments will take a closer look at Russians bearing bargains.

Alaska's Oil Dream Clouded By Expected Drop in Output

By DOUGLAS MARTIN

Special to The New York Times

ANCHORAGE — Measured by the wind-chill factor, the temperature was 86 degrees below zero, driving snow made it impossible to see more than a few feet, and even the ravens seemed to be huddling from the cold. It was a typical March day at Prudhoe Bay, America's biggest oilfield.

The New York Times/March 17, 1983

Route of the 800-mile Trans-Alaska pipeline that transports oil from the Prudhoe Bay field.

"It's like working on the moon," K. C. Kilty, a production technician, said of the effort required to maintain the mammoth oil wells, each of which pumps more than 400 times as much oil as the average well in the lower 48 states.

Still, much of the hardship of searching for oil 250 miles north of the Arctic Circle has been ameliorated. And Alaska has grown into a leading petroleum province, the only one in the United States that can be mentioned in the same breath with the Persian Gulf kingdoms, the North Sea and Mexico.

But there is trouble on the Arctic horizon, which at this time of year is the color of rosé champagne. For within a few years — perhaps as early as 1985 — production from Prudhoe Bay is expected to decline sharply as the natural difficulties and costs of tapping its vast oil supply mount.

The trouble in getting the Prudhoe oil out of the ground, mainly the result of a decline in the underground pressures that force it to the surface, has long been anticipated and would have caused less concern if world oil prices had continued to increase, as many experts were forecasting just a few years ago.

With prices dropping, however, it is beginning to be questionable whether the industry will either get the most out of Prudhoe with increasingly costly technologies or replace the lost production with costly new discoveries.

"Any way you look at it, there's not a chance that the present rate of production is going to continue beyond 1988," said C. V. Chatterton, chairman of the Alaska Oil and Gas Conservation Commission. "And I don't see how any new field can possibly be brought into production before the decline sets in for the Prudhoe Bay field."

To be sure, experts believe that Alaska still offers the nation's best opportunities for finding exceptionally large amounts of oil. A number of smaller fields have already been found, and opportunities offshore in the Beaufort and Bering Seas are judged excellent. But even so, the new finds are unlikely, the experts say, to make up the shortfall expected in Prudhoe's decline.

As of now, however, Alaskan oil is a major energy blessing. With only one-thousandth the number of wells drilled in Texas, the oil industry in Alaska is producing 1.7 million barrels of oil a day compared with 2.5 million in Texas, the nation's leading oil producing state. Alaska's output could be far greater, but the 800-mile Trans-Alaska Pipeline System would not hold it.

Today, a fifth of American petroleum output flows from the North Slope, and experts believe that half the oil yet to be found in the United States is in Alaska. Matching that scale, however, are expenses, technical challenges, and distances from supplies and markets.

"If you found a 50-million-barrel field in Alaska, you'd call it a dry hole and go on to the next thing," G. T. Wilkinson, vice president of the Arco Exploration Company, a unit of the Atlantic Richfield Company, said with a shrug. The reason: Larger fields can be found to better justify the huge cost of field development.

Even apparently rich prospects, however, are being subjected to closer scrutiny because of the sharply circumscribed cash flow of the oil companies. Petroleum Analysis Ltd., a consulting firm based in New York, calculates that the profits of major oil companies last year declined by 19.4 percent, which means they have less money to plow into the ground at a time when costs are continuing to rise. "There is a distinct slowdown in the availabilility of risk money looking for new fields," Mr. Chatterton said.

Prudhoe currently produces 1.5 million barrels of oil a day, more than the amount pumped by each of 10 of the 13 financially strained members of the Organization of Petroleum Exporting Countries. (Only Saudi Arabia, Iran and Venezuela produce more.) But Mr. Chatterton and others estimate that, starting in 1988, the annual decline in production will be between 15 percent and 20 percent; this means that, by 1995, Prudhoe Bay would be pumping only 120,000 barrels a day.

The more optimistic scenario is that the yearly rate of decline will be only 8 percent but will start three years earlier, cutting Prudhoe output to less than half present levels by 1995.

"You fall off a cliff, and you fall pretty flat," Paul Norgaard, president of Arco Alaska Inc., said.

'The Big Endowment'

The biggest losers will be the United States Government and the State of Alaska, which together receive two-thirds of the revenues generated by Prudhoe oil. "Prudhoe is the bonanza, the mother lode, the big endowment, the one-time shot," said Charles Logsden, a petroleum economist with the state revenue department of Alaska.

The impact of the geological limitations is being magnified by falling oil prices. For Washington, each $1 drop in the world oil price means $547.5 million less in Alaskan "windfall profits" taxes each year.

For the state, the world's slackened appetite for energy and OPEC's recent 15 percent cut in prices mean the withering of an oil-fired dream.

A recent study by the University of Alaska estimates that by 1993, petroleum revenues — which account for more than nine-tenths of state spending — will be 70 percent less than forecast two years ago as a result of declining oil prices. The implications are that overall employment will grow 10 percent more slowly over the next decade than had been expected; that population will increase at a rate 8 percent less than expected, and that the state income tax — swept away by petroleum — will have to be reinstated.

Line

(Continued from page A-1)

nd by $356 million a year for the ll-Alaska project.

Also, both projects would ring gas to consumers at about e same cost. But the target market for the all-Alaska project — Pacific Rim nations — likely would be better, the report said.

"From the state's perspective, there is no real difference between (the two projects) despite their significant economic and marketability differences," he report said.

The state should back both projects, it continued. "The gas producers, end-use markets, financial community and federal government will be deciding factors as to which project, if any, will proceed, based upon economic and market considerations."

The state also should support spinoff gas projects for Fairbanks should either of the two major projects be built, the study said.

Under one of the spinoff projects, Fairbanks would tap the major pipeline to get gas to produce electricity. In the other spinoff, methanol would be produced in Fairbanks by tapping gas from the pipeline. The methanol would be exported.

Booz, Allen recommended against constructing a 480-mile small-diameter pipeline from the North Slope to Fairbanks for gas-fired power production. "The small diameter line requires a significantly higher tariff than tapping either of the major lines," Booz, Allen said.

The study concluded the Alaska Highway project involves the least legal and regulatory risks because it has political support and is nearer construction than the all-Alaska project.

Gov. Bill Sheffield said Saturday he has asked several Cabinet members and legislative leaders to review the Booz, Allen study.

Decontrol

(Continued from page A-1)

Reagan's plan was backed by the Natural Gas Supply Association, an industry group, and the Natural Gas Consumers Information Center, an organization representing industrial users of natural gas.

Under Reagan's proposal, gas companies and their suppliers could renegotiate their contracts. Beginning Jan. 1, 1985, any party to a contract could break the pact at will, to seek a better price arrangement elsewhere.

But, to protect consumers from prices regulated only, in effect, by competition in the marketplace, Reagan would order a cap on price increases charged to consumers. The companies could no longer pass along to consumers higher prices charged by producers, as they are now allowed to do.

The gas companies would be allowed to raise prices to keep up with inflation, but all other increases would need the approval of the Federal Energy Regulatory Commission. This provision would remain in effect until Jan. 1, 1986.

In 1980, when he ran for president, Reagan pledged to remove all price controls. But opposition in Congress — which the administration believes has been softened by recent price increases under the present controlled system — held him back.

Under a 1978 law, controls are being removed in stages from gas discovered after April 1977. But the "older gas," roughly half the nation's supply, was supposed to be kept under price ceilings.

One reason for the higher prices being charged this winter is the so-called "take-or-pay" contracts signed by many pipeline companies after the rough winter of 1976-77. Those agreements require payment for the gas whether it is used or not; so pipelines keep on taking it while dropping their cheaper suppliers when demand falls, as it has done during the recession.

Addressing himself to "one of our major energy sources, natural gas, and what this administration proposes to do to ensure abundant supplies of it at reasonable prices," Reagan said:

"The American consumer is being hurt by government regulations that actually contribute higher gas bills."

The president noted th "howls" of protest were rais when, two years ago, he r moved oil price controls, and o ponents predicted gasoli prices would rise.

"You don't have to go any fu ther than the nearest filling st tion to see that prices have go down, not up, since decontro he said.

Maria Luisa Faini

Neil Varon

Gas lines profitable, study says

by Bill White
Times Juneau Bureau

Juneau — State officials should let the market decide which of two multibillion-dollar gas pipelines can be built, because Alaska would benefit from either project.

That is the conclusion of a 76-page, $150,000 draft study, which explored the best options to get the vast treasure of natural gas in Alaska's arctic to market.

About 26 trillion cubic feet of natural gas, about a fifth of the U.S. reserves, lie beneath Prudhoe Bay.

A proposed $50 billion, 4,800-mile pipeline through Canada along the Alaska Highway is on hold because its backers cannot get financing to build it.

Last month, a task force headed by former Govs. Walter Hickel and Bill Egan recommended a $32 billion, 820-mile pipeline be built from Prudhoe Bay to tidewater on the Kenai Peninsula. Gas liquids could be exported to Japan.

The new draft study, done for the state and released Saturday, looked at both those projects and others. It concluded that either of the major projects would bring huge benefits to Alaska.

Both projects would create thousands of construction jobs, the study said. After construction, hundreds of Alaskans would be employed to run the pipeline.

The state treasury also would get a shot in the arm, according to the study by Booz, Allen & Hamilton of Bethesda, Md. Tax and royalty returns would rise by $220 million a year in 1982 dollars

Reagan seeks to open gas market

by James Gerstenzang
Associated Press

Washington — President Reagan said Saturday he will ask Congress to remove all controls from the natural gas market over the next three years "to ensure abundant supplies . . . at reasonable prices."

At the same time, the Reagan plan would place a cap on consumer prices through Jan. 1, 1986, allowing increases based only on inflation, unless a government agency approves higher fees. On the first day of 1986, all price controls would be removed.

Long-term high price contracts between pipelines and suppliers, which many analysts blame for recent price increases, could be broken at will after Jan. 1, 1985.

"The key to cheaper, more abundant energy for all Americans is a policy that combines consumer protection, incentives to produce, and efficient economic use of our resources," the president said in his weekly radio address to the nation, broadcast from the Oval Office. "That's what our program will do."

The president said the Energy Department estimates that the plan will reduce prices 10 cents to 30 cents per 1,000 cubic feet of natural gas in the first year.

Larry Speakes, the chief deputy White House press secretary, said Reagan would send the proposal to Congress on Monday, and that Energy Secretary Donald Hodel has reported, on the basis of preliminary consultations, that congressional reaction has been far better than expected."

"There seems to be a consensus that something has to be done," Speakes said, in reference to complaints about rapid increases in natural gas prices that have driven bills up 20 percent to 40 percent in some areas this winter.

However, Sen. Howard Metzenbaum, D-Ohio, an opponent of decontrolling natural gas prices, said he believed Reagan's proposal would be defeated in the Senate. He called the Reagan plan was "absolutely off-base" and said he thought there were 10 to 20 senators who would join him in a filibuster against it.

He said a lengthy filibuster he led on gas legislation in 1977 "will be like a Sunday school picnic" compared to the one he expects now.

Metzenbaum also said the move would raise costs to homeowners and increase unemployment by hurting small business.

"The gas industry itself has estimated that decontrol will cost $60 billion a year," he said.

And Rep. Bill Hefner, D-N.C., giving the Democratic Party response to Reagan's address, said the president's proposal would increase natural gas prices by 67 percent over the next four years.

Supporting the president, Sen. James. McClure, R-Id., chairman of the Sena Energy and Natural Resources Co mittee, said the proposed protections f the consumer would be "better than t current law."

When current legislation was passe McClure said, "We faced a radically d ferent energy market. Certainly nobo can be faulted for failing to foresee day's surpluses."

McClure said his committee wou begin hearings on the president's bill March 9.

Ed Rothschild, head of the Citize Labor Energy Coalition, an advoca group, said a Wall Street study estimat that price decontrol would raise prices $1 to $1.50 per thousand cubic feet. He sa the average home using natural gas bur 140,000 cubic feet per year, so if the timated price increase is realized, the a erage yearly bill would rise by $140 to $2

See Decontrol, page A

Alaska Proposing Japan Connection

Liquefied North Slope Gas Would Be Shipped From Kenai Peninsula

By Roger Lowenstein
Staff Reporter of The Wall Street Journal

For six years oil companies in Prudhoe Bay on Alaska's North Slope, have been producing one billion cubic feet a day of natural gas. And every day, they painstakingly compress the gas and inject it hundreds of feet back into the frozen earth.

The gas is a byproduct of crude oil. But, while the crude oil is piped to the coast, Alaska hasn't found a way to transport and market its Prudhoe natural gas.

The federal government long has supported the idea of laying a gas pipeline across Alaska and Canada to the lower 48 states. But a pipeline consortium has never been able to raise enough funds.

So today, 15 years after the giant Prudhoe Bay field was discovered, a blue-ribbon Alaska state committee was scheduled to unveil what it claims is a better plan to build a shorter and less costly pipeline to Alaska's Pacific coast, convert the gas to liquid and ship it to Japan.

"Alaska's natural markets have always been in Asia," says Walter J. Hickel, the former state governor and U.S. secretary of interior in the Nixon administration, who heads the committee. "Whether it's fish, timber, or coal, it's difficult to trade backwards" with the continental U.S., he says.

At best, the plan would find a market for the gas; it would strengthen U.S.-Japanese relations, reduce the U.S. trade deficit with Japan and heighten the two nations' joint strategic interests in the Pacific.

But Before That . . .

Before any of that, Mr. Hickel's group would have to arrange billions of dollars in private financing. Even more important, it would have to convince the U.S. and Japanese governments to support the plan.

Thus, the timing of the announcement in Washington today is hardly coincidental. With Japanese Prime Minister Yasuhiro Nakasone due to begin a visit tomorrow, officials of both nations are looking for ways to reduce trade tensions.

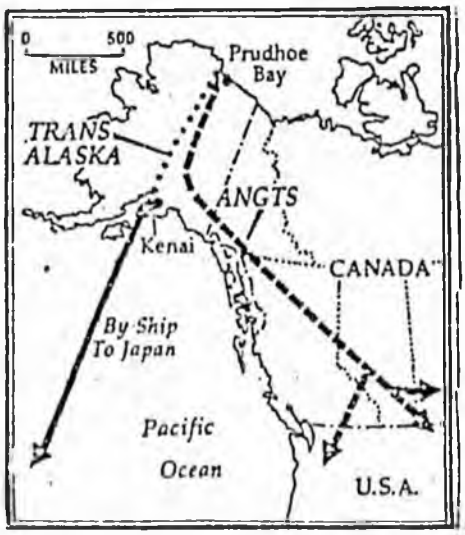
Mr. Hickel already has been to Japan to pitch the plan "and he's been wandering around town ginning up support" in Washington, as a State Department official puts it.

The advantages, Mr. Hickel's group contends, are many. "One of the beauties of the Hickel proposal is the much greater market flexibility," says Joseph Chomski, an attorney for the Hickel committee, which was appointed by the governor of Alaska. He notes that the Hickel plan would bring the gas to the Kenai Peninsula. "Then, you can ship it to wherever the market is, and readjust as the market changes," he says.

The market in the forseeable future most likely would be Japan. Alaska, which would gain from its 12.5% equity in the gas and from taxes on the pipeline, thinks it would fetch a better price in Asia than in the U.S., which is glutted with natural gas.

Moreover, Mr. Hickel says his plan is generally more economic. He says it would be geographic madness for Alaska to transport gas overland to the U.S., forcing Japan to carry out plans to import liquefied natural gas from Alberta, Canada.

A similar "inefficient circle" already exists in oil. Much of Alaska's crude oil is



shipped through the Panama Canal to the Gulf of Mexico, while Mexican oil from the Gulf goes to Japan.

While Japan couldn't import Alaskan crude oil without congressional approval, it already imports some liquefied natural gas from southern Alaska. Japan could import gas from Prudhoe Bay merely by gaining the president's approval.

Mr. Hickel is sure to tell National Security Adviser William Clark, with whom he was to meet today, that there are political reasons for President Reagan to give his approval: Supplying Japan with gas would make it less dependent on the Soviet Union and the Middle East. If the Japanese helped finance the project, their appetite for investing in any Soviet pipeline might be reduced.

"Strategically, it's a great idea," says a staff member on the National Security Council. The Japanese are said to be interested in the proposal as a means of lessening their troublesome trade imbalance with the U.S. Further, in return for financing and providing a market for Alaskan gas, Japan would hope to strengthen its ties to the U.S. It might, for example, seek access to much-coveted Alaskan crude oil. "There are all sorts of possible *quid pro quos* that could fit into the jigsaw of U.S.-Japanese relations," says a member of Mr. Hickel's staff.

To be sure, there are other proposals. They range from the esoteric and unlikely—shipping liquefied gas in submarine

OVER →

tankers beneath the polar icecap to Europe—to the more prosaic option of converting the gas to methanol, a liquid fuel, which could be marketed in the U.S. as well as abroad.

Committed to Other Plan

Moreover, the three oil companies that produce the gas, as well as the U.S. government, remain officially committed to the Alaska Natural Gas Transportation System, or ANGTS, pipeline to the lower 48. The ANGTS consortium includes Northwest Energy Co., the sponsor, and Atlantic Richfield Co., Exxon Corp. and Standard Oil Co. (Ohio).

However, the ANGTS project has been repeatedly delayed as costs have escalated to $43 billion from $10 billion and energy demand has softened. The project currently is on hold due to lack of financing. "You're stretching world capital markets," says one Chase Manhattan banker, who has little hope for the ANGTS project.

The Hickel group says their Trans-Alaska plan is more economically viable. Their pipeline would run 820 miles, compared to 4,800 in the ANGTS project. In the first stage, scheduled for completion in five years, the Trans-Alaska pipeline would carry only one billion cubic feet a day, half the total proposed by ANGTS. After completion, the Trans-Alaska system would carry nearly three billion cubic feet a day. The estimated cost is $11.6 billion for the first phase and $25.5 billion for the entire project.

Of course, Mr. Hickel has yet to prove that his project would work as he says it would. Moreover, while U.S. officials are clearly interested in hearing more, there are political obstacles that could keep Mr. Hickel's plan from getting off the ground.

Problems With Canada

Canada has been counting on using the ANGTS pipeline, if it's ever built, for transporting some of its own gas. State Department officials say the U.S. couldn't walk away from the ANGTS project without snubbing Canada, and the U.S. doesn't want to do that. Moreover, there are many in Congress who still feel that the U.S. shouldn't send its energy resources abroad if at all possible. Since funding for two projects is out of the question, the Hickel proposal would stand a better chance "when and if Congress believes the other project is really abandoned," says one Washington lobbyist.

Technically, congressional approval mightn't be needed. However, financing the project would be difficult even with government support; without it, Mr. Hickel concedes, the project wouldn't stand a chance.

While the oil companies say it is too soon to react to the proposal, they collectively have 26 trillion cubic feet of gas shut in Prudhoe Bay. Presumably, they will back any plan that enables them to market the gas.

The Japanese have contracted for all the gas they need until 1990, but they will need more after that. Japan already is making arrangements with Canada, Australia and others to satisfy that need. Therefore, Mr. Hickel says, "the window is open in Japan to a long-term energy arrangement with the U.S. but it won't *stay* open. If we don't sell the gas this time it will stay in the ground for years."

Associated Press

Former Alaska governor Walter Hickel yesterday outlines recommendations on an alternative natural gas pipeline for his state.

Alaska Gas Pipeline Advances

By Martha M. Hamilton
Washington Post Staff Writer

A commission appointed by the governor of Alaska yesterday recommended building a $25.2 billion pipeline to transport the state's abundant natural gas to terminals on its southern coast, where the gas would be converted into liquefied natural gas and shipped to Japan.

The report of the committee chaired by former Alaska governors Walter J. Hickel and William A. Egan recommended the all-Alaska pipeline as an alternative to the Alaska Natural Gas Transportation System (ANGST), a project designed to moved the gas to Canada and the United States.

The $43 billion ANGST project, which had received support from President Jimmy Carter and from Congress, has been stalled indefinitely by an inability to arrange financing and a weaker natural gas market in the United States than anticipated.

According to the committee appointed last June by Gov. Jay Hammond, the Far East provides a far better market for Alaska's natural gas than the United States. That and lower construction costs argue in favor of the proposal, the report said.

"Prospects of available Canadian and Mexican gas . . . as well as less expensive production from a large number of shut-in U.S. wells, leads the committee to conclude that North Slope gas does not have a ready market in the United States in the near term," according to the report.

But John McMillian, chairman and chief executive officer of the Northwest Alaskan Pipeline Co., the operating partner for ANGST, said the proposal "does not provide any meaningful solutions" to Alaska's natural gas marketing problem.

The committee recommended presidential and congressional action to smooth the project's course if Hammond adopts the recommendation. Otherwise, legal roadblocks might delay it, the report said.

TUESDAY, JANUARY 18, 1983

THE WALL STREET JOURNAL.

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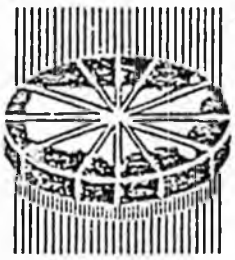
REGIONS

Alaska, Peeved With the U.S., Vows to Fight for Its Interests

By EUGENE CARLSON
Staff Reporter of THE WALL STREET JOURNAL

ALASKA, you'll be pleased to know, probably won't secede from the United States. Alaska would, however, like a bit more respect from the rest of the country. Especially from the fiscally less fortunate states and their delegates in Congress, who tend to look at Alaska and its enormous oil wealth the way panhandlers eye the display windows at Tiffany's.

With $3.8 billion in oil revenue in the last fiscal year and untold billions worth of oil and minerals still in the ground, Alaskans can afford to be feisty. Many residents feel their relationship with the U.S. has deteriorated in the 25 years since statehood. Two years ago, voters asked an 11-member statehood commission to explore the reasons why. The results are in.



Conclusion No. 1. Statehood has its problems (the federal government's sins against the state "would fill a catalog," the final report says), but it's better than anything else. The issue isn't frivolous. In setting up the commission, the legislature ordered it to study "alternative forms of association" with the U.S.

The Republic of Alaska? The state has only 401,000 people, fewer than Chattanooga, Tenn., but 30 members of the United Nations have smaller populations. As long as the oil holds out and oil prices stay high, the state could afford independence, the commission believes.

BUT IT'S NOT GOING TO HAPPEN. Each avenue—illegal secession, opting out of the Union by act of Congress, reversion to commonwealth or territorial status—raises impassable legal, political and emotional hurdles. More to the point, a majority of Alaskans wouldn't vote to leave the U.S., given the chance.

Conclusion No. 2. We're staying around but don't take us for granted. The message of Alberta's bitter fight with Canada's central government over oil prices, that led the western province at one point to begin shutting down oil production, wasn't lost on Alaska.

"The lesson is clear," the commission said in a preliminary report. "If Alaska wants to protect its resources, its revenues and its state prerogatives, the state government must vigorously defend against federal encroachments. It should not be afraid of suing, of mounting a national information campaign, of building political coalitions, or taking what otherwise might seem to be drastic steps, with the exception of secession. Let action force the issue."

Conclusion No. 3. The feds aren't Alaska's only foe. The Middle West and Northeastern states are an even bigger pain in the neck because of their fight to limit severance taxes—the taxes that resource-producing states like Alaska, Montana amd Texas place on oil, coal and other minerals they export to other states. The industrial heartland may find severance taxes onerous in a recession, but these states trample on a fundamental tenet of federalism when they try to fiddle with a state's taxing power. The attack on severance taxes is "the most dangerous threat to this state and all the states," the commission says.

Anchorage Daily

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ANCHORAGE, ALASKA, TUESDAY, JANUARY 18, 1983

Hickel proposes gas line

By TIM MILLER
Daily News correspondent

WASHINGTON — Former Gov. Walter Hickel unveiled his all-Alaska natural gas pipeline proposal to an attentive Reagan administration Monday, but critics said the plan would have harmful domestic and international repercussions.

Hickel told high-ranking government officals of the proposal to forsake plans to pipe Alaska gas through Canada to the Lower 48 in favor of a plan to export the gas to Japan.

"There's been an enthusiasm and response more than what I expected," Hickel said after meeting with U.S. Interior Secretary James Watt and National Security advisor William P. Clark. Administration officials were not available for comment.

Anchorage Daily News/Paul Brown

Sen. Pat Rodey of Anchorage, leader of the state senate minority coalition, is sworn in with [illegible] Juneau Monday.

Hickel takes gas line plan to Washington

Continued from Page A-1

Hickel said the existing plan, the Alaska Natural Gas Transportation System (ANGTS) "died a natural death." He touted his proposal as a means of correcting the skewed U.S. balance of payments with Japan. He said it also would strengthen strategic ties with Asian countries.

The $42 billion ANGTS system has been stalled by a lack of financing. Hickel said his $25.5 billion program would be more easily financed.

Assuming annual inflation of 7 percent and 14 percent financing charges, the cost of the proposed all-Alaska gasline system would be $25.5 billion if the system were completed by 1992.

The estimated cost would provide for construction of an 820-mile pipeline from Prudhoe Bay to Nikiski, north of Kenai, plus conditioning and liquefaction plants at Nikiski. It would not include tankers or a receiving terminal (presumably in Japan) equipped to convert the LNG back to gas form.

Hickel has dubbed the project "TAGS" for Trans Alaska Gas System.

The first of three construction phases would take three years to build, making the system operational at a cost of $11.6 billion in 1988 dollars. The second and third phases of construction would give the system capacity to handle greater volumes of gas.

John McMillian, head of the Northwest Alaskan Pipeline Co., which organized the competing ANGTS project, said Hickel's plan is faulty.

"I do not believe it is in the national interest to design a project that proposes to export 26 trillion cubic feet of domestic natural gas — the nation's largest single gas reserve — to a foreign country," McMillian said in a prepared statement.

"There's one advantage to the (ANGTS) pipeline," McMillian said: "It finally puts the all-Alaska pipeline to rest. By so doing, it will now permit Alaska and its citizens to move ahead in support of the only transportation system approved by the U.S. Congress."

Hickel said McMillian's statement was "kind of silly."

"It shows where he's coming from," Hickel retorted. "He must be scared."

Hickel's proposal also was criticized by James Schlesinger, who was Secretary of Energy for the Carter administration when it helped develop the ANGTS system.

"I can understand the impatience of Alaskans and I share that impatience myself," Schlesinger said. "But as a practical matter, the overland pipeline is the only show in town."

Schlesinger questioned the economic assumptions that enable Hickel to predict that his proposal could cut the final costs of natural gas by more than half. He said Hickel's proposal may only cause further delay of ANGTS. He also said abandonment of the overland system would violate agreements between the United States and Canada.

"If we want to have raucous relations with Canada, proceeding down (Hickel's) route would be a certain way to do it," said Schlesinger. He predicted foreign relations committees in Congress would resist moves to abandon the ANGTS system, on which U.S. and Canadian officials have worked for years.

"We're still committed to the ANGTS project," said Patricia Lortie, a spokesman for the Canadian embassy.

Major Alaska oil producers were unenthusiastic about Hickel's proposal. Exxon Corp., a producer and an investor in ANGTS, released a statement saying Exxon still favors the overland route through Canada.

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• Stocks

Alaskans seek oil export OK

by Betty Mills
Times Washington Bureau

Washington — Alaska Sens. Ted Stevens and Frank Murkowski have asked the Reagan administration to support lifting the ban on the export of Alaskan oil, and have appealed to their Capitol Hill colleagues to keep an open mind on the issue.

The administration is reviewing the issue and is expected to make a recommendation to Congress shortly. The Export Administration Act, which bars the sale of Alaskan oil overseas without prior Congressional approval, is up for renewal in September.

Previous attempts to lift the ban on Alaska oil exports have failed. A new bill to continue the ban has been introduced by Rep. Stewart McKinney, R-Conn., with nearly 100 co-sponsors. But the Japanese government is mounting a well-heeled lobbying effort to defeat the McKinney bill and allow Alaskan oil exports.

Although the lobbying has begun in earnest, no Congressional hearings have been scheduled. The House Foreign Affairs Committee had planned to hold a hearing on the issue this month, but postponed it until the White House makes its recommendations.

Murkowski, who heads the Senate Foreign Relations Subcommittee on East Asian and Pacific Affairs, also is waiting for the administration position before convening hearings.

On another front, the U.S.-Japanese energy working group has delayed its first meeting, from next week until early April. The group was formed following this winter's meeting between President Reagan and Japanese Prime Minister Nakasone. It will focus on the issue of Alaska oil and gas exports. Gov. Bill Sheffield has asked that an Alaskan be allowed to sit in on the April meeting here, and a later session in Tokyo.

Meanwhile, Stevens and Murkowski sent a letter to other members of the Senate Tuesday, urging them to keep an open mind on the Alaska export issue.

"It is our hope you will take the time to review the attached point paper . . . We urge you to remain uncommitted until sufficient information is available for a reasoned decision by the Congress," the senators said.

The senators said, "We are not prepared at this time to endorse any specific proposal until we have had a thorough analysis of the economic impact and effects of removing part or all of the restrictions. However, we would advocate lifting the restrictions if assured that national security, maritime, and oil industry concerns have been adequately addressed. For instance, it may be desirable to protect our maritime industry by providing for carriage in U.S. tankers. There are strategic, economic and international trade reasons that merit your consideration before making a commitment on the issue."

In their letter to Commerce Secretary Malcolm Baldridge, the senators said conditions have changed dramatically since the ban on Alaska oil exports was strengthened in 1979.

"Changing world oil supply and demand dynamics, OPEC's recent series of meetings and decision to lower crude oil prices, and the newly discovered find in the Santa Maria basin of southern California necessitate a complete review of the crude oil export issue," Stevens and Murkowski wrote.

Murkowski said it is time to begin the lengthy process of removing federal restrictions and preparing for the future export of Alaskan oil.

"Under the existing Export Administration Act, any oil export faces an uphill battle for approval in Congress," Murkowski said.

Stevens said, "Any final proposal on the export of Alaska oil to Japan will have to include a provision that only U.S. ships can carry oil from the Prince William Sound area. It is also apparent that substantial revisions in Japanese export policies will have to take place before the export of Alaska oil will be acceptable to Congress."

Congressman renews pipeline deadline attempt

Times Washington Bureau

Washington — Rep. Thomas Corcoran, R-Ill., has renewed his efforts to place a December 1983 deadline on Northwest Alaskan Pipeline Co. as it attempts to gain private financing for its Alaska gas line project.

Corcoran has introduced a resolution that died in the last Congress, establishing a two-year time limit on the gas line waiver package. That package, enacted in December 1981, included several provisions sought by Northwest to expedite private financing of the project. Among the most controversial provisions of the waiver package is one allowing Lower 48 consumers to be billed before gas starts to flow through the line.

In a statement submitted for the Congressional Record last week, Corcoran said, "I strongly opposed those waivers, which had been recommended by the administration . . . Among the waivers granted was one that would allow the pipeline consortium to pre-bill natural gas ratepayers for natural gas they may never receive and may never need.

"Most objectionable, the price of the Alaska gas would be in the range of $18 per thousand cubic feet. I viewed such a scheme as anti-consumer in 1981, and it would seem ever more inappropriate now in view of the outrage that natural gas consumers across the country are expressing about the increasing price of natural gas," Corcoran added.

The resolution also reaffirms the intent of Congress and the Reagan administration that no federal financial assistance will be forthcoming for the project.

Sponsors of the project, estimated to cost up to $40 billion, still are seeking financial commitments from investment firms. Their failure to come up with a package has stalled the completion date for the project by two years.

The Corcoran resolution has 18 co-sponsors in the 435-member House, and has been referred to the House Energy and Commerce Committee and the House Interior Committee. There is no companion measure in the Senate.

The resolution is not expected to pass, according to Capitol Hill sources familiar with the pipeline issue.

Rick Agnew, an aide to Rep. Don Young, R-Alaska, said Thursday that Congress reaffirmed its support for the Alaska gas line project by adopting the waiver package.

"I don't think there is any substantive support to negate that," Agnew said.

What others say

Oil to Japan: 'a lot to recommend it'

From Business Week

UNDER EXISTING law, Alaskan oil cannot be exported, but the Reagan administration wants Congress to drop this restriction so that it can use the oil in its trade negotiations with Japan. One idea under consideration is to offer to sell Alaskan oil to Japan and replace it in the U.S. market with oil from Mexico. This maneuver, if carried out successfully, would make a healthy $4 billion to $6 billion dent in the U.S. trade deficit with Japan and, at the same time, give our southern neighbor foreign exchange earnings with which to repay its debts to U.S. banks.

It is an ingenious scheme but one that raises a number of critical problems. On balance, if the Administration and Congress can remedy those problems, the plan is worth a try.

THE MAJOR OBJECTION to selling oil to Japan as a way of cutting our trade deficit is that it could easily mask the underlying cause of our trade difficulties with that country — its continued foot-dragging on allowing U.S. producers access to its domestic markets. The U.S. has repeatedly asked Japan to remove barriers that handicap U.S. companies trying to sell there, and Japan has promised repeatedly that it will do so. But so far results are scanty.

Any undertaking to sell Alaskan oil to Japan should be made conditional on that country's agreement to carry out specific moves to open up its markets.

IN SHORT, the Alaskan oil-sale plan will require careful structuring to protect other U.S. interests. But if that can be done, the proposal has a lot to recommend it.

What others say

It's time to allow oil shipments to Japan

From The Ketchikan Daily News

IT SEEMS Alaska has some friends in Seattle, at least on the editorial page staff of the Seattle Times. A recent Times editorial urged an end to the ban on exporting Alaskan oil and natural gas to Japan, and we heartily concur.

The Times quoted a recent Heritage Foundation report that listed the benefits of shipping some of our energy resources to Japan instead of artificially limiting our markets.

THOSE BENEFITS include:

— A $1.5 billion cut in the nation's budget deficit;

— Improved balance of trade with Japan and other Far Eastern nations;

— Eliminate the need to build the $2 billion Northern Tier pipeline;

— Increase Alaskan revenues, which have been declining as OPEC oil prices drop;

— Help break down other trade barriers with Japan and further open the country to U.S. products, while aiding a close ally now dependent on Mideast oil;

THE STUDY ALSO POINTS out that shipping oil and gas to Japan poses "no threat whatsoever" to American security.

Alaska is already a major exporter to Japan, where markets for our fish and timber already exist. It's sad that trade barriers keep Alaska from further developing the relationship we have with one of the most productive countries in the world.

We appreciate the Times' support in ending the export ban, and we hope Washington State's congressional delegation listens to the Times' suggestion. The benefits are widespread.

Expert sees 'disastrous' gas prices

Associated Press

Washington — The head of the Federal Energy Regulatory Commission warned Saturday that unless Congress acts quickly to solve natural gas pricing problems, there "will be a disaster in the gas market" for both consumers and producers.

"Rules governing natural gas prices must be changed, and they must be changed soon," FERC chairman C.M. Butler III told the Senate Energy and Natural Resources Committee. The commission oversees the gas pricing system.

The panel finished four days of hearings on President Reagan's plan to remove all controls from natural gas by 1986, a plan Reagan says will cut prices and end the complaints of consumers who have been hit by price hikes of 40 percent to 50 percent a year.

But Reagan's plan faces stiff opposition in Congress, where more than 20 bills have been in-

See Natural, page A-10

Natural gas prices

Continued from page A-1

troduced, ranging from partial decontrol to reimposition of prices already lifted.

The 1978 law, enacted at a time of gas shortages, lifts price controls on Jan. 1, 1985, from offshore gas and "new" gas discovered after April 1977. But it retains indefinitely price ceilings on "old" gas found before then and includes complex mechanisms that mandates 28 pricing procedures.

The Reagan plan would allow all pipelines and producers to renegotiate their existing long-term contracts. Backers of the plan argue that producers could then get higher prices for old gas while pipelines could get lower prices for new gas.

"The most urgent problem is that natural gas prices are now on average too high," Butler said. "Consumers are being required to pay prices that serve no rational economic purpose; producers with new supplies are finding it impossible to market their gas."

With the prices fixed by the law rather than changing with the natural fluctuations in the marketplace, Butler said, congressional action is needed or consumers will turn to less costly sources of energy. Producers will lose customers and may go bankrupt, he said.

The current gas glut, with prices artificially high, and the oil glut, with its decreasing prices, will mean a switch to oil, he predicted, "and the result will be a disaster in the gas market."

FERC supports Reagan's proposal and Butler said it will reduce prices because "the price of gas follows the price of oil."

But Sen. Howard Metzenbaum, D-Ohio, said FERC has "totally let down the consumers of this country" by its decisions on energy matters and said he looked "askance" at Butler's prediction of price decreases.

Several consumer groups told the committee that prices would increase under decontrol.

The National Association of Regulatory Utility Commissioners said consumers need to be protected during periods of oversupply and local producers need to have more options in selling their product.

"Today's prevailing prices for natural gas continue to increase even as demand is dropping and gas supplies are growing more abundant," said Laura Murrell, chairman of the Kentucky Public Service Commission, speaking for the commissioners' group.

"Demand-sensitive pricing of natural gas remains largely an unrealized dream," she said.

Quick solution to gas pricing urged

By TIM AHERN
The Associated Press

WASHINGTON — The head of the Federal Energy Regulatory Commission warned Saturday that unless Congress acts quickly to solve natural gas pricing problems, there "will be a disaster in the gas market" for both consumers and producers.

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Murkowski urges gas plan changes

by Lynn Peebles
Times Washington Bureau

Washington — Sen. Frank Murkowski, R-Alaska, Wednesday endorsed the deregulation of natural gas prices, but said changes must be made in the Reagan administration proposal to meet the unique situation in Alaska.

At a Senate Energy and Natural Resources Committee hearing, Murkowski said the administration bill is a good first step toward ending natural gas wellhead price regulation. But he said Alaska residents may face huge increases in their utility bills if the legislation is not revised.

"Alaska's unique conditions obviously were not taken into consideration when this bill was drafted," Murkowski said. "I agree that the free market approach is preferable when competition is available. However, in Alaska, where utilities may have only one source of gas and are not connected to any Lower 48 pipeline, there is no opportunity to shop around for a better price."

Murkowski said that without competition, there is no ceiling on the price producers could charge Alaska consumers for natural gas.

"Chugach Electric estimates that an increase in natural gas prices to $3.50 per million cubic feet of gas would require it to seek a 100 percent increase in electric rates," the senator said. Chugach Electric now pays as little as 21 cents per million cubic feet for natural gas.

Energy Secretary Donald P. Hodel, whose appearance kicked off lengthy hearings on natural gas deregulation, told Murkowski he will work with the Alaskan on a solution to the state's special problems.

Hodel also told Murkowski the federal government does not want to interfere with the role of state utility commissions in limiting wellhead prices in intrastate gas sales.

"Pointing again to Alaska's situation, it's essential that nothing in federal legislation preclude the Alaska Public Utilities Commission from exercising control over rates," Murkowski said.

In a statement to the committee, Murkowski said the administration bill provides "a framework within which we can begin to address the problems and distortions which have plagued natural gas consumers in recent years."

"I am a great believer in the free market. We must move toward decontrol where the market can work, while making special and careful provisions in those instances where the market cannot work," Murkowski said.

Hodel told the committee the bill will "assure American consumers of an adequate supply of natural gas at a reasonable price. Under current market conditions, there is an excess supply of natural gas. Under such conditions, any first year economic student will tell you prices should decline."

But prices are rising, He said, "because the current Natural Gas Policy Act is distorting the market and creating artificial barriers."

Any move to lift all price controls on natural gas is likely to spark stiff opposition on Capitol Hill. Consumer groups fear decontrol will lead to dramatically higher utility bills.

Oil export rule ease urge

The Associated Press

WASHINGTON — Sens. Ted Stevens and Frank Murkowski have urged Commerce Secretary Malcolm Baldrige to recommend revisions in the Export Administration Act to remove restrictions on the export of Alaskan crude oil.

The act expires in September, and it is currently undergoing an administration review before President Reagan forwards his recommendations to Congress for renewal.

The act was amended in 1979 to tighten restrictions on the export of resources. Oil exports are prohibited unless expressly approved by Congress.

Murkowski said that "it is the time to begin the lengthy process of removing federal restrictions and preparing for the possibility of future exports of Alaska oil."

He said revising the act would remove only the roadblock to the export of Alaska oil, because that oil faces restrictions contained in the Trans-Alaska Pipeline System Act.

Anchorage Daily News Wednesday, March

Anchorage Daily News Monday, March 7, 1983

Major oil firms stand to gain from decontrol

analysis

By MILTON R. BENJAMIN
The Washington Post

WASHINGTON — President Reagan's proposal for removing federal controls from the price of natural gas would produce one certain winner: the major oil companies.

The administration bill would free "old gas," which accounted for about 56 percent of gas bought by the major interstate pipelines last year, from all controls as of Jan. 1, 1986.

The top 20 producers of such gas — led by Mobil, Exxon, Texaco, Gulf and Shell — control more than 70 percent of it and stand to gain a $40 billion windfall between now and 1990 if controls are lifted, according to industry analysts.

These producers now are selling old gas to the 20 largest interstate pipelines at an average of about $1.38 per 1,000 cubic feet, according to the latest government figures.

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Major oil firms stand to gain from decontrol of gas price

Continued from Page A-1

The rationale for the government controls that hold down the price of "old gas" from wells that were producing before 1977 is that where drilling and exploration costs have been recovered, the cost of continuing production is low.

"Many of these wells were brought in years ago. They were easy to find because they were in or near known gas-producing geological formations. They are shallow, so they didn't cost much," a government analyst said. "The marginal cost of producing gas from some of these wells is only pennies."

But the bill lifting controls would enable the companies that own this old gas to double the average price for it. In some cases in which they are selling old gas for as little as 9 cents per 1,000 cubic feet, they may be able to boost their prices by 700 or 800 percent.

New gas is selling to interstate pipelines at an average of $3.30 per 1,000 cubic feet, according to the latest government figures. Analysts say they believe that the present market-clearing price where most gas sales would take place if no controls existed might now be as low as $2.50.

But the Energy Department projects that the average price of gas under its proposal will rise from the present $2.70 to $3.60 in 1986, when the decontrol process would begin. Thus, the price of old gas after Jan. 1, 1986, could be expected to approach the $3 level.

Moreover, producers of old gas would be able to demand this higher price immediately — even though some are locked into long-term contracts that run into the late 1980s and 1990s — because the administration bill would permit them to break every contract on Jan. 1, 1985.

"On Jan. 1, 1985, there will be a massive price shock as gas producers secure high prices for their old gas or exercise their newly granted market power to bring the natural gas market to its knees," said Rush Moody Jr., a member of the Federal Power Commission from 1971 to 1975.

Energy Secretary Donald P. Hodel, asked at a news conference to identify the winners and losers under the administration proposal, conceded that producers of low-cost gas "are optimistic that they are going to get something better."

Hodel said producers of high-cost supplies, on the other hand, "are very fearful that their prices may be driven down."

But the highest cost gas — which comprises only about 5 percent of all domestically produced gas and has been selling at more than $7 per 1,000 cubic feet — is "the domain of relatively small companies," according to a Federal Energy Regulatory Commission official.

Thousands of independent companies also provide a majority of the remaining new gas, which may or may not drop somewhat in price under decontrol. While the major companies also own a considerable amount of this new gas, industry analysts say their stakes are not nearly as high as in old gas.

"Old gas is overwhelmingly skewed to the majors," the commission official said.

These top 20 producers of old gas, according to a study performed by the Consumer Federation of Ameri contracts calling for supply 72.3 percent of gas purchased last yea nation's 15 largest pi according to the federa

The federation cal that if decontrol were t in 1983, a prospect tha the administration would not occur until these top 20 natural ga ducers "stand to gain a billion windfall from sales of old gas to only interstate pipelines for period 1983-1990."

While the federation not updated its projectio take into account the di ent schedule of the new ministration proposal, c industry and government lysts say the White H plan could conservatively expected to produce a billion windfall.

The top 20 old gas ducers, in addition to th mentioned earlier, are T co, Standard of Indiana, S dard of California, Phil Atlantic Richfield, Getty ties Service, Union, Sup Sun, El Paso, Conoco, I zoil, Marathon and Colu according to the const federation.

Expert sees 'disastrous' gas prices

Associated Press

Washington — The head of the Federal Energy Regulatory Commission warned Saturday that unless Congress acts quickly to solve natural gas pricing problems, there "will be a disaster in the gas market" for both consumers and producers.

"Rules governing natural gas prices must be changed, and they must be changed soon," FERC chairman C.M. Butler III told the Senate Energy and Natural Resources Committee. The commission oversees the gas pricing system.

The panel finished four days of hearings on President Reagan's plan to remove all controls from natural gas by 1986, a plan Reagan says will cut prices and end the complaints of consumers who have been hit by price hikes of 40 percent to 50 percent a year.

But Reagan's plan faces stiff opposition in Congress, where more than 20 bills have been in-

See Natural, page A-10

Natural gas prices

Continued from page A-1

troduced, ranging from partial decontrol to reimposition of prices already lifted.

The 1978 law, enacted at a time of gas shortages, lifts price controls on Jan. 1, 1985, from offshore gas and "new" gas discovered after April 1977. But it retains indefinitely price ceilings on "old" gas found before then and includes complex mechanisms that mandates 28 pricing procedures.

The Reagan plan would allow all pipelines and producers to renegotiate their existing long-term contracts. Backers of the plan argue that producers could then get higher prices for old gas while pipelines could get lower prices for new gas.

"The most urgent problem is that natural gas prices are now on average too high," Butler said. "Consumers are being required to pay prices that serve no rational economic purpose; producers with new supplies are finding it impossible to market their gas."

With the prices fixed by the law rather than changing with the natural fluctuations in the marketplace, Butler said, congressional action is needed or consumers will turn to less costly sources of energy. Producers will lose customers and may go bankrupt, he said.

The current gas glut, with prices artificially high, and the oil glut, with its decreasing prices, will mean a switch to oil, he predicted, "and the result will be a disaster in the gas market."

FERC supports Reagan's proposal and Butler said it will reduce prices because "the price of gas follows the price of oil."

But Sen. Howard Metzenbaum, D-Ohio, said FERC has "totally let down the consumers of this country" by its decisions on energy matters and said he looked "askance" at Butler's prediction of price decreases.

Several consumer groups told the committee that prices would increase under decontrol.

The National Association of Regulatory Utility Commissioners said consumers need to be protected during periods of oversupply and local producers need to have more options in selling their product.

"Today's prevailing prices for natural gas continue to increase even as demand is dropping and gas supplies are growing more abundant," said Laura Murrell, chairman of the Kentucky Public Service Commission, speaking for the commissioners' group.

"Demand-sensitive pricing of natural gas remains largely an unrealized dream," she said.

Quick solution to gas pricing urged

By TIM AHERN
The Associated Press

WASHINGTON — The head of the Federal Energy Regulatory Commission warned Saturday that unless Congress acts quickly to solve natural gas pricing problems, there "will be a disaster in the gas market" for both consumers and producers.

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The Anchorage Times

Editorial

Narrowing choices

MUCH DOUBT has been cast on any eventuality that Northwest Alaskan Pipeline Co. will build a gas pipeline from Prudhoe Bay through Canada to the Midwest.

There have been years of delay in the $43-billion project because Northwest has had problems finding financial backers. Some of the sponsors are in the process of protecting themselves by establishing reserves in case the project falls through.

The company said last October construction is less and less likely all the time because the Federal Energy Regulatory Commission would not allow it a sufficient rate of return. At best, the Canadian route could be considered to be on the back burner.

AN ALTERNATIVE all-Alaska route from the North Slope to tidewater has some popular support, particularly now that the Canadian route is doubtful. A move in the legislature to endorse of the Alaska line, however, has met opposition from a firm of consultants. They said the state should keep its options open.

The consultants, Booz, Allen & Hamilton, were commissioned by former Gov. Jay Hammond, whose anti-development philosophy is well known. They concluded that both proposals are on shaky ground and face huge obstacles and the chances are slim that either could ever be built.

Backers of the Canadian route lack money. The Alaska route lacks federal authorization. And the current soft market for gas is a deterrent to both.

A TASK FORCE co-chaired by two other former governors, Walter J. Hickel and William A. Egan, has proposed the Alaska transmission system and it makes a lot of sense from the Alaska viewpoint. The gas would be moved by pipeline to the Kenai Peninsula, where it would be liquefied and shipped by tanker to Japan, other Pacific rim countries or markets on the west coast of the U.S.

The challenge to those who back the Alaska system is to get authorization from the federal government. Former President Carter chose the Canadian route several years ago and Congress ratified it. That ratification had no termination date, so Northwest has the federal blessing until the president and Congress withdraw it or the company throws in the towel.

A legislative endorsement of the all-Alaska gas line, which would follow the trans-Alaska oil pipeline route much of the way, would be helpful as a starting point in any drive to get congressional approval.

Since the Canadian project is viewed by many as dead, the only decision facing the state would appear to be whether or not to promote an all-Alaska line.

HJR

40

Resource Development Council for Alaska, Inc.

444 West 7th Avenue, Anchorage, Alaska 99501
Box 100516, Anchorage, Alaska 99510 — 907/278-9615

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APR 25 1983

April 15, 1983

Representative Mae Tischer
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Representative Tischer:

The Resource Development Council advocates the removal of all unnecessary constraints on the wise and judicious development of Alaska's resources. It was, therefore, with great interest that we reviewed House Joint Resolution No. 40 which you have co-sponsored.

We believe that if Alaska is to have the economic growth and prosperity it needs, all impediments to the development of our resources must be evaluted and all that are unnecessary removed.

The existing price controls on natural gas do much to discourage the development and full use of Alaska's enormous natural gas reserves. Controls discourage the conduct of free enterprise and create artificial price structures which could eventually help insure a natural gas shortage for the nation. Decontrol of natural gas prices would help create a climate that encourages greater development and use of the reserves and provide long-term benefits to all users.

Your resolution appears to be supportive of our position and, to the extent that it embraces our concepts, we wholeheartedly endorse the resolution.

Sincerely,

RESOURCE DEVELOPMENT COUNCIL
for Alaska, Inc.

Mano Frey
President

encl.

EXXON COMPANY, U.S.A.
POUCH 6601 • ANCHORAGE, ALASKA 99502

PRODUCTION DEPARTMENT
ALASKA OPERATIONS

March 17, 1983

Representative Mae Tischer
Alaska State Capitol
Pouch V
Juneau, Alaska 99811

Dear Representative Tischer:

Last year a move by a number of consumer and supplier groups was begun to deregulate natural gas, the only primary U.S. energy source still under federal price controls. Unfortunately, the 97th Congress failed to address the issue. However, recently President Reagan proposed comprehensive natural gas legislation to the Congress that would achieve a free market at the wellhead by 1986. Congressional hearings are now being held on this important bill.

Exxon supports the decontrol of natural gas at the earliest possible date and believes that the best way to accomplish this is through a comprehensive, phased-in approach, such as that proposed by President Reagan. We do, however, believe that some modification of his proposal is needed to limit the definition of the so-called "gas cap" price, and to make more flexible the limitations on interstate pipelines' ability to "pass-through" gas cost increases. We believe that these would encourage the negotiation and renegotiation of contracts between producers and pipelines, which is one important element of the decontrol process.

Despite the claims by some in Washington, D.C., decontrol of natural gas will not doom the Alaska Natural Gas Transportation System. The truth is, decontrol will have no impact on the current planning for the ANGTS pipeline or the prospects for its completion. In fact, the move toward decontrol can be of benefit to the State of Alaska. The recent report by Booz, Allen and Hamilton to the State on alternatives for natural gas transportation and use details five independent studies of the nation's supply and demand situation for this fuel between now and the year 2000. All five studies show that, beginning in the 1990's, the Lower 48 demand for natural gas will outstrip Lower 48 supplies. The balance must be made up from Alaskan natural gas, imported liquified natural gas or other gas supplements. The anticipated shortfall in Lower 48 natural gas supplies is estimated to be approximately three times the amount of gas available from Prudhoe Bay. With decontrol, the value of Alaska's natural gas will be determined by the marketplace, not by artificial conditions imposed by

government control. We believe that the State of Alaska, its citizens, and those of us producing gas in the state will, in the long term, benefit from allowing market forces to prevail.

I hope that you agree with us on the benefits of natural gas decontrol and the need for some refinement of the President's proposal. If you do, I would urge you to let Frank Murkowski (who is on the Senate Energy Committee), Ted Stevens, and Don Young know of your support while the Congress is actively considering decontrol. You may find occasion to talk with them in person while they are home for the Easter recess, March 25 thru April 5. In any event, your contacts will be most effective if made during the next two or three weeks.

Thank you for your interest. For your information, I am enclosing a copy of a recent paper on the benefits of deregulation, published by the Natural Gas Consumers Information Center, an independent gas users coalition. I hope you'll take time to look it over. If I can provide any further information on this important issue, please let me know.

Sincerely,

Dick

R. H. Weaver
Alaska Operations Manager

RHW/dag
Enclosure

FRANK H. MURKOWSKI
ALASKA

COMMITTEE ON ENERGY AND NATURAL RESOURCES
COMMITTEE ON FOREIGN RELATIONS
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United States Senate

WASHINGTON, D.C. 20510

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(202) 224-6665

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(907) 586-7400

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101 12TH AVENUE, BOX 7
(907) 456-0233

APR 25 1983

April 19, 1983

The Honorable Mae Tischer
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Mae:

Thank you for providing me with a copy of your resolution urging the decontrol of natural gas prices. I favor the elimination of price controls.

As you may know, the wellhead price of natural gas is regulated by a complex, 28-tier pricing system under which gas prices may vary as much as 3500%. This pricing system, established under the Natural Gas Policy Act of 1978, is so rigid that it will not allow gas prices to respond to market forces. Thus, despite the fact that we have a surplus of gas deliverability, prices are going up. I believe, therefore, we must move toward the free market in such a way as to allow gas prices to moderate in response to current decreasing demand and surplus of deliverability.

The President has proposed a plan designed to move us to the free market over a period of 2-3 years while providing the consumer some protection from increasing gas prices. This plan, if enacted by Congress, would effectively remove all Federal controls on the wellhead price of natural gas by January 1, 1986. The President's plan would attempt to provide consumer protection through a "price cap" and a limitation on the costs a pipeline may pass on to its consumers during the interim period prior to complete decontrol.

Although I feel the President's approach is an innovative one, it contains several elements that trouble me greatly. For instance, the President's plan would allow either party to a gas purchase contract to terminate that contract on January 1, 1985. For instance, if a large electrical utility has secured a long term, low price gas purchase contract and accordingly makes an investment decision to build a powerplant on or near the natural gas field from which the gas is bought, it is conceivable that the producers who sell the gas to the utility could refuse to honor the contract on January 1, 1985. The utility, in need of the gas from the field at which it has built its powerplant, would be in a position of having to pay whatever the producers

felt the utility could bear. That cost, of course, would be passed on to consumers.

In the lower 48, this situation would be minimized by provisions in the President's bill which would allow the utility to buy gas elsewhere and arrange to have that gas brought to it through the existing interstate gas pipeline system in the lower 48. However, because Alaska is not interconnected with the lower 48 pipeline network, the ability of the utility to "shop around" for alternative gas is severely limited.

The example I have outlined exists in Alaska, where Chugach Electric built a powerplant on the Beluga gas field. Chugach's decision to build that powerplant was a sound investment decision based on a long term, low price contract. I do not believe we can "change the rules in the middle of the game" and ask Alaskan consumers to bear the potentially severe costs as the result of this legislation. Therefore, I will be proposing some changes to the President's bill during its consideration by the Energy Committee.

In general, I support decontrol. Continued price controls will only serve to create shortages in a rising market and distorted prices in a falling market. Where the free market can work, we must allow it to work. However, there must be provisions made for special situations such as the one I have outlined earlier, and I will continue to work with the President and the other members of the Energy Committee to address these issues in the context of the larger need to bring rationality and responsiveness to the nation's natural gas market.

Sincerely,

Frank H. Murkowski
United States Senator

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United States Senate

COMMITTEE ON APPROPRIATIONS
WASHINGTON, D.C. 20510

MAY 6 1983

May 2, 1983

The Honorable Mae Tischer
House of Representatives
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Mae:

Thanks for sending me a copy of your letter to R. H. Weaver of Exxon concerning natural gas decontrol.

One aspect of natural gas decontrol you are probably aware of is that the market-out provisions in the Administration's bill, Section 303 of S. 615, could result in significantly higher gas prices for states with no interstate pipelines, like Alaska. Senator Murkowski and I are working to protect Alaska from that aspect of the market-out provisions of S. 615.

Again, thanks for sending me a copy of your resolution. I, too, support the over-all objectives of the Administration's natural gas proposals.

With best wishes,

Cordially,

TED STEVENS

John Lichtblau advises:

Let's decontrol all natural gas

In everyone's best interest, we should change the Natural Gas Policy Act so as to decontrol the wellhead price of gas

YOU MAY NOT BE AWARE OF IT (59 percent of Americans are not, a polling firm reports), but the price of natural gas is controlled by federal law. In fact, it is the only commodity still subject to price regulation in peacetime America.

Furthermore, natural gas prices have been regulated for a long time. The Natural Gas Act of 1938 said that companies transporting gas across state lines or selling gas for resale in interstate commerce were utilities and their rates would be fixed like those of the light company and the water works.

In 1954, the U.S. Supreme Court's lamentable "Phillips Decision" extended price controls all the way to the wellhead for natural gas sold for resale in interstate commerce, even though gas producers could scarcely be compared to utilities. (Gas sold by producers for consumption within the state of its origin remained free of controls.) In pricing natural gas, federal regulators set rates so low that gas producers eventually were discouraged from looking for more. By the mid-1970s rates of production were declining, reserves were plummeting, and gas shortages were beginning to occur in states having no intrastate supply. Brownouts occurred. Gas-fueled factories shut down. Utilities were forbidden to hook up new customers.

Clearly, something had to be done. So, in 1978, Congress did something. It passed the Natural Gas Policy Act. The intent of NGPA was to decontrol new natural gas in time, but to protect consumers from a sudden leap in prices by doing it gradually. For the present, however, price controls were extended to the wellhead for all gas, and more than two-dozen categories were set up wherein some gas would be treated differently according to certain standards. "Old" gas (found before the passage of NGPA) would be regulated until gone. Most "new" gas (found after passage of NGPA) would be deregulated in 1985. New "deep" gas (found below 15,000 feet) would be deregulated earlier and allowed to seek its price on the free market beginning in 1979.

After four years of the NGPA, it has become quite clear that Uncle Sam has once again used his economic shotgun to shoot himself in the foot. The search for shallow deposits of gas that might yield a less expensive product has been discouraged by price controls. On the other hand, the search for gas in deep horizons has been encouraged because it can be sold on the open market, even though it is a high-cost source. Price distortions abound; for customers in some regions, prices are woefully high, while in other regions, customers enjoy low prices. And while gas supplies are currently ample, many analysts see a shortage developing within a few years, even though the potential for finding more gas is good.

With a sense of *deja vu*, energy economist John Lichtblau observes that the government's efforts to "protect" consumers by controlling prices might serve as a textbook example of the economic truism that "new legislation passed to correct economic distortions caused by old legislation will, in turn, create new distor-

We have gas selling for as little as 50 cents per thousand cubic feet (mcf) in some fields and for as much as $9 per mcf in other fields.

tions." Such is the case. Seeking to help consumers, Congress has hurt them in a different way.

"It is clear by now," Lichtblau advises, "that the NGPA is not achieving its intended goal. We should change it to permit phased decontrol of all natural gas over the next few years. And the sooner we make the change, the better."

As president of the New York-based Petroleum Industry Research Foundation, Inc. (PIRINC), Lichtblau heads one of the nation's most influential independent study groups. Specializing in research and objective analysis of energy-related issues, PIRINC publishes studies on a wide range of subjects. Lichtblau's integrity and methods have earned him a level of respect that places him among the top experts in the world in his specialty. His views widely sought and his opinions much quoted, Lichtblau argues forcefully that price controls make no economic sense. In a recent interview, he explained why:

EXXON USA: *Is the natural gas market in trouble?*

LICHTBLAU: There are problems, but they are not as visible to the public as they were in past years because we don't have a shortage of gas just now. Demand has declined, and producers presently are able to meet demands. We'll probably consume between 19 and 20 trillion cubic feet of gas in 1982 compared to 22 trillion cubic feet in 1973. Why has demand fallen? Partly because of the increase in cost, which has caused consumers to use less, and partly because of the current business recession. The first has caused some consumers to switch to other fuels while others have simply applied conservation measures so as to require less fuel. But the surplus is only temporary. One reason is the expected economic recovery. Another is that for years we have taken out of the ground substantially more natural gas than we have found. Even in 1981 when total usable gas reserves rose for the first time in 13 years, discoveries of new gas again fell short of production. But a more immediate problem is the tremendous price distortions the NGPA has caused. We have gas selling for as little as 50 cents per thousand cubic feet (mcf) in some fields and for as much as $9 per mcf in other fields. Some regions get more of the lower priced gas than others. You can imagine how this distorts competition between industrial consumers located in different regions. This is a direct result of the NGPA.

Jonathon Atkin

As president of the Petroleum Industry Research Foundation, John Lichtblau is often asked to analyze and explain the economic aspects of petroleum supply and demand.

EXXON USA: *Wasn't the NGPA supposed to take care of such problems by gradual decontrol?*

LICHTBLAU: That may have been the intent. But actually, under NGPA, most of the "old" gas, which currently accounts for most of production, will never be decontrolled. Its share will of course decline, and eventually it will disappear. But by 1990 it may still account for about 20 percent of total domestic gas supplies. Thus, for the next 9 to 10 years, the U. S. gas market will remain substantially distorted by the NGPA. Congress opted for this partial decontrol because it feared that if all controls were removed, there would be a sudden "spike" or leap in the price which would be difficult for consumers to bear. In 1978, when the price of gas averaged 90¢ per mcf at the wellhead, equivalent to about $5.50 per barrel of oil, while oil was actually selling for $12 to $13, this fear may have been real. So a transition system was developed. Congress wanted to protect consumers. But the system has created new distortions that are hurting consumers — and has not protected them from an increase of 175 percent in the average U. S. wellhead price since 1978. The system exempted from control all new deep gas found below 15,000 feet, but it controlled until 1985 new shallower gas and, of

The plain fact is that producers, taken as a whole, are not getting enough money for their product because they are not recovering the replacement cost of it.

:e, kept controls on all old gas per-
:ntly.

ON USA: *What did this do to the gas*
et?

ITBLAU: For one thing, it made it at-
ve to drill for very deep and more
asive gas. It also discouraged gas pro-
s from maximizing investments in
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ng gas fields. This means that these
s will have a shorter productive life
they would have in a free market.
plain fact is that producers, taken as
ole, are not getting enough money for
product because they are not recover-
he replacement cost of it. The result
at supplies will probably continue to
ne.

ON USA: *How does this translate into*
mer concerns?

ITBLAU: Right now, gas consumers
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for gas than those elsewhere because
of their supplies come from those
and costlier wells. Others pay less for
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It might be worth mentioning in this
ction that the cost of gas at the well-
is less than half of the cost to con-
rs. Transportation of gas from the
ead to the utility and distribution by

A FEW FACTS ABOUT NATURAL GAS

What Is It?

Natural gas consists mostly of a simple hydrocarbon called methane. The recipe for methane is four atoms of hydrogen to one atom of carbon. In underground reservoirs, methane may be mixed with heavier hydrocarbon gases such as ethane or butane, with rare elemental gases such as neon or helium, and with impurities such as carbon dioxide, hydrogen sulfide, and salt water. Before it is sold as pipeline gas, methane is separated from these other elements and compounds.

Where and How Much?

Natural gas is America's leading source of domestically produced energy. Thirty-one states produce natural gas in commercial quantities for a total volume of about 19 trillion cubic feet per year. Texas and Louisiana lead, with more than half of the total production. They are followed in order by Oklahoma, New Mexico, Kansas, Wyoming, and California. The nation records some 200 trillion cubic feet of proved, recoverable gas reserves. Some authorities have suggested that as much as 2,000 trillion cubic feet of gas may exist in the United States, of which almost 600 trillion cubic feet might actually be recovered. About 26 percent of the energy that America consumes comes from natural gas.

Who Finds It?

Oil and gas are found by drilling wells, and they are often found together or in similar geological formations. Consequently, most of the 19,200 companies that explore for and produce oil also explore for and produce gas. Last year, they produced natural gas from more than 189,000 gas wells and from tens of thousands of oil wells, as well. These companies are private enterprises risking private capital in the hope of making a profitable discovery.

Who Buys It from Producers?

Most natural gas is purchased at the wellhead from the producers by some 100 gas transmission companies. These companies transmit the gas to market through pipelines, which are subject to regulation as public utilities. There are more than 250,000 miles of gas transmission pipelines in operation in the U.S. All 50 states use natural gas, but it is transported to Hawaii in liquid form and to Vermont via pipeline from Canada. Most gas is sold through long-term contracts negotiated between producers and transmission companies. The latter contract for enough gas supplies to meet their customers' anticipated demands.

Who Distributes It?

In most instances, utilities buy natural gas from transmission companies and resell it to industrial, commercial, and residential users. Over 1,400 utilities distribute gas directly to almost 50 million customers through 700,000 miles of distribution mains. The cost of transmission and distribution today account for about half of the price of natural gas to the average residential customer.

Over half of any price increase for gas would go to federal, state, and local governments in the form of taxes.

the utility to consumers account for about 55 to 60 percent of the cost of residential gas.

EXXON USA: *What about charges that decontrol of gas prices will put an unfair burden on the poor?*
LICHTBLAU: Poverty is a social and political problem. It belongs in the area of welfare policy rather than energy policy. Poor people, by definition, do not have enough of the necessities of life and that includes not only energy for heat but also food, shelter, clothing, transportation, and medical care. The prices of these latter items are not controlled, nor should they be. Keeping prices artificially low for everyone out of consideration for the poor doesn't make economic sense; that applies also to the price of natural gas. This country has a long and good record of federal, state, and local programs to help underprivileged people. Price controls have not been a part of these programs, and correctly so.

EXXON USA: *Some say there's no natural gas left to find so there's no reason to encourage anyone to look for it? True?*
LICHTBLAU: Not true. There's lots of natural gas left in this country. In fact, the natural gas potential is quite possibly larger than the oil potential, because we haven't ever seriously looked for natural gas until quite recently. On the other hand, we've been looking for oil for 125 years. Why? Because, on the whole, it has been profitable to do so. It is largely a matter of drilling. At present, the NGPA gives excessive encouragement to the search for new gas in the very deep formations, to the detriment of other areas. But large volumes of gas remain to be found at shallower depths. The NGPA also discourages investment in maximum recovery of gas from existing fields, because most of them remain permanently regulated at low prices.

EXXON USA: *Why can't oil companies use their oil profits to look for more gas?*
LICHTBLAU: In 1982, oil companies did not do well. No oil company has escaped sharp declines in profits. The money oil companies earned in 1979 and 1980 when oil prices went up has largely been spent on looking for more oil and gas. Now, demand has declined and oil prices have gone down. If you look at the earnings of companies, they are by no means excessive. Furthermore, alone among the industries, oil companies pay a huge excise tax called the "windfall profit tax." No other industry pays such a tax. It subtracts money from the search for both oil and gas.

EXXON USA: *Some politicians want to levy a "windfall profit tax" on gas. Does that make sense?*
LICHTBLAU: It would definitely be counterproductive. Gas producers need that money to look for new gas supplies, and they need the incentive of a market price and corresponding profit to maintain their search for new gas. Even without an excise tax on gas, over half of any price increase for gas would go to federal, state, and local governments in the form of taxes.

EXXON USA: *What about turning to alternatives for energy in place of natural gas?*
LICHTBLAU: A couple of years ago when it seemed that oil prices would go to $55 to $60 a barrel by the mid-1980s, many expensive alternatives began to look attractive. But now this is no longer considered likely. Prices have actually declined since 1981. So the near-term economic picture for shale oil and solar thermal and other alternatives simply doesn't look good any more. For the foreseeable future, natural gas will remain a far more attractive fuel, provided we do not stifle its availability through regulatory constraints.

EXXON USA: *As a final question, in 1985, when the price control of new gas ends under the NGPA, will the price of gas to consumers be higher or lower than it would be if all gas were decontrolled?*
LICHTBLAU: Some respected studies suggest the price would be somewhat higher. In my view, the average wellhead price of gas would be approximately the same in both cases, since it will have reached parity with oil by then with or without the NGPA. This is why the claim of some "consumer advocates" that the prices would remain lower under the NGPA is wrong. However, there is a difference between the two scenarios. Under the NGPA the average price would consist of a variety of prices significantly above and below the parity price level while under full decontrol all prices would cluster around the parity level. Thus, the NGPA would perpetuate the existing distortions favoring some consumers and areas at the expense of others. Under phased decontrol, by contrast, the distortions will have ended by 1985, to be replaced by a more equitable as well as more efficient pricing system. On the whole, this is bound to benefit consumers of gas.

DOWNS MATTHE

NATURAL GAS CONSUMERS INFORMATION CENTER

JANUARY 1983

COMMENTARY ON DEREGULATION

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NATURAL GAS: HOW GOVERNMENT REGULATIONS AFFECT THE MARKET

New rules spur higher prices despite oversupply, conservation

By Kathleen Day
USA TODAY

When a store overstocks galoshes or grapes, or any other item, it usually cuts prices to entice customers. But that isn't happening with natural gas.

The 44.2 million U.S. consumers who heat homes with gas are watching bills soar as much as 70 percent over last winter's, even though the gas industry has 15 percent to 20 percent more fuel than even the harshest winter would require.

> Federal law makes it profitable to sell less of cheap gas and to concentrate on the most expensive natural gas.

What's going on?

The short answer is government regulation. Changes in federal law have made it profitable — even irresistible — for gas producers and suppliers to sell less of the cheap, easy-to-get gas and to concentrate instead on the most expensive natural gas they can find.

That has brought rising prices, although conservation and recession have reduced demand for gas. Residential natural gas use is down 20 percent since 1973, and business consumption down 12 percent to 15 percent.

Here's a breakdown of the factors behind today's natural gas market.

The producers: Since the 1950s, the federal government has regulated the price natural gas producers can charge to the interstate pipelines. The pipelines transport gas to utilities, which then deliver it to homes and businesses.

By 1975, the government-controlled price was so artificially low that producers claimed they could not profit from finding and developing new gas sources.

Gas was cheap for customers who could get it. But it was scarce because producers had stopped drilling. The 20 major pipelines, which supply 90 percent of the nation's needs, were so strapped for new gas supplies that public service commissions in every state forbade utilities from taking on new natural gas customers. **By the winter of 1975-76, the country barely had enough natural gas to go around.**

That got the attention of Congress and President Jimmy Carter and resulted in the Natural Gas Policy Act of 1978. Intended to make gas supplies plentiful by making production profitable, the act encouraged production of expensive, hard-to-get-at natural gas reserves locked in abundance under U.S. soil.

The act divided gas prices into three categories:

- Old gas — from wells drilled before 1977 — **whose price would continue to be regulated forever.** Old gas is the cheapest (now costing from 20 cents to $2.20 per thousand cubic feet), and accounts for about 57 percent of the supply available under contract to pipelines.
- New gas — from wells drilled after 1977 — whose price will gradually be deregulated by 1985. Generally, price controls come off quickest for gas that's most expensive to produce. New gas costs from $4.20 to $6 per thousand cubic feet and accounts for 38 percent of supply.
- Deep gas — from wells drilled after 1977 for gas below 15,000 feet — whose price was deregulated immediately. There is no federal price ceiling on deep gas, the most expensive gas to produce. It now costs about $7.50 per thousand

Deregulate Natural Gas To Solve Consumer Problems

Natural gas regulatory problems — and the federal law that seems to be at the root of the problems — are explored in this publication.

Running through this collection of articles and commentary is the theme: deregulate natural gas to end market distortions, inequitable prices, and uncertain supplies.

The theme is expressed by journalists, policy analysts, and businessmen.

This background report is published by the Natural Gas Consumers Information Center as a service to consumers and to Congress. The Center is supported by a number of organizations whose members are major consumers of natural gas and who are on record favoring natural gas deregulation.

For more information, call or write NGCIC, Suite 900, 605 Fourteenth Street, NW, Washington, DC 20005. Telephone: (202/347-6200).

cubic feet and accounts for about 5 percent of supply.

Though not regulated by the Natural Gas Act, an important fourth category is imported gas, which costs from $4.94 to $7.18. In 1981, imported gas made up 5 percent of U.S. supply. For 1982 it's expected to climb to 10 percent.

The most expensive categories —deep gas and imported gas—account for only 10 percent to 15 percent of U.S. supply. But because they cost so much more, they have a major impact on consumers' bills.

That trend should continue: The natural gas act has succeeded in stimulating producers to aggressively drill for profitable gas—the deep gas that can be sold for whatever price the market will bear.

"If you were a producer in that situation," says Mary Novak, energy analyst at Data Resources Inc., "you would have done the same thing—drill for what you could make the most money on."

There have been charges that some producers are abandoning wells that could still produce older, cheaper gas, in order to produce gas from more profitable wells. But, the volume of gas that is being "shut-in" is small, according to Department of Energy officials.

The pipelines: Pipelines have assumed producers would continue to concentrate on expensive gas. Spurred by fears of the 1970s scarcity, the pipelines madly contracted for as much gas as they could get—taking long-term contracts to buy expensive gas at whatever terms producers demanded.

And that's where things went wrong.

What the pipelines never anticipated was that the worldwide recession and an emerging oil glut would send other fuel prices down.

So pipelines suddenly found themselves stuck with long-term natural gas contracts, most of which had clauses allowing price hikes that are way out of step with today's lowered inflation rate, reduced demand and better-priced alternative fuels.

"And unfortunately the clauses only allow prices to go up," says Robert Means of the Federal Energy Regulatory Commission. "If the escalator clauses allowed prices to float with the market—to go down as well as up—then today's situation could perhaps have been avoided."

Worse, many contracts have "take-or-pay" clauses; they require the pipelines to pay for the expensive gas supplies whether they take the gas or even need it.

"It was like a bunch of starving children let loose in a candy store," says one industry source. "The pipelines devoured everything in sight. Now it's the next morning and they don't feel so good."

And neither do consumers.

Currently, virtually all the cheaper old gas is under contract. But, ironically, pipelines are sometimes opting not to exercise contracts to buy the cheaper gas and instead are buying the more expensive gas.

Why?

For three reasons, according to the General Accounting Office:

- Pipelines are under contract to buy more gas than they can sell, forcing them to forfeit on some contracts. Because contracts for the more expensive new gas are likely to have stiffer forfeiture clauses, pipelines lose less money by forfeiting on contracts for old gas.
- Pipelines may prefer to buy gas from their own affiliated producers or subsidiaries, rather than from unaffiliated producers—even if it's more expensive.
- If a pipeline pays for and gets gas from a producer, it is allowed to pass along the extra costs directly to utilities. But if the pipeline pays for but forfeits the contract and does not take gas from a producer, it cannot recover those costs immediately; the government recently decided it would not allow such cost "pass-throughs" if old, cheaper gas was available to the pipeline. But energy officials say the new rule won't help consumers this winter and will only dampen next year's home heating bills by 2 percent.

The utilities: Distributors — primarily utilities — are similarly hemmed in by long-term contracts with the pipelines, causing them to raise customer rates. Those rising prices have prompted industrial and residential customers to use less gas — creating revenue shortfalls for utilities that require further rate hikes.

For a while, it appeared the pipelines might deliberately break the high-priced contracts, forcing prolonged court fights. But, says a spokesman for Transcontinental Gas Pipe Line Co.—among the top 20 interstate transporters — the pipelines now want to negotiate, and producers may be willing.

(December 27, 1982)

The new rule prohibiting pass-through of extra contract costs won't help consumers this winter and will only dampen next year's home heating bills by two percent, energy officials say.

Although expensive gas accounts for only 10-15 percent of U.S. supply, it has a major impact on consumers' bills because it costs so much.

This article appeared as a guest column in *Plant Energy Management* and is reprinted with permission.

SUPPORT BROADENS FOR DECONTROL

By Jack Elam
Chairman
Process Gas Consumers Group, Washington, D.C., and vice president and general counsel of Cone Mills Corporation, Greensboro, N.C.

Members of Congress who are weighing the natural gas decontrol issue should be impressed by the range of constituencies now favoring an end to some of the complex problems caused by the Natural Gas Policy Act.

There is growing agreement from many sectors that it is essential for Congress to open up the NGPA and clean up the regulatory mishmash which the 1978 law created.

Industrial users, such as the companies in the Process Gas Consumers Group (PGC), are strongly in favor of Congressional action as soon as possible to deregulate natural gas. The U.S. Chamber of Commerce, the National Association of Manufacturers, the Chemical Manufacturers Association, the American Textile Manufacturers Insti-

An impressive array of constituencies favor an end to some of the complex problems caused by the Natural Gas Policy Act.

tute, the Business Roundtable, the Petrochemical Energy Group and others representing industrial and business consumers of natural gas have all taken positions favoring decontrol.

In addition, the Natural Gas Supply Association and other producer-oriented interests support deregulation.

A business organization, the Committee for Economic Development, and an environmentalist group, the Conservation Foundation, delivered to Congress a joint report stating that **"controlling energy prices has neither increased energy supplies nor made significant contributions to reducing poverty, curbing inflation, or achieving the wide variety of economic and social goals that controlled energy prices have been supposed to aid."** Keeping energy prices artificially low is a poor way to help low-income consumers and to fight inflation, the report says.

The National Governors' Association is also on record supporting price decontrol for new gas supplies.

The Texas Energy and Natural Resources Advisory Council, which is responsible for assessing that state's energy policy, told a Congressional hearing in August: "It is imperative, in the interest of all, that the Congress move with dispatch to reduce and eliminate the many disorders and uncertainties which make a market which is fair, and fair to all, an impossibility."

The American Farm Bureau, says that "ultimately, our whole economy will benefit from total decontrol of natural gas."

PGC members — who require natural gas for uses for which there is no alternate fuel — are on record in favor of phasing out all wellhead price controls on natural gas by a time certain. While we are no more anxious than anyone else to see our gas bills increase, we are willing to pay true free-market prices for gas in anticipation that such prices will be more stable — and perhaps even lower in the long run — than would be the case if Congress fails to take action on the NGPA.

> "There appears to be shaping up a broad platform of support for natural gas deregulation, requiring Congressional action early in 1983."

Members of Congress might do well to take another look at these growing constituencies as they make their legislative plans for the new Congress. There appears to be shaping up a broad platform of support for natural gas deregulation, requiring Congressional action early in 1983.

(December/January 1983)

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OLD RULES, NOT DEREGULATION, PLAGUE NATURAL GAS

Note: These articles are reprinted as a service to consumers of natural gas. Their content is not necessarily implicitly endorsed by the Natural Gas Consumers Information Center. Selected emphasis has been added.

By Steven K. Beckner

It is probably asking too much to expect our legislators to respond to the current distortions in the market for natural gas by hastening and expanding its deregulation. But hopefully they will realize it would be the height of folly to move in the opposite direction, as many would like, and prolong or even increase regulation.

Indications are that Missouri Sens. Thomas Eagleton, a Democrat, and John Danforth, a Republican, once again will launch legislation to regulate natural gas more tightly. If it takes the same shape it did in the lame-duck session, their bill would temporarily freeze wellhead prices of gas, delay scheduled deregulation for two years and render unenforceable contracts between gas producers and gas pipelines where they don't suit the latter.

If such proposals are enacted, the result would be to return this country to the same situation that prevailed in the late 70s, when chronic gas shortages led to passage of the Natural Gas Policy Act of 1978. Once again exploration and production would be discouraged, homes would be left cold and factories would have to shift to dirtier, more expensive coal and oil, much of it from abroad.

The NGPA mandated a partial, phased deregulation of gas. "Old" (pre-1977) gas was left under perpetual control, while "new" gas was to be gradually deregulated by 1985. High-cost, "deep" gas, from wells below 15,000 feet, was decontrolled completely.

Within a short time, gas exploration increased and shortages disappeared. But meanwhile, pipeline companies responded to the immediate shortage and perceived demand by aggressively entering "take-or-pay" contracts with producers at above-average prices that require them to pay whether or not they use the gas.

Then recession hit, and demand for gas fell sharply. Pipeline companies, which have typically committed themselves to buy gas at government manipulated prices ranging from 29 cents up to $9 per thousand cubic feet, found themselves locked into take or pay contracts for gas which they cannot sell.

> Hopefully, legislators will realize it is the height of folly to prolong or increase regulation.

As pipeline companies have passed their higher costs on to utilities, which in turn have passed them on to consumers, demands have grown for political action — particularly in states like Missouri. **But neither a price freeze nor abrogation of contracts is the answer.**

On the contrary, the continuation of past regulations is the problem. Were it not for more than two dozen artificial prices for different vintages of "old" and "new" gas there would be only one market price. To the extent that increased producer prices of gas are to blame for higher heating bills, the cause is the NGPA's incentive to produce expensive "deep gas."

In fact, wellhead prices are not chiefly to blame. Nicholas J. Bush, president of the Natural Gas Supply Association, estimates only 39 cents of the 95-cent per million BTU increase in average residential gas prices that occurred over the year ending in July 1982 resulted from

increased domestic producer revenues. The other 56 cents worth resulted from higher pipeline and distribution costs and the costs of imported natural gas and liquefied natural gas.

It's important to keep things in perspective. Although its price has risen, natural gas is still far cheaper than other fuels. Carl Ericson of the American Gas Association, which favors some of the "recontrol" proposals being advanced, notes that while natural gas costs an average $5 per million BTU, oil costs $5.90 and electricity $18-$19.

"The continuation of past regulations is the problem. Were it not for more than two dozen artificial prices for different [gas] vintages...there would be only one market price."

The reason we notice gas price increases more is because it is catching up after nearly three decades of government controls. Even after 1985, nearly half of all natural gas will remain subject to federal price ceilings. The sooner we get rid of all price regulations, the sooner we can move toward a unified market price and stop worrying about constant distortions and disruptions.

(January 6, 1983)

This article appeared as a guest commentary in the *Washington Post* and is reprinted with permission of the newspaper and the author.

NATURAL GAS REGULATIONS HELP OPEC KEEP AMERICA HOSTAGE

By G. Henry M. Schuler

There is a special irony in the fact that OPEC was debating reaffirmation of a freeze on international oil prices at artificially high levels at the same time that Congress was debating reimposition of a freeze on domestic natural gas prices at artificially low levels. Although the debates took place in disparate forums, they were inextricably entwined by the fact that **American natural gas is the most attractive alternative to imported oil based on resource potential, established delivery system, environmental acceptability and cost competitiveness.** Moreover, both debates recognized the link between supply and price in the market place, even though OPEC oil producers are anxious to avoid downward market pressures by restricting supplies, while U.S. natural gas producers are willing to risk similar market pressures by expanding drilling activity and supplies.

"American natural gas is the most attractive alternative to imported oil based on resource potential, established delivery system, environmental acceptability and cost competitiveness."

Perhaps, most important, both debates were significantly affected by perceptions of the outcome of the other. Thus, U.S. proponents of regulated low natural gas prices believe that the "oil glut" will persist, thereby diminishing earlier justification for natural gas initiatives on the grounds of energy supply security. For their part, OPEC proponents of regulated high oil prices believe that the "oil glut" will disappear because of the slowed development of alternatives, marked among other things by the decline in gas exploration wells. It is clear that both perceptions cannot be correct; therefore, since both OPEC and Congress postponed the decisions, we should take advantage of the extra time to reexamine the future of the "oil glut."

In the aftermath of OPEC's Vienna meeting, American adherents of the perpetual oil glut theory have crowed about OPEC's apparent inability to agree upon market sharing, the prerequisite tool of the classic cartel. Absent such formal agreement, these economists argue that a drastic oversupply will produce a collapse of prices by $6 to $8 per barrel. Unfortunately for consumers, this stubborn adherence to the conventional Western perception that international oil pricing decisions are economically driven and, therefore, must be set either by the forces of competition in a free market or by the principle of collective revenue optimization in a classic cartel misses the mark. In fact, neither of these conventional models describe the world oil pricing structure because the underlying perception is erroneous.

"If we focus on the political survival of the House of Saud instead of OPEC's economic survival, we come to the inescapable conclusion that a durable oil glut and price collapse is impossible."

This is not to say that the classic forces of supply and demand are irrelevant. There will, of course, be occasions when individual oil producers engage in price shaving during a slack market just as the past has seen them engage in price gouging during tight markets, but the basic pricing structure will survive without dramatic reductions.

The pricing structure will survive intermittent economic challenge because its keystone, the House of Saud, wants to survive persistent political challenge. It is this fundamental political dimension that makes it extremely dangerous to predicate production and prices on the basis of either the free market or a classic cartel. Dangerous because both of these models lead to a comforting view of expanding production and declining prices, which saps Free World resolve to reduce its vulnerability to sudden interruptions and price escalations.

If, however, we focus on the political survival of the House of Saud instead of OPEC's economic survival, we come to the inescapable conclusion that a durable oil glut and price collapse is impossible. Being essentially free of population-driven revenue requirements, the rulers of Saudi Arabia have enormous latitude in

either to maintain market share by reducing price or to maintain price by reducing production.

It is entirely clear that the other producers outside the Arabian Peninsula expect the senior princes who set Saudi policy to choose the latter course. Since these expectations reflect political and ideological hostility as well as economic self-interest, the Saudis must decide whether to risk further hostility by exercising their undisputed oil power. In making that decision, astute and cautious leaders will recognize that the kingdom lacks the military strength, diplomatic maneuvering room, national cohesion and established political legitimacy to challenge rival regional producers. If they do not move to defuse the internal, regional and international pressures, they vastly increase the risk of an explosion. In either event, the course for future oil prices is the same, and the only question is whether it proceeds evenly through calculation or precipitously through cataclysm.

Thus, it becomes clear that the proponents of regulating U.S. natural gas prices are working under an erroneous assumption that the oil glut will persist. If they persevere in blocking full deregulation or, worse, in re-regulating the limited volumes that are scheduled for decontrol, they will have fulfilled the OPEC perception that alternatives pose little long-term threat to OPEC oil. Instead of guaranteeing another energy security and price "crunch" in the future, it surely makes better sense to deregulate natural gas and make it clear that the OPEC perception is erroneous.

"...the proponents of regulating U.S. natural gas prices are working under an erroneous assumption that the oil glut will persist..."

The writer is director of energy programs for The Center for Strategic and International Studies at Georgetown University.

(December 28, 1982)

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GAS FREEZE: A STEP IN THE WRONG DIRECTION

By Milton R. Copulos

Natural gas is in oversupply and yet prices are rising. This irony is doubly painful with the onset of winter. It is no wonder that Congressmen are feeling pressure from constituents to "do something." As a result, there was a flurry of natural gas legislative activity as the lame duck session entered its second week. The principal initiatives are S. 3069, introduced by Senator Thomas Eagleton (D-Mo.), which would freeze domestic natural gas prices at their August 31, 1982 level; and S. 3076, sponsored by the Northeast/Midwest Coalition, which would abrogate "take or pay" contracts that many gas distribution companies signed in the 1970s. As is so often the case with "quick fixes," neither of these approaches will address the real causes of the price run-up. More important, they will probably mean higher prices for the consumer.

"Quick fix" approaches will not address the causes of the natural gas price run-up. Instead, they will probably mean higher prices for the consumer.

Rather than some expedient, what is needed is to get rid of the morass of federal controls on natural gas. Administration action is expected in January. "Temporary solutions," such as these offered by Senator Eagleton and the Coalition, only serve to give liberal members an excuse to delay acting on decontrol. Further, both measures proceed from a faulty premise.

The "freeze" and the "take or pay" bills are based on the assumption that the past year's gas price increase is solely the result of higher domestic wellhead prices. This is not true. On average, the wellhead price for domestic natural gas accounts for only around 40 percent of the price consumers pay. The remaining 60 percent goes for pipeline tariffs and local distribution costs. According to the Department of Energy, wellhead prices for natural gas increased by around 15 percent last year, which would translate into a 6 percent rise at the burner tip. However, the price residential consumers pay went up 22 percent over the same period. What accounts for the other 16 percent? Two factors seem primarily responsible for the rise: 1) the high cost of imported gas, and 2) reduced consumption which led to higher transportation costs on a per unit basis.

In the early 1970s, when price controls on domestic natural gas caused a sharp drop in U.S. reserves, many gas distribution companies entered into long-term contracts with producers in Mexico, Canada, and even Algeria, to assure supplies. The price foreign suppliers could charge was not subject to U.S. controls and was of little concern to the pipelines, as they could pass costs on to the consumer.

"There is only one way to eliminate the underlying cause of high natural gas prices: decontrol. Approximately 60 percent of domestic natural gas will be decontrolled under existing law in 1985, and the Administration plans to introduce legislation in the new Congress to remove controls from the balance."

In 1981, U.S. gas imports reached 904 Billion Cubic Feet

(Bcf), or nearly 5 percent of total consumption. For the first nine months of 1982, imports totalled 704 Bcf, but were expected to rise sharply in the final quarter. Even though the cost of these imports ranges from $4.84 per thousand cubic feet (mcf) to $7.18 per mcf, as compared with an average of $2.50 per mcf for domestic gas, the long-term contracts firms entered into as a result of price controls prevent them from taking advantage of the newly available, cheaper domestic supplies. In fact, Canadian producers want to lower prices, but are prohibited from doing so by their government. As a result, U.S. consumers paid $4.2 billion for gas from Canada and Mexico in 1981, and $204 million for liquified natural gas from Algeria.

A second major factor is the fact that the reduced volumes flowing through pipelines due to widespread conservation and lower levels of industrial activity mean that fixed capital costs must be spread over a smaller amount of gas. As a result, a higher proportion of capital costs must be assigned to each cubic foot.

Freezing domestic wellhead prices, or invalidating domestic "take or pay" contracts (which require that pipelines pay for a specified volume of gas whether they use it or not), will do nothing to address either the high cost of imports or higher transportation charges. In fact, the "freeze" proposed would actually *raise* prices in the most expensive category: deep gas. Deep gas prices have fallen sharply in recent months, now averaging less than $6. The freeze, though, would be based on the August 31, 1982, prevailing price, which ranged between $9 and $10 per mcf.

The Coalition bill could also result in higher prices in the long run by eliminating a major incentive for producers to enter into the long-term contracts pipelines require. Without the protection "take or pay" contracts afford, producers would have to recoup their investments more rapidly through higher prices. These would be passed on to the consumer.

One "temporary" measure, proposed by Representative Tom Corcoran (R-Ill.), might give consumers some immediate relief. His bill would suspend import licenses for foreign gas in six months, unless prices were renegotiated. At the end of the six months, if foreign suppliers were unable to agree to a price the Secretary of Energy approved, domestic producers of lower cost gas could replace foreign supplies.

"Recent experience with oil decontrol teaches that eliminating government interference can lower prices and increase supplies. It is a lesson Congress should apply to natural gas."

There is only one way to eliminate the underlying cause of high natural gas prices: decontrol. Approximately 60 percent of domestic natural gas will be decontrolled under existing law in 1985, and the Administration plans to introduce legislation in the new Congress to remove controls from the balance. The "temporary" freeze proposals would actually delay decontrol for at least two years, thereby prolonging the existing market imperfections. Recent experience with oil decontrol teaches that eliminating government interference can lower prices and increase supplies. It is a lesson Congress should apply to natural gas.

Mr. Copulos is a policy analyst with the Heritage Foundation.

(December 10, 1982)

This report is published by the Natural Gas Consumers Information Center, which is supported by industrial, agricultural, and other consumers of natural gas, as well as other parties interested in natural gas and energy. The Center provides information to all consumers on the impact of natural gas regulation.

Address inquiries to:
NGCIC • Suite 900 • 605 Fourteenth Street, NW • Washington, D.C. 20005
Telephone: 202 347-6300

NATURAL GAS
CONSUMERS INFORMATION
CENTER
Suite 900
605 Fourteenth Street, NW
Washington, D.C. 20005

Panel leaves old-gas decontrol in bill

Senate energy committee agrees to retain old-gas decontrol in administration's natural gas proposal. Close vote could mean compromise needed. Committee also considers proposal to expand scope of provision requiring contract carriage.

Old-gas decontrol will remain in legislation before the Senate energy committee, at least for the time being.

The panel voted 10-8 last week not to strike old-gas deregulation from the administration's natural gas bill, which it has begun to mark up.

The vote is not binding on future action but helped the committee decide whether to junk the administration bill, of which old-gas decontrol is the keystone.

The committee, at a later date, still will have to vote affirmatively to leave old-gas decontrol in the bill.

The committee launched its rewrite of the Natural Gas Policy Act last week by debating provisions that would make the surplus capacity of interstate pipelines subject to common carrier provisions.

The committee was preparing to vote on a "contract carriage" amendment by Sen. Bill Bradley (D-N.J.) that goes further than the Reagan administration's gas policy bill.

Compromise possible. Sen. James McClure (R-Idaho), committee chairman, beforehand said a close vote could signal the necessity for a compromise on old-gas decontrol.

That was the effect of the 10-8 vote, because two senators—Spark Matsunaga (D-Hawaii) and John Melcher (D-Mont.)—abstained from voting.

That offers the possibility of a tie vote later, and under a committee agreement, a majority vote will be necessary to leave old-gas decontrol in the administration's bill.

Most of the senators seem to agree with Sen. Pete Domenici (R-N.M.), who said "I don't think we can preclude deregulation of old gas from this bill at this point. That doesn't mean we have to vote to deregulate it 3 weeks from now."

Sen. Don Nickles (R-Okla.) agreed. "If we don't have decontrol of old gas we don't have a bill."

But Sen. John Heinz (R-Penn.) said, "We're kidding ourselves if we think decontrol of old gas can get through Congress."

Sen. Wendell Ford (D-Ky.) immediately introduced another amendment to the administration bill calling for exclusion of the section that would remove Natural Gas Policy Act price controls from all categories of gas.

The National Association of Manufacturers praised the vote. "The committee wisely recognized that the most important element in the whole natural gas problem was the need to deregulate old gas."

Contract carriage. The administration bill would permit contract carriage when a pipeline declined to take part of a producer's gas or did not renew a contract but had excess capacity.

The producer then could contract to sell the gas to a third party, and the pipeline would be required to move the volumes for them. The pipeline would receive a 5¢/MMBTU bonus, plus expenses.

Bradley's amendment would require interstate pipelines, if they have surplus capacity, to move gas for any producer and purchaser. He said the goal was to get as much gas to market at the lowest possible price.

If the pipeline agreed to contract carriage, it could recover costs plus a 5¢/MMBTU fee. But if it protested, the pipeline would have to prove to the Federal Energy Regulatory Commission it did not have the extra capacity.

If FERC determined the capacity existed, the line would be denied the bonus. If FERC determined the pipeline was protecting capacity for existing customers, FERC could allow as much as the 5¢/MMBTU bonus.

Under stiff pressure from other senators, Bradley relaxed a provision that could have required lines to build facilities or add compressors, with reimbursement, to move the contract carriage gas.

The amendment now says FERC "may order a pipeline which does not have available capacity to construct and operate minor facilities necessary for the transportation of natural gas under this section."

The contract carriage parties would have to pay for construction and operation of the facilities. The term "minor facilities" was defined as items such as sales taps that do not involve substantial costs.

Other senators also were concerned contract carriage deals might absorb all existing surplus capacity on interstate lines, leaving them unable to expand their own volumes when the recession ends or gas demand increases.

Bradley agreed to permit FERC to consider the foreseeable requirements of a pipeline's customers when hearing a contract carriage request.

Pete Domenici sought to expand contract carriage to intrastate pipelines. FERC could order them to carry contract gas if appropriate state agencies declined to consider such requests.

Other senators voiced these concerns about contract carriage: that FERC would be swamped with appeals; that the amendment would circumvent state public utility regulatory commissions; and that pipelines' fixed costs would be spread over a thinner volumetric base.

House hearings. Meanwhile, the House fossil and synthetic fuels subcommittee continued to gather data on gas decontrol options.

Joseph Crosby, Cities Service Co. natural gas sales vice-president, said Congress should not lose sight of the current situation. "The market is in disarray. Supplies are greater than demand, and prices are increasing. Drilling is way off its 1981 peak. The only thing we are assured of with the status quo is a worsening situation.

"Nothing short of comprehensive legislation to achieve a deregulated, free market atmosphere for natural gas will create the appropriate environment for intelligent investment and consumption decisions."

Robert Burke, senior vice-president of Moody's Investors Service, said, "Eventual decontrol of gas prices at the wellhead is a step in the right direction, but it will not alleviate the distortions arising from the filtering of prices through the regulated labyrinth of transmission and distribution companies."

Donald Dufresne, vice-president of Merril Lynch, said his firm disagrees that the administration bill would cut gas prices below expected NGPA levels but said a decontrolled market wouldn't support higher prices either.

Dufresne said a "windfall profits" tax on old gas "could be a disaster for all segments of the industry, considering that wellhead prices are falling."

Independents, majors clash over old-gas price decontrol

Arguments between independent and major producers sparked a recent House energy subcommittee hearing on natural gas decontrol.

Shell Oil Co. said "forever regulated" old-gas reserves could jump by 52 trillion cu ft if old gas were decontrolled. Old-gas reserves at present are estimated at 115 trillion cu ft.

It also denied major oil companies would glean huge profits from old gas decontrol. It said of each incremental dollar from the sale of gas, 52¢ would go for taxes, 7¢ for royalties, 9¢ to shareholders, and the remaining 33¢ to the firm.

But Robert Hefner III, president and managing partner of GHK Cos., Oklahoma City, said the Reagan administration's old-gas deregulation proposal would enrich majors and impoverish independents.

The House fossil and synthetic fuels subcommittee, chaired by Rep. Phil Sharp (D-Ind.), held the hearing to see how various natural gas pricing bills would affect domestic energy supplies.

Shell responds. Donald Russell, Shell production vice-president, said, "In a desperate attempt to preserve their subsidized price structure, a few individuals (a small minority) have resorted to a demagogic attack on major oil companies.

"They argue that major producers own more old gas than new gas and are therefore seeking to decontrol old gas prices at the expense of new gas prices. This charge is not supported by the facts.

"Of the largest producers, 10 had average gas prices above the national average in 1981, and 10 had average prices below the average. Shell was one of those major producers whose price was above the national average.

"If, as these independents assert, abolition of the multiple vintage price structure will force all prices to the average, those major producers whose prices are already above that level would not benefit."

Shell, a deep-gas producer, said there is a need for deep and other high-cost gas.

Comparison of three gas policies*

	Hodel vs. NGPA				Recontrol vs. NGPA				Hodel vs. recontrol			
	1985	1990	1995	2000	1985	1990	1995	2000	1985	1990	1995	2000
Domestic production (trillion cu ft/year)	-0.1	+1.4	+2.0	+2.3	-0.2	-0.6	-0.6	-0.7	+0.1	+2.0	+2.6	+3.0
Cumulative production (trillion cu ft)	-0.1	+3.2	+12.4	+23.4	0.3	-2.6	-5.5	-8.7	+0.2	+5.8	+17.9	+32.1
Cumulative reserve additions (trillion cu ft)	-1.6	+43.0	+53.8	+64.5	-2.9	-7.7	-11.0	-14.7	+1.3	+50.8	+64.8	+79.2

*Policies compared are the administration's natural gas bill, written by Energy Sec. Don Hodel (OGJ, Apr. 18, p. 41); the existing Natural Gas Policy Act (NGPA); and a bill extending NGPA controls, which has been introduced in both houses (OGJ, Mar. 14, p. 50).

Source: Shell Oil Co.

"But this gas should be developed at a unit cost that the nation's consumers are prepared to pay. If large enough gas reserves are found, expensive deep gas wells can be just as cheap in terms of the unit cost of gas produced as shallow low-cost wells with small reserves."

Higher output seen. Shell released an engineering study showing old gas decontrol would result in 52 trillion cu ft more old gas production. It said 27 trillion would result from lower levels at which pressures dictate abandonment, 18 trillion from infill drilling, and 7 trillion from well stimulation.

The study examined the remaining gas reserves in the 14 largest producing fields in the Lower 48 and determined the total additional gas reserves that could be produced if price controls were removed. The data then were expanded to all fields in the Lower 48.

The study examined published analog data from Hugoton, Panhandle, San Juan, Jalmat, Puckett, Carthage, Katy, Old Ocean, Gomez, Kettleman Hills, Rio Vista, Bayou Sale, Bastian Bay, and Mocane-Laverne fields.

Shell said decontrol would result in 1.4 trillion cu ft/year more gas being produced in 1990 over what would be produced under the Natural Gas Policy Act, while legislation to recontrol gas prices would result in 600 billion cu ft/year less (see table).

Other views. Hefner, whose firm explores for deep gas in the Anadarko basin, called the administration bill "The Oil Company and OPEC Protection Act."

He said the current gas price crisis is ebbing and declared that major oil companies are pushing decontrol of old gas.

"Oil companies benefit in two ways if old gas is decontrolled. First, they stand to earn billions more—$7 billion/year or from $100 billion to $150 billion over the life of the reserves—for the old gas supplies they own.

"Second, with less incentive to discover gas and with higher gas prices to the consumer, these companies benefit from larger oil markets and therefore higher prices for oil."

Edward Erickson, a North Carolina State University economics professor, said, "Price incentives should be in place to find, develop, and produce the least cost gas first. This is not the pattern we have observed under the NGPA.

"If we gerrymander an incentive structure to be other than that which the completely unregulated market would create, I anticipate being back before you in short order to discuss again our dissatisfaction with the resulting distortions" he told the committee.

Patrick Martin, the Louisiana Department of Natural Resources' commissioner of conservation, attacked recontrol bills that would allow pipelines to unilaterally abrogate contract terms and provide a rollback in gas prices.

INITIAL ANALYSIS

HJR-40 - Requesting Congress to decontrol all natural gas

The whereases in this resolution establish that natural gas is the only commodity still subject to price controls, that this causes distortion in gas prices and supplies, and discourages maximum recovery from shallow fields. It further points out that Congressional attempts to adjust gas controls without actually decontrolling all gas could lead to a serious shortage later on, and that phased decontrol would be more equitable, would result in more efficient pricing, and would benefit consumers.

With a final whereas advocating the free market system rather than artificial government price controls, the resolution asks Congress to decontrol all natural gas. Copies will be sent to President Reagan, Vice President Bush, Speaker O'Neill, and the Alaska Delegation.

HOUSE RESOURCES COMMITTEE OBSERVER/WITNESS SIGN-UP SHEET

HJR 40

DATE: MAY 10, 1983 SPONSOR: TISCHER

SUBJECT(S): REQ. CONGRESS DECONTROL NAT'L. GAS.

PLEASE FILL IN A COMPLETE ROW

NAME	REPRESENTING	ADDRESS	PHONE	Observer	Witness	For	Against
Mae Fischer	Sponsor						

98TH CONGRESS
1ST SESSION

S. 615

To cover deficiencies in the Natural Gas Policy Act of 1978, to protect natural gas consumers from price increases because of current distortions in the regulated market for natural gas, to provide for a free market for natural gas, to permit natural gas contracts to reflect the change from a regulated to a free market, to eliminate incremental pricing requirements for natural gas, to eliminate certain fuel use restrictions, and for other purposes.

IN THE SENATE OF THE UNITED STATES

FEBRUARY 28 (legislative day, FEBRUARY 23), 1983

Mr. MCCLURE introduced the following bill; which was read twice and referred to the Committee on Energy and Natural Resources

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A BILL

To cover deficiencies in the Natural Gas Policy Act of 1978, to protect natural gas consumers from price increases because of current distortions in the regulated market for natural gas, to provide for a free market for natural gas, to permit natural gas contracts to reflect the change from a regulated to a free market, to eliminate incremental pricing requirements for natural gas, to eliminate certain fuel use restrictions, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Natural Gas Consumer
4 Regulatory Reform Amendments of 1983".

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TITLE I—PURCHASED GAS COST

PURCHASED GAS COST

SEC. 101. (a) Title VI of the Natural Gas Policy Act of 1978 (15 U.S.C. 3431 et seq.) is amended by adding a new section 603 to read as follows:

"SEC. 603. LIMITATION ON THE PASSTHROUGH OF CERTAIN PURCHASED GAS COSTS.

"(a) LIMITATION ON PURCHASED GAS ADJUSTMENTS.—Notwithstanding section 601(c) of this Act, for pur-

1 poses of sections 4 and 5 of the Natural Gas Act, from the
2 first day of the first month following enactment of the Natu-
3 ral Gas Consumer Regulatory Reform Amendments of 1983
4 through December 31, 1985, the part of a pipeline's rate that
5 reflects purchased gas costs may not exceed its allowed rate
6 for purchased gas cost, except as provided in subsection (b).
7 "(b) RECOVERY OF ADDITIONAL PURCHASED GAS
8 COST.—A pipeline may file an application under this subsec-
9 tion with the Commission to increase its rates to reflect any
10 purchased gas cost that subsection (a) of this section prevents
11 it from recovering. Notwithstanding section 4(e) of the Natu-
12 ral Gas Act, no increase to the rates of a pipeline that may
13 be recovered under this subsection may go into effect unless
14 the Commission, after opportunity for hearing, issues an
15 order that grants the application, in whole or in part, with
16 such modifications and upon such terms and conditions as the
17 Commission may find necessary and appropriate. The pro-
18 ceeding under this subsection shall be conducted by the Com-
19 mission separately from proceedings on other rate applica-
20 tions that are filed under section 4 of the Natural Gas Act. In
21 any such proceeding, the Commission shall allow recovery if
22 it determines that the costs sought to be recovered were just,
23 reasonable, and prudently incurred. In making this determi-
24 nation, the Commission shall consider the reasonable avail-
25 ability of lower cost supplies to the pipeline and the necessity

1 costs for the pipeline to render adequate service to its
2 customers. Within sixty days of the date of the en-
3 ment of the Natural Gas Consumer Regulatory Reform
4 Amendments of 1983, the Commission shall prescribe rules
5 for applications under this subsection. These rules shall facili-
6 tate expeditious decisions on these applications.

7 "(c) DEFINITIONS.—

8 "(1) ALLOWED RATE FOR PURCHASED GAS.—
9 The term 'allowed rate for purchased gas' means, for a
10 particular pipeline, for a particular month, the pipe-
11 line's average cost per million Btu's for purchased gas
12 delivered to the pipeline during the month preceding
13 the enactment of the Natural Gas Consumer Regula-
14 tory Reform Act of 1983 plus the adjustment amount
15 for that particular month.

16 "(2) ADJUSTMENT AMOUNT.—The term 'adjust-
17 ment amount' means, for a particular month, the differ-
18 ence between the national rate and the adjusted na-
19 tional rate for that particular month.

20 "(3) NATIONAL RATE.—The term 'national rate'
21 means the national average cost per million Btu's for
22 purchased gas delivered to all interstate pipelines
23 during the month preceding the enactment of the Natu-
24 ral Gas Consumer Regulatory Reform Amendments of
25 1983.

1 "(4) ADJUSTED NATIONAL RATE.—The term 'ad-
2 justed national rate' means—
3 "(A) for the month in which the Natural Gas
4 Consumer Regulatory Reform Amendments of
5 1983 is enacted, the national rate multiplied by
6 the annual inflation adjustment factor (as defined
7 in section 101(a) of this Act) for that month; and
8 "(B) for any particular succeeding month, the
9 adjusted national rate for the preceding month
10 multiplied by the annual inflation factor (as de-
11 fined in section 101(a) of this Act) for that partic-
12 ular month.
13 "(d) REPORTING REQUIREMENT.—By the fifth day fol-
14 lowing the enactment of the Natural Gas Consumer Regula-
15 tory Reform Amendments of 1983, each interstate pipeline
16 shall report its average cost per million Btu's for purchased
17 gas delivered to it during the month preceding the enactment
18 of the Natural Gas Consumer Regulatory Reform Amend-
19 ments of 1983 and the volume of purchased gas delivered to
20 it during that month.
21 "(e) PUBLICATION.—The Commission shall compute
22 and publish the adjustment amount for each month at least
23 five days before the beginning of that month.
24 "(f) AFFILIATED PRODUCTION.—No interstate pipeline
25 may recover any costs associated with its own production or

1 purchases from any affiliated producer to the extent such pro-
2 duction or purchases were not reduced to a percentage of
3 deliverability no higher than the percentage of deliverability
4 to which the pipeline had exercised contemporaneously a
5 contractual right to reduce its takes of less expensive gas.".
6 (b) The table of contents of the Natural Gas Policy Act
7 of 1978 (15 U.S.C. 3301 note) is amended by inserting after
8 the item relating to section 602 the following:

"Sec. 603. Purchased Gas Cost."

9 TITLE II—REMOVAL OF WELLHEAD PRICE CON-
10 TROLS AND REPEAL OF JURISDICTION OVER
11 CERTAIN FIRST SALES

12 REMOVAL OF WELLHEAD PRICE CONTROLS

13 SEC. 201. Section 121 of the Natural Gas Policy Act of
14 1978 (15 U.S.C. 3331) is amended to read as follows:

15 "SEC. 121. ELIMINATION OF PRICE CONTROLS FOR CERTAIN
16 NATURAL GAS SALES.

17 "(a) GENERAL RULE.—The provisions of subtitle A re-
18 specting the maximum lawful price for any first sale of natu-
19 ral gas shall cease to apply to any first sale of natural gas
20 subject to any contract that was executed or amended after
21 the date of enactment of the Natural Gas Consumer Regula-
22 tory Reform Amendments of 1983, unless the contract spe-
23 cifically provides that the contract shall not operate to termi-
24 nate the application of subtitle A.

1 "(b) HIGH-COST NATURAL GAS.—Except as provided
2 in subsection (a) of this section, with respect to the first sale
3 of high-cost natural gas which is described in section 107(c)
4 (1), (2), (3), or (4)—
5 "(1) beginning on the effective date of the incre-
6 mental pricing rule required under section 201, the
7 provisions of subtitle A respecting the maximum lawful
8 price for the first sale of natural gas shall cease to
9 apply; and
10 "(2) beginning on the date of enactment of the
11 Natural Gas Consumer Regulatory Reform Amend-
12 ments of 1983 through December 31, 1985, the price
13 shall not exceed the higher of the contract price on the
14 date of the enactment of the Natural Gas Consumer
15 Regulatory Reform Amendments of 1983 or the gas
16 cap price, if published, for the month during which the
17 gas is delivered.
18 "(c) SPECIAL RULE FOR CERTAIN GAS.—Except as
19 provided in subsection (a), with respect to the first sale of gas
20 covered by this subsection—
21 "(1) beginning January 1, 1985, the provision of
22 subtitle A respecting the maximum lawful price shall
23 cease to apply; and

1 "(2) beginning January 1, 1985, through Decem-
2 ber 31, 1985, the price shall not exceed the gas cap
3 price for the month during which the gas is delivered.
4 "(3) GAS COVERED BY THIS SUBSECTION.—This
5 subsection applies to—
6 "(A) new natural gas (as defined in section
7 102(c));
8 "(B) natural gas produced from any new, on-
9 shore production well (as defined in section
10 103(c)), if such natural gas—
11 "(i) was not committed or dedicated to
12 interstate commerce on April 20, 1977; and
13 "(ii) is produced from a completion loca-
14 tion which is located at a depth of more than
15 5,000 feet; and
16 "(C) natural gas sold under an existing con-
17 tract, any successor to an existing contract, or
18 any rollover contract, if—
19 "(i) such natural gas was not committed
20 or dedicated to interstate commerce on the
21 day before the date of the enactment of this
22 Act; and
23 "(ii) the price paid for the last deliveries
24 of such natural gas occurring on December
25 31, 1984, or, if no deliveries occurred on

1 such date, the price that would have been
2 paid had deliveries occurred on such date is
3 higher than $1 per million Btu's.
4 "(d) REMOVAL OF WELLHEAD PRICE CONTROLS ON
5 ALL NATURAL GAS.—Except as provided in subsections (a),
6 (b), or (c), beginning January 1, 1986, the provisions of subti-
7 tle A respecting maximum lawful price shall cease to apply to
8 the first sale of any natural gas.".
9 REPEAL OF NATURAL GAS ACT JURISDICTION OVER FIRST
10 SALES OF COMMITTED OR DEDICATED NATURAL GAS
11 SEC. 202. Section 601(a)(1)(B) of the Natural Gas
12 Policy Act of 1978 (15 U.S.C. 3431(a)(1)(B)) is amended to
13 read as follows:
14 "(B) COMMITTED OR DEDICATED NATURAL
15 GAS.—Effective on January 1, 1985, for the pur-
16 poses of section 1(b) of the Natural Gas Act, the
17 provisions of such Act and the jurisdiction of the
18 Commission shall not apply solely by reason of
19 any first sale of natural gas which was committed
20 or dedicated to interstate commerce as of the day
21 before the date of enactment of this subsection.
22 Effective on the date of enactment of the Natural
23 Gas Consumer Regulatory Reform Amendments
24 of 1983 through December 31, 1984, for the pur-
25 poses of section 1(b) of the Natural Gas Act, the

1 provisions of such Act and the jurisdiction of the
2 Commission under such Act shall not apply solely
3 by reason of any first sale of natural gas which is
4 committed or dedicated to interstate commerce as
5 of the day before the date of enactment of this
6 Act and which is—
7 "(i) high-cost natural gas (as defined in
8 section 107(c) (1), (2), (3), or (4) of this Act);
9 "(ii) new natural gas (as defined in sec-
10 tion 102(c) of this Act);
11 "(iii) natural gas produced from any
12 new onshore production well (as defined in
13 section 103(c) of this Act);
14 "(iv) natural gas exempted from the op-
15 eration of subtitle A of title I pursuant to
16 section 121(a), or
17 "(v) natural gas that was subject to a
18 contract that expired, lapsed, was terminated
19 pursuant to its own terms, or was terminated
20 pursuant to the provisions of section 316 of
21 this Act.".

1 REPEAL OF PROVISIONS ALLOWING REIMPOSITION OF
2 PRICE CONTROLS AND REPORT TO CONGRESS

3 SEC. 203. (a) Sections 122, 123, and 507 of the Natural
4 Gas Policy Act of 1978 (15 U.S.C. 3332, 3333, and 3417)
5 are repealed.

6 (b) The table of contents of the Natural Gas Policy Act
7 of 1978 (15 U.S.C. 3301 note) is amended by striking the
8 items relating to sections 122, 123, and 507.

9 TITLE III—TRANSITIONAL PRICE AND
10 CONTRACT PROVISIONS

11 LIMITATION ON CEILING PRICES FOR CERTAIN NATURAL
12 GAS

13 SEC. 301. (a) Title I of the Natural Gas Policy Act of
14 1978 (15 U.S.C. 3311-3333) is amended by adding the fol-
15 lowing new section:

16 "SEC 111. LIMITATION ON CEILING PRICES FOR CERTAIN NAT-
17 URAL GAS.

18 "(a) GENERAL RULE.—Except as provided in section
19 121 of this Act, beginning on the date of enactment of this
20 section, the maximum lawful price of any first sale of natural
21 gas subject to this subtitle shall not exceed the lower of the
22 applicable price as calculated pursuant to sections 102
23 through 106, 108, and 109 or the gas cap price, if published,
24 for the month during which the gas is delivered.

1 "(b) SPECIAL RULE FOR SECTION 107(c)(5) GAS.—
2 Except as provided in section 121 of this Act, beginning on
3 the date of the enactment of the Natural Gas Consumer Reg-
4 ulatory Reform Amendments of 1983, the maximum lawful
5 price for gas described in subsection (c)(5) of section 107 of
6 this Act shall be no higher than the maximum lawful price for
7 such gas during the month in which the Natural Gas Con-
8 sumer Regulatory Reform Amendments of 1983 are enacted.
9 "(c) DEFINITION OF GAS CAP PRICE.—The term 'gas
10 cap price' means, for a particular month, the volume-weight-
11 ed average price of natural gas that is estimated to be—
12 "(1) delivered during the second, third, and fourth
13 months preceding that particular month; and
14 "(2) delivered during the first three months of de-
15 liveries under a contract filed under subsection (e) of
16 this section.
17 "(d) CALCULATION AND PUBLICATION OF THE GAS
18 CAP PRICE.—Beginning with the fourth month after enact-
19 ment of the Natural Gas Consumer Regulatory Reform
20 Amendments of 1983, the Commission (in accordance with
21 section 101(a)(6) of this subtitle) shall compute and publish
22 the gas cap price for each month through December 1985.
23 "(e) FILING REQUIREMENT.—A purchaser of natural
24 gas subject to a first sale contract executed or amended on or
25 after the date of the enactment of the Natural Gas Consumer

1 Regulatory Reform Amendments of 1983 shall file with the
2 Commission within five days of the date on which the con-
3 tract is executed or amended—

4 "(1) a summary of the contract and all ancillary
5 agreements, including all pricing provisions;

6 "(2) the prices to be paid under the contract
7 during the first three months of deliveries;

8 "(3) the estimated volumes (in millions of Btu's)
9 to be delivered during the first year of the contract;
10 and

11 "(4) any additional data required by the Commis-
12 sion.

13 This filing requirement does not apply in the case of an
14 amendment of a contract for which data previously relating
15 to price has been filed with the Commission under this sub-
16 section.

17 "(f) COMMISSION RULES.—Within thirty days of the
18 enactment of the Natural Gas Consumer Regulatory Reform
19 Amendments of 1983, the Commission shall issue rules to
20 implement this section.".

21 (b) The table of contents of the Natural Gas Policy Act
22 of 1978 (15 U.S.C. 3301 note) is amended by inserting after
23 the item relating to section 110 the following:

"Sec. 111. Limitation on Ceiling Prices for Certain Natural Gas.".

24 (c) Section 101(b)(5) of the Natural Gas Policy Act of
25 1978 (15 U.S.C. 3311(b)(5)) is amended by striking the

1 period at the end and inserting the following: ", but in no
2 event shall the operation of this paragraph be deemed to enti-
3 tle any seller to collect a price in excess of that established
4 pursuant to section 111.".

5 (d) Section 105(b)(3)(B) of the Natural Gas Policy Act of
6 1978 is amended by adding a new sentence at the end to
7 read as follows: "This definition shall not include any clause
8 which establishes the price for natural gas exempted from the
9 operation of this subtitle pursuant to section 121(a).".

10 REPEAL OF CERTAIN CONTRACT REQUIREMENTS AND
11 IMPOSITION OF TAKE-OR-PAY LIMITS

12 SEC. 302. (a) Section 315 of the Natural Gas Policy
13 Act of 1978 (15 U.S.C. 3375) is repealed, and a new section
14 315 is inserted in its place to read as follows:

15 "SEC. 315. IMPOSITION OF TAKE-OR-PAY LIMITS.

16 "(a) GENERAL RULE.—In the case of any first sale
17 contract in effect on the date of enactment of the Natural Gas
18 Consumer Regulatory Reform Amendments of 1983, which
19 has not been amended subsequent to the date of enactment,
20 and which contains a clause requiring a purchaser to take
21 delivery of, or if not taken, to pay for, volumes of gas in
22 excess of 70 per centum of available deliverability from those
23 wells included under a contract, the purchaser may exercise
24 without obligation to pay for volumes not taken in excess of
25 70 per centum of well deliverability, a right not to accept

1 delivery of any portion of the total volume which exceeds 10
2 per centum of well deliverability. This right applies only to
3 deliveries under a contract from the date of enactment of the
4 Natural Gas Consumer Regulatory Reform Amendments of
5 1983 through December 31, 1985.

6 "(b) NOTICE REQUIREMENT.—Any purchaser electing
7 to reduce volumes purchased pursuant to this section must
8 give the seller a minimum of thirty days written notice prior
9 to the date of delivery of the natural gas involved.

10 "(c) RELEASE OF CONTRACTUAL OBLIGATIONS.—
11 Upon receipt of the notice provided for in subsection (b), the
12 seller shall have the right to terminate the contract with re-
13 spect only to amounts not taken by reason of this section. If
14 the seller elects to terminate the contract in accordance with
15 this section, the purchaser shall tender to the seller full and
16 unconditional release from all duties and obligations in con-
17 tract or in law. The purchaser, if a transporter of natural gas,
18 shall tender transportation in accordance with the provisions
19 of section 316(d) of this Act.

20 "(d) DRAINAGE SITUATIONS.—The Commission, by
21 rule or order, may determine that this section shall not apply
22 to the extent the production of the volume for which delivery
23 is required to be taken is necessary in order to prevent drain-
24 age and protect the correlative rights of the person producing
25 the natural gas involved.

1 "(e) CASINGHEAD NATURAL GAS.—This section shall
2 not apply to casinghead natural gas.
3 "(f) CONTRACTS COVERING MORE THAN ONE CATE-
4 GORY OF NATURAL GAS.—For purposes of this section, any
5 contract establishing two or more categories of natural gas
6 for purposes of pricing the natural gas delivered under the
7 contract shall be treated as separate contracts for each such
8 category.".
9 (b) The table of contents of the Natural Gas Policy Act
10 of 1978 (15 U.S.C. 3301 note) is amended by striking the
11 item relating to section 315 and inserting in its place the
12 following:

"Sec. 315. Imposition of Take-or-Pay Limits.".

13 MARKET-OUT PROVISION

14 SEC. 303. (a) Title III of the Natural Gas Policy Act of
15 1978 (15 U.S.C. 3361–3375) is amended by adding a new
16 section 316 to read as follows:
17 "SEC. 316. MARKET-OUT PROVISION.
18 "(a) GENERAL RULE.—Beginning January 1, 1985,
19 either party to a contract for the first sale of natural gas
20 which was in effect on the date of enactment of the Natural
21 Gas Consumer Regulatory Reform Amendments of 1983 and
22 which contract was not thereafter amended shall have the
23 right to terminate the contract under the following
24 conditions:

1 "(1) the party wishing to terminate the contract
2 must give notice to the other party between November
3 16, 1984, and November 15, 1985, and at least forty-
4 five days in advance, that the contract is to be
5 terminated;
6 "(2) the party giving notice of termination does
7 not materially breach the contract at any time prior to
8 the end of the notice period; and
9 "(3) the party giving notice of termination must
10 offer to the other party a full and unconditional release
11 from all future duties and obligations in contract or in
12 law relating to the contract, which release is effective
13 upon termination of the notice period.
14 "(b) EFFECT OF SECTION 315 REDUCTION.—A reduc-
15 tion of a take-or-pay obligation pursuant to section 315 of
16 this Act shall not be considered an amendment for purposes
17 of subsection (a) of this section.
18 "(c) OBLIGATIONS OF PARTIES UPON TERMINA-
19 TION.—Neither party to a contract terminated pursuant to
20 this section shall have an obligation to perform any act be-
21 cause of the contract on and after the effective date of the
22 termination of the contract, except that a party that has re-
23 ceived a good or service under the contract before the effec-
24 tive date of its termination shall have a duty to pay for that
25 good or service as provided for in the contract and that a

1 party that has received payment under the contract for a
2 good or service that was not provided before the effective
3 date of its termination shall have a duty to make restitution
4 of the payment in cash or in kind in accordance with the
5 contract.

6 "(d) TRANSPORTATION OBLIGATION.—

7 "(1) IN GENERAL.—In the event that a contract
8 is terminated under this section, a pipeline that was a
9 party to the terminated contract shall have an obliga-
10 tion to transport natural gas for a producer that was a
11 party to the terminated contract. The obligation of the
12 pipeline shall not exceed on an annual basis the largest
13 volume delivered under the contract during any twelve
14 consecutive months in the thirty-six months prior to its
15 termination.

16 "(2) LIMITATION OF OBLIGATION.—The Com-
17 mission, or in the case of an intrastate pipeline the
18 State agency with jurisdiction over that pipeline, upon
19 application by the pipeline and after opportunity for
20 hearing, may order a limitation of the obligation of the
21 pipeline under this subsection if compliance with the
22 obligation would require construction of additional
23 facilities or would impair the ability of the pipeline to
24 render adequate service to its existing customers.

1 "(3) CONSIDERATION.—The consideration for any
2 transportation provided under this subsection shall be
3 $0.05 per million Btu's plus the cost of such transpor-
4 tation, as established by the appropriate State or Fed-
5 eral regulatory body, unless the Commission has estab-
6 lished, by rule, a different rate as just compensation for
7 such transportation. No amount of such consideration
8 shall be required to be credited and flowed back to the
9 customers of such pipeline.".

10 (b) The table of contents of the Natural Gas Policy Act
11 of 1978 (15 U.S.C. 3301 note) is amended by inserting after
12 the item relating to section 315 the following:

"Sec. 316. Market-Out Provision.".

13 EFFECT OF GAS CAP PRICE

14 SEC. 304. (a) Title III of the Natural Gas Policy Act of
15 1978 (15 U.S.C. 3361–3375) is amended by adding a new
16 section 318 to read as follows:

17 "SEC. 318. EFFECT OF GAS CAP PRICE.

18 "(a) Price Escalator Clauses.—Except for natural gas
19 described in section 107 of this Act, no price escalator clause
20 may operate to establish a price for natural gas which is sub-
21 ject to the provisions of subtitle A respecting the maximum
22 lawful price for the first sale of natural gas higher than the
23 gas cap price. For purposes of this subsection, the term
24 "price escalator clause" means any contract clause that pro-
25 vides for a periodic price increase, either on a fixed or indefi-

1 nite basis, or that references other natural gas prices, federal-
2 ly imposed price ceilings, or prices of other commodities.
3 "(b) AREA RATE CLAUSES.—For purposes of an area
4 rate clause, the gas cap is a Federally established rate or
5 price. After December 31, 1985, the gas cap price for De-
6 cember 1985 is a federally established rate or price.".
7 (b) The table of contents of the Natural Gas Policy Act
8 of 1978 (U.S.C. 3301 note) is amended by inserting after the
9 item relating to section 317 the following:

"Sec. 318. Effect of Gas Cap Price.".

10 TITLE IV—REMOVAL OF IMPEDIMENTS TO
11 INTERSTATE MOVEMENTS OF GAS

12 AUTHORIZATION OF CERTAIN INTERSTATE SALES,
13 TRANSPORTATION AND ASSIGNMENTS

14 SEC. 401. (a) Section 311(a) of the Natural Gas Policy
15 Act of 1978 (15 U.S.C. 3371(a)) is amended by—
16 (1) amending subparagraph (A) of paragraph (1) to
17 read as follows:
18 "(A) IN GENERAL.—The Commission may,
19 by rule or order, authorize any interstate pipeline
20 to transport natural gas on behalf of any person.".
21 (2) inserting "AND LOCAL DISTRIBUTION COMPA-
22 NIES" after "INTRASTATE PIPELINES" in the para-
23 graph (2) heading;
24 (3) inserting in paragraph (2) "or local distribution

1 (4) amending subparagraph (A) of paragraph (2) to
2 read as follows:
3 "(A) IN GENERAL.—The Commission may
4 by rule or order, authorize any intrastate pipeline
5 or local distribution company to transport natural
6 gas on behalf of any person.".
7 (5) in subparagraph (B)(ii) (I) and (II) of para-
8 graph (2), inserting "or company" after "pipeline".
9 (b) Section 311(b) of the Natural Gas Policy Act of
10 1978 (15 U.S.C. 3371(b)) is amended by—
11 (1) amending paragraph (1) to read as follows:
12 "(1) IN GENERAL.—The Commission may, by
13 rule or order, authorize any pipeline or local distribu-
14 tion company to sell natural gas to any pipeline or
15 local distribution company.".
16 (2) amending paragraph (2) by—
17 (A) striking "MAXIMUM FAIR AND EQUITA-
18 BLE PRICE" after the subparagraph designator
19 "A", and inserting in its place "INTRASTATE
20 PIPELINES AND LOCAL DISTRIBUTION COMPA-
21 NIES";
22 (B) inserting "or local distribution company"
23 following "pipeline" and "or local distribution
24 company's" following "pipeline's" wherever they
25 appear; and

1 (C) inserting "(including storage)" after
2 "transportation" in clause (i) of subparagraph (B);
3 (D) adding a new subparagraph (D) to read
4 as follows:
5 "(D) INTERSTATE PIPELINES.—The rates
6 and charges of any interstate pipeline with respect
7 to any sales authorized under subsection (b)(1)(A)
8 shall be just and reasonable (within the meaning
9 of the Natural Gas Act).";
10 (3) in paragraph (4), striking "pipeline's" and in-
11 serting in its place "seller's", and striking "INTRA-
12 STATE" in the heading and inserting in its place "EX-
13 ISTING";
14 (4) in paragraphs (4)–(7), except for subparagraph
15 (5)(a)(i), striking "intrastate pipeline" or "pipeline"
16 wherever they appear and inserting in their place
17 "seller";
18 (5) in paragraph (5)(A)(i), striking "interstate pipe-
19 line or local distribution" and inserting in its place
20 "purchasing"; and
21 (6) adding a new paragraph (8) to read as follows:
22 "(8) DEFINITION OF SELLER.—For purposes of
23 this subsection, the term 'seller' means any person that
24 sells gas under paragraph (b)(1).".

1 (c) Section 312 of the Natural Gas Policy Act of 1978
2 (15 U.S.C. 3372) is amended—
3 (1) by amending subsection (a) to read as follows:
4 "(a) AUTHORIZATION OF ASSIGNMENTS.—The Com-
5 mission may, by rule or order, authorize a pipeline or local
6 distribution company to assign, without compensation, to any
7 other pipeline or local distribution company, all or any por-
8 tion of the assignor's right to receive surplus natural gas at
9 any first sale, upon such terms and conditions as the Com-
10 mission determines appropriate."; and
11 (2) by amending subsection (c) to read as follows:
12 "(c) SURPLUS NATURAL GAS.—For purposes of this
13 section, the term 'surplus natural gas' means, with respect to
14 any pipeline or local distribution company, any natural gas
15 which exceeds the then current demands of such person for
16 natural gas, as determined by—
17 "(1) the Commission, or
18 "(2) the State agency having regulatory jurisdic-
19 tion over that person.".
20 ACCESS TO INTERSTATE SUPPLY SOURCES
21 SEC. 402. (a) Section 314 of the Natural Gas Policy
22 Act of 1978 (15 U.S.C. 3374) is amended by—
23 (1) striking "first" in subsection (a), and
24 (2) amending subsection (b) to read as follows:

1 "(b) NATURAL GAS COVERED BY THIS ACT.—For
2 purposes of subsection (a), the term 'natural gas covered by
3 this Act' means—
4 "(1) for any first sale contract, natural gas—
5 "(A) which is not subject to the jurisdiction
6 of the Commission under the Natural Gas Act by
7 reason of section 601(a)(1) (A) or (B);
8 "(B) the sale in interstate commerce of
9 which—
10 "(i) is authorized under section 302(a)
11 or 311(b); or
12 "(ii) is pursuant to an assignment under
13 section 312(a); or
14 "(C) the transportation in interstate com-
15 merce of which is—
16 "(i) pursuant to any order under section
17 302(c) or section 303 (b), (c), (d), or (h), or
18 "(ii) authorized by the Commission
19 under section 311(a); or
20 "(2) for any contract, natural gas the sale or
21 transportation of which under the contract is not in in-
22 terstate commerce by reason of section 601(d) of this
23 Act.".

1 (b) Section 601 of the Natural Gas Policy Act of 1978
2 (15 U.S.C. 3431) is amended by adding new subsections (d)
3 and (e) to read as follows:

4 "(d) LIMITATION OF COMMISSION JURISDICTION
5 OVER INTRASTATE TRANSACTIONS.—

6 "(1) GENERAL RULE.—No intrastate pipeline or
7 local distribution company shall be subject to the juris-
8 diction of the Commission under the Natural Gas Act
9 by reason of purchasing natural gas in a covered trans-
10 action.

11 "(2) SUBSEQUENT TRANSACTIONS.—Any trans-
12 portation or sale of natural gas purchased in a covered
13 transaction which occurs beyond the point at which
14 such gas is received in the facilities of the purchaser in
15 the covered transaction shall not be in interstate com-
16 merce (within the meaning of the Natural Gas Act)
17 and shall not be subject to the jurisdiction of the Com-
18 mission under the Natural Gas Act to the extent that
19 such gas remains in the State of purchase.

20 "(3) NATURAL-GAS COMPANY.—For purposes of
21 the Natural Gas Act, the term 'natural-gas company'
22 (as defined in section 2(6) of that Act) shall not include
23 any person by reason of, or with respect to, any trans-
24 portation or sale of natural gas if the transportation or

1 sale is not subject to the jurisdiction of the Commission
2 solely by reason of paragraph (2) of this subsection.
3 "(4) STATE OF PURCHASE RULE.—For purposes
4 of this subsection, natural gas shall be deemed to
5 remain in the State of purchase if the gas is not trans-
6 ported outside the State in which it was received into
7 the facilities of the purchaser of the gas in a covered
8 transaction, unless such transportation occurs in con-
9 nection with—
10 "(A) transportation authorized under sections
11 302(a) or 311(a) of this Act, or
12 "(B) a sale or assignment authorized under
13 sections 311(b) or 312 of this Act.
14 "(5) DEFINITION OF COVERED TRANSACTION.—
15 For purposes of this subsection, the term 'covered
16 transaction' means—
17 "(A) a first sale of gas—
18 "(i) which is not subject to the jurisdic-
19 tion of the Commission under the Natural
20 Gas Act by reason of subparagraph (A) or
21 (B) of paragraph (1) of subsection (a),
22 "(ii) which is produced on the Outer
23 Continental Shelf, or

1 "(iii) which is transported pursuant to
2 an order issued under section 317 of this
3 Act;
4 "(B) a sale or assignment authorized under
5 section 302(a), 311(b), or 312(a) of this Act; or
6 "(C) a sale for resale by any person not sub-
7 ject to the jurisdiction of the Commission solely
8 by reason of section 1(c) of the Natural Gas Act.
9 "(e) NONDISCRIMINATION PROVISION.—The Commis-
10 sion may not condition or deny any authorization of the sale
11 or transportation of natural gas under this Act or the Natural
12 Gas Act on the basis of whether the gas is consumed in the
13 interstate market or the intrastate market.".
14 CONTRACT CARRIER AUTHORIZATION
15 SEC. 403. (a) Title III of the Natural Gas Policy Act of
16 1978 (15 U.S.C. 3361–3375) is amended by adding a new
17 section 317 to read as follows:
18 "SEC. 317. CONTRACT CARRIER AUTHORIZATION.
19 "(a) IN GENERAL.—Upon application by a producer of
20 natural gas or by a purchaser of natural gas from a producer,
21 the Commission shall order any interstate pipeline to carry
22 gas under contract between producer and purchaser upon
23 such terms and subject to such conditions as it considers just
24 and reasonable if the Commission finds that such pipeline has
25 available capacity, that no undue will be place upon such

1 pipeline, that no construction of new facilities would be re-
2 quired, and that such order would not impair the ability of
3 such pipeline to render adequate service to its existing cus-
4 tomers. The Commission may implement this section by rule
5 or order.

6 "(b) CONSIDERATION.—The consideration for any
7 transportation provided under this section shall be $.05 per
8 million Btu's plus the cost of such transportation, as estab-
9 lished by the Commission, unless the Commission has estab-
10 lished, by rule, a different rate as just compensation for such
11 transportation. No amount of such consideration shall be re-
12 quired to be credited and flowed back to the customers of
13 such pipeline.".

14 (b) The table of contents of the Natural Gas Policy Act
15 of 1978 (15 U.S.C. 3301 note) is amended by inserting after
16 the item relating to section 316 the following:

"Sec. 317. Contract Carrier Authorization.".

17 TITLE V—REPEAL OF CERTAIN RESTRICTIONS
18 ON NATURAL GAS AND PETROLEUM USE
19 AND PRICING

20 REPEAL OF CERTAIN SECTIONS OF THE POWERPLANT AND
21 INDUSTRIAL FUEL USE ACT OF 1978

22 SEC. 501. (a) The following sections of the Powerplant
23 and Industrial Fuel Use Act of 1978 (42 U.S.C. 8301 et
24 seq.) are repealed:

1 (1) section 102 (a)(16), (a)(18), (a)(19), and (a)(29))
2 (42 U.S.C. 8302 (a)(16), (a)(18), (a)(19), and (a)(29));
3 (2) sections 201 and 202 (42 U.S.C. 8311 and 8312);
4 (3) section 302 (42 U.S.C. 8342);
5 (4) section 401 (42 U.S.C. 8371);
6 (5) section 402 (42 U.S.C. 8372); and
7 (6) section 405 (42 U.S.C. 8375).
8 (b) The table of contents in section 101(b) of the Power-
9 plant and Industrial Fuel Use Act of 1978 (42 U.S.C.
10 8301(b)) is amended by striking the items relating to the sec-
11 tions repealed by subsection (a) of this section.
12 CONFORMING AMENDMENTS
13 SEC. 502. (a) Section 102 of the Powerplant and Indus-
14 trial Fuel Use Act of 1978 (42 U.S.C 8301) is amended by
15 striking "and major fuel-burning installations" and "and
16 new" wherever these phrases appear.
17 (b) Section 103 of the Powerplant and Industrial Fuel
18 Use Act of 1978 (42 U.S.C. 8302) is amended—
19 (1) in subsection (a)(13)(B), by—
20 (A) striking clause (ii)(III);
21 (B) striking "; or" at the end of clause
22 (ii)(II), and inserting a period in its place; and
23 (C) inserting "and" at the end of clause
24 (ii)(I);

1 (2) in subsection (a)(15), by striking "or major
2 fuel-burning installation" and "or new" wherever these
3 phrases appear;
4 (3) in subsection (a)(20), by striking "or major
5 fuel-burning installation";
6 (4) by redesignating subsections (a)(17), (a)(20),
7 (a)(21), (a)(22), (a)(23), (a)(24), (a)(25), (a)(26), (a)(27),
8 and (a)(28) as subsections (a)(16), (a)(17), (a)(18),
9 (a)(19), (a)(20), (a)(21), (a)(22), (a)(23), (a)(24), and
10 (a)(25);
11 (5) in subsection (b), by striking "or major fuel-
12 burning installation" wherever this phrase appears;
13 (6) in subsection (b)(1)(D), by striking everything
14 after "synthetic gas involved" and inserting in its place
15 a period; and
16 (7) by striking subsection (b)(3), and redesignating
17 subsection (b)(4) as subsection (b)(3).
18 (c) Section 104 of the Powerplant and Industrial Fuel
19 Use Act of 1978 (42 U.S.C. 8303) is amended to read as
20 follows:
21 "The provisions of this Act shall apply in all the States,
22 Puerto Rico, and the territories and possessions of the United
23 States.".
24 (d) Section 303 of the Powerplant and Industrial Fuel
25 Use Act of 1978 (42 U.S.C. 8343) is amended—

1 (1) by striking "or installation" and "or installa-
2 tions" wherever the phrases appear;
3 (2) by striking "or 302" wherever the phrase
4 appears;
5 (3) by striking subsection (a)(3);
6 (4) by amending subsection (b)(1) to read as
7 follows:
8 "(1) The Secretary may prohibit, by rule, the use
9 of natural gas or petroleum under section 301(b) in ex-
10 isting electric powerplants.";
11 (5) in subsection (b)(3), by striking "or major fuel-
12 burning installation"; and
13 (6) by amending the last sentence of subsection
14 (b)(3) to read as follows: "Any such rules shall not
15 apply in the case of any existing electric powerplant
16 with respect to which a comparable prohibition was
17 issued by order.".
18 (e) Section 403 of the Powerplant and Industrial Fuel
19 Use Act of 1978 (42 U.S.C. 8373) is amended by striking—
20 (1) in subsection (a)(1), "major fuel-burning instal-
21 lation, or other unit" and the comma immediately pre-
22 ceding this phrase and "installation, or unit" and the
23 comma immediately preceding this phrase;
24 (2) in subsection (a)(2), "installation, or other
25 unit" and the comma immediately preceding that

1 phrase, and "installation, or unit" and the comma im-
2 mediately preceding that phrase;
3 (3) in subsection (a)(2), the last sentence; and
4 (4) subsection (a)(3).
5 (f) Section 404 of the Powerplant and Industrial Fuel
6 Use Act of 1978 (42 U.S.C. 8374) is amended by striking—
7 (1) in subsection (c), "new or" in the phrase "ap-
8 plicable to any new or existing electric powerplant";
9 and
10 (2) subsection (g).
11 (g) Section 701 of the Powerplant and Industrial Fuel
12 Use Act of 1978 (42 U.S.C. 8411) is amended by striking—
13 (1) in the last sentence of subsection (b), "or in-
14 stallation";
15 (2) subsection (c);
16 (3) in the title of subsection (d), "AND EXEMP-
17 TIONS";
18 (4) in the first sentence of subsection (d)(1), "or
19 any petition for any order granting an exemption (or
20 permit)";
21 (5) in subsection (d)(1)(B), "or in the consideration
22 of such petition";
23 (6) in subsection (f), "or a petition for an exemp-
24 tion (or permit) under this Act (other than under sec-
25 tion 402 or 404),"; and

1 (7) subsection (g).

2 (h) Section 702 of the Powerplant and Industrial Fuel
3 Use Act of 1978 (42 U.S.C. 8412) is amended by striking—

4 (1) in the title of subsection (a), "OR EXEMP-
5 TION";

6 (2) in subsection (a), "or granting an exemption
7 (or permit)";

8 (3) subsection (b), and redesignating subsection (c)
9 as subsection (b);

10 (4) in the first sentence of subsection (b)(1) (as re-
11 designated), "or by the denial of a petition for an order
12 granting an exemption (or permit) referred to in sub-
13 section (b),";

14 (5) in the first sentence of subsection (b)(1) (as re-
15 designated), "such rule, order, or denial is published
16 under subsection (a) or (b)" and inserting in its place
17 "such rule, or order is published under subsection (a)";

18 (6) in the first sentence of subsection (b)(2) (as re-
19 designated), "the rule, order, or denial" and inserting
20 in its place "the rule or order";

21 (7) in the second sentence of subsection (b)(2) (as
22 redesignated), "(or denial thereof)"; and

23 (8) in subsection (b)(3) (as redesignated), "any
24 such rule, order, or denial" and inserting in its place
25 "any such rule or order".

1 (i) Section 711 of the Powerplant and Industrial Fuel
2 Use Act of 1978 (42 U.S.C. 8421) is amended by striking in
3 the first sentence of subsection (a), "or major fuel-burning
4 installation".

5 (j) Section 721 of the Powerplant and Industrial Fuel
6 Use Act of 1978 (42 U.S.C. 8431) is amended by striking
7 subsection (c) and redesignating subsection (d) as subsection
8 (c).

9 (k) Section 723 of the Powerplant and Industrial Fuel
10 Use Act of 1978 (42 U.S.C. 8433) is amended by striking
11 subsection (b) and redesignating subsections (c) and (d) as
12 subsections (b) and (c).

13 (l) Section 731 of the Powerplant and Industrial Fuel
14 Use Act of 1978 (42 U.S.C. 8441) is amended by striking--

15 (1) "or major fuel-burning installation" wherever
16 the phrase appears; and

17 (2) "title II or" in subsections (a)(1) and (g)(3).

18 (m) Section 745 of the Powerplant and Industrial Fuel
19 Use Act of 1978 (42 U.S.C. 8455) is amended by striking in
20 the first sentence of subsection (a), "from new and existing
21 electric powerplants and major fuel-burning installations"
22 and inserting in its place "from existing electric power-
23 plants".

24 (n) Section 761 of the Powerplant and Industrial Fuel
25 Use Act of 1978 (42 U.S.C. 8471) is amended by striking—

1 (1) in subsection (a), "any existing or new electric
2 powerplant or major fuel-burning installation" and in-
3 serting in its place "any existing electric powerplant";
4 and
5 (2) in subsection (b)—
6 (A) "new or" in the phrase "In the case of
7 any new or existing facility"; and
8 (B) "except to the extent provided under sec-
9 tion 212(b) or section 312(b)" and the comma im-
10 mediately preceding that phrase.
11 REPEAL OF INCREMENTAL PRICING REQUIREMENTS
12 SEC. 503. (a) Subject to subsections (b) and (c) of this
13 section, title II of the Natural Gas Policy Act of 1978 (15
14 U.S.C. 3341–3348) is repealed, and the items relating to
15 title II are stricken from the table of contents of that Act.
16 (b) A rule promulgated by the Commission under title II
17 of the Natural Gas Policy Act of 1978 shall continue in effect
18 only with respect to the flow-through of costs incurred before
19 the enactment of the Natural Gas Consumer Regulatory
20 Reform Amendments of 1983, including any surcharges
21 based on such costs.
22 (c) The Commission may take appropriate action to im-
23 plement this section.

O

HJR

43

HOUSE RESOURCES COMMITTEE OBSERVER/WITNESS SIGN-UP SHEET

HJR 43

DATE: MAY 3, 1983 SPONSOR: RINGSTAD

SUBJECT(S): BIRCH CR./BEAVER CR. / WILD RIVERS

PLEASE FILL IN A COMPLETE ROW

NAME	REPRESENTING	ADDRESS	PHONE	Observer	Witness	For	Against
Brian Allen	Alaska Environ. Lobby		586 2345		x		x

Alaska State Legislature

BETTYE FAHRENKAMP, Chairman
ROBERT H. ZIEGLER, SR., Vice Chairman
DICK ELIASON
PAUL FISCHER
VIC FISCHER
BOB MULCAHY
ARLISS STURGULEWSKI

POUCH V
STATE CAPITAL
JUNEAU, ALASKA 99811
(907) 465-3834
(907) 465-3835

Senate

Committee on Resources

April 26, 1983

Memo

To: Senate Resources Committee Members

From: Senate Resources Committee Staff

Subject: SJR 25, Birch and Beaver Creek Wild Rivers

The 1980 Alaska National Interest Lands Conservation Act (ANILCA) designated a number of rivers in Alaska as "wild rivers" under the National Wild and Scenic Rivers System. Included in these designations were Beaver Creek and Birch Creek which are located north of Fairbanks.

At the time of study of these rivers little placer gold mining was occurring in the region due primarily to low gold prices. However, the Circle gold district which both the rivers are located in was one of the first placer districts in Alaska and was among the leading producers of gold over much of the past century (dating back to 1890). With the resurge of gold prices dramatic increases in placer mining activity have occurred on many of the tributary streams to both Beaver and Birch Creek. Consequently, many problems and conflicts are currently taking place centering on water quality, access, navigability determinations of the waters involved and other users of the river areas. Most of these problems are directly related to the wild river designations which have caused intensified management efforts and stricter environmental standards and regulations to be applied.

In an effort to recognize the multiple use values of these river areas, particularl mineral values and activities, the resolution would ask Congress to amend ANILCA to delete wild river designation of the two rivers.

Citizens' Advisory Commission on Federal Areas

515 Seventh Avenue
Suite 310
Fairbanks, Alaska 99701
(907) 456-2012

March 4, 1983

MAR 14 1983

DRAFT

Carl D. Johnson
District Manager
Fairbanks District Office
Bureau of Land Management
P.O. Box 1150
Fairbanks, Alaska 99707

Dear Carl:

We are enclosing the Commission comments on the Draft River Management Plan for the Birch Creek National Wild River. These comments represent the issues which are of primary concern to the Commission and the different user groups which will be affected by the management plan.

On an overall basis, the draft management plan is written with an unconcealed bias against placer mining operations. There are many editorial comments contained in different sections of the plan which have no place in a document designed to establish management prescriptions.

The plan fails to take into consideration the considerable economic impacts on Fairbanks and the Central area if mining activity in the Birch Creek watershed is unduly restricted or curtailed. This information was not analyzed in the Environmental Impact Statement and appears nowhere in the draft river plan. Such an impact should be considered before the final river plan is developed.

On the attached pages we have identified five issues which we feel are extremely important and which are discussed at length. Following this discussion are specific comments relating to the plan.

To this point the people in your office have been extremely helpful in providing us with the information we needed to develop this commentary. It has been very useful for the staff to be able to meet with BLM personnel and discuss the issues face to face. We look forward to continuing this working relationship in developing the final plan for the Birch Creek Wild River.

Sincerely,

Bettye Fahrenkamp, Chairman
Alaska State Senator

BIRCH CREEK WILD RIVER DRAFT MANAGEMENT PLAN

GENERAL DISCUSSION

1. BOUNDARY DETERMINATION
2. NAVIGABILITY
3. ACCESS
4. VIEWSHEDS
5. WATER QUALITY

1. Boundary determination. The draft plan states the boundary of Birch Creek Wild River will be located within Section 25, Township 7N, Range 10E, Fairbanks meridian. Section 603, paragraph 46 of ANILCA states that the segment of Birch Creek which will be designated a wild river begins on the south side of the Steese Highway, but mentions no specific section, nor does any piece of legislative history.

The Final Environmental Impact Statement for the proposed Birch Creek National Wild River prepared by the Department of the Interior in 1974, stated the proposed corridor was to begin in the vicinity of the confluence of North Fork Creek and Birch Creek. This point is located at approximately river mile 5 in the Draft River Plan. This administrative addition of five miles to the wild river segment of Birch Creek adds over 3,000 acres to the river corridor. Persons originally responsible for studying the location of the boundary state conclusively there was never any intention of extending the river corridor to Butte Creek.

To further augment this position, page 9 of the Draft River Plan states that placer mining activity has made it difficult and often impossible to float the first 3 miles of the river. This activity would indicate that most of the first 5 miles of the proposed river corridor do not meet the criteria for designation as a wild river. It further states that most float trips begin at river mile 5, the originally proposed beginning of the wild river segment.

The discretionary power which BLM has used to move the river endpoint five miles, should be used to move that boundary back to the confluence of the North Fork Creek and Birch Creek. This action would simplify management of the wild river and its corridor and help avoid any potential conflicts between recreational boaters and placer mining operations.

2. Navigability.

The State has asserted that all waters in Alaska are navigable while federal agencies ignore this argument. There is much available material and historical references to prove that Birch Creek is, and has been, a corridor of commerce in fact, and as such, is a corridor of commerce in

law. While it remains the responsibility of the Department of Natural Resources and the Department of Law to formally assert the navigability claim, it is essential that this fact be considered in the draft plan.

3. Access. Access to valid mining claims and along existing RS 2477 rights-of-way must be insured. ANILCA guarantees access to inholdings and valid mining claims (Sec. 1110).

In addition, the Senate Committee on Energy and Natural Resources Report 96-413, contained in the legislative history of ANILCA, states:

> "In Administering wild and scenic rivers in Alaska, the Committee expects the appropriate Secretary to carefully consider access needs in terms of the special authority granted him in Title XI of the Committee amendment. Holders of mining claims, for example, may need access up and down proposed wild and scenic rivers or study rivers in connection with various mining activities. Likewise, inholders should not be denied reasonable access to their inholdings as a result of wild and scenic river designation."

Existing State rights-of-way within or through the corridor should be recognized. In the Final EIS the State of Alaska submitted comments which dealt with existing rights-of-way along a number of surface transportation routes and along protracted section lines. The response from BLM indicated that these rights are recognized. Recognition of these rights should be included in the appropriate section of the river plan.

In addition, BLM should work with individual miners while preparing the management plan so that they can be assured of the access which is currently only given lip service. In working with the mining and environmental communities on specific cases, some of the problems which currently exist in the plan could be resolved. From a claim owner's point of view, specific actions are more palatable than "reasonable guarantees".

4. Viewsheds. The concept of viewsheds is one which is becoming more popular in the planning field. However, we can find no statutory authority in the Wild and Scenic Rivers Act, or in the Guidelines for Evalutating Wild, Scenic, and Recreational River Areas Proposed for Inclusion in the National Wild and Scenic Rivers System Under Section 2, PL 90-542, dated September 7, 1982 for the creation of viewsheds in the Draft River Plan. ANILCA specifically restricts the wild and scenic river corridors to "not more than" 640 acres per mile. The four to eight mile boundary as discussed in the plan certainly exceeds this statutory limit. The provision for viewsheds should be eliminated in the draft river plan. Any viewshed for the river corridor beyond the 640 acre limitation which contains federal lands should be contained in the management plan for the Steese National Conservation Area.

5. Water Quality. The issue which is most frustrating to each side of the management issue is turbidity. The miners see it as an unattainable standard which costs them hours, dollars, and perhaps at some point, their mines. The recreationists perceive turbidity as evidence that miners do not care about the environment and as an esthetic negative. The challenge will be to develop new technology which will enable the miner to continue his livelihood while the recreationists enjoy the river. It is no secret that this problem may be the most difficult to solve.

At this time, the technology which would stop turbidity is either non-existent or cost prohibitive. The Commission recommends that efforts be made by federal agencies and State agencies to coordinate efforts to develop the necessary technology. It is necessary that the Plan clearly recognizes the lack of technology, the soil conditions and the efforts of the mining community to control this problem.

SPECIFIC COMMENTS

INTRODUCTION

Descriptions contained in Part I need to be re-written to include more complete information on soils, geologic, and historic data. The information must be verified for accuracy. Several errors already exist. The section must be written in a less negative fashion. State management responsibilities must be recognized.

The section on geological and mineral resources contains only two paragraphs on the resources of the river corridor. The first paragraph deals only superficially with the mineral resources while the second paragraph is primarily a commentary on the adverse effects of placer mining on the river. This is out of place in a section which is supposed to deal with resource description. Editorial comments should be omitted or reserved for more appropriate sections. Please note, too, that Harrison Creek is not in the headwaters of Birch Creek. It enters the river at River Mile 59.

Page 10 has a statement which says the effect of turbid water on biological resources is not precisely known, but is generally believed to be having an adverse impact. Page 21 has a statement tht "degraded water quality caused by vehicle use and mining operations impairs the biological productivity of the river environment, harming he fishery and other aquatic wildlife." If turbidity and water quality are conclusively demonstrated to adversely affect biological resources on the river, this should be consistently stated. If, on the other hand, there is no conclusive proof available to indicate that they do adversely affect biological resources, this fact should be consistently stated.

Management Considerations

Item 4--Water Quality. This section contains conflicting statements. The section on minerals management states that most placer mining operations affecting the river corridor are properly located and are operating in compliance with State and federal regulations for resource protection. The section on water quality makes the statement that many placer mining operations within the watershed make little or no effort to limit effluent discharge in the tributaries of Birch Creek. Meetings with miners operating in the area indicate that most are making every effort to comply with existing water quality standards. Again, these conflicting statements should be reconciled.

The statement that implementation of water quality standards may increase costs or time to develop mining claims should be changed to state that costs will definitely increase.

Item 5--Water Rights. Water rights are not an issue. The State retains jurisdiction over water rights. This section appears to be put in just so there could be a place to say later that reservation of current water levels would be sought for the river.

Item 7--Visitor Management. What are "on-site management controls"?

Item 9--Biotic Resources. Care must be taken to identify the differences between managing endangered species which have been identified and those which are only "believed" to exist.

Management Actions

This section will require considerable revision before these management practices can be implemented. While the separate issues are outlined in each management action, there is little or no discussion or description on how they will be implemented. Reference to the statutory authorities for management are helpful, but a detailed description of the guidelines contained within the statutes is necessary in the river plan.

As a general comment, each management action should include the statement that it applies to the river corridor and not to surrounding or adjacent private, State or native lands. Many of the management actions are also stated in a very negative manner. By a simple rewording, negative reactions to them would be lessened or eliminated.

Action for Issue 1-Surface Transportation.
This management action must contain provisions which will accommodate guaranteed rights of access.

> Action 1.3. Restrictions for vehicular movement should be contained in individual mining plans of operation.

Action for Issue 3-Minerals Management.

No management action affecting mineral development within the river corridor should extend beyond the boundaries of the corridor. Plans of operation for mining claims within the river corridor must not contain restrictions which are unreasonable or which will make operation of those claims economically unfeasible. Care must be taken that recreational gold-panning not take place on private lands or on valid claims.

Action for Issue 6-Facility Management.

Action 6.3: Change "may" to "shall".

Action for Issue 8-Non-Federal Land.

There is no need to acquire additional lands or interests in lands for any reason, since there are no private, native or State owned lands located within the corridor. Actions 8.1 and 8.2 should be eliminated. The Commission does not support acquisition of any lands, particularly through condemnation proceedings.

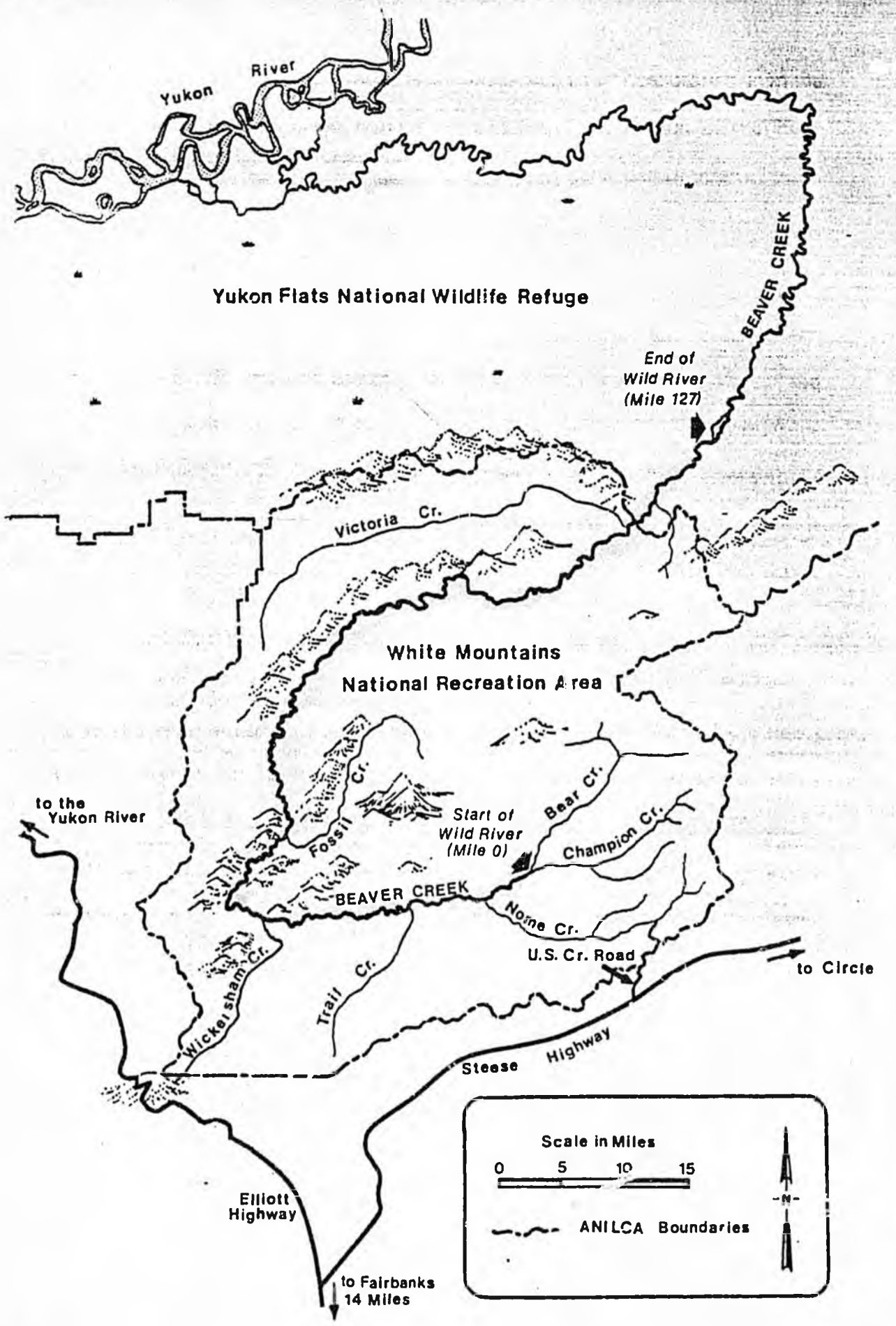
Action for Issue 9-Biotic Resources.

This section should not be limited to biotic resources within the river corridor. An inventory should be prepared for all natural resources within the corridor.

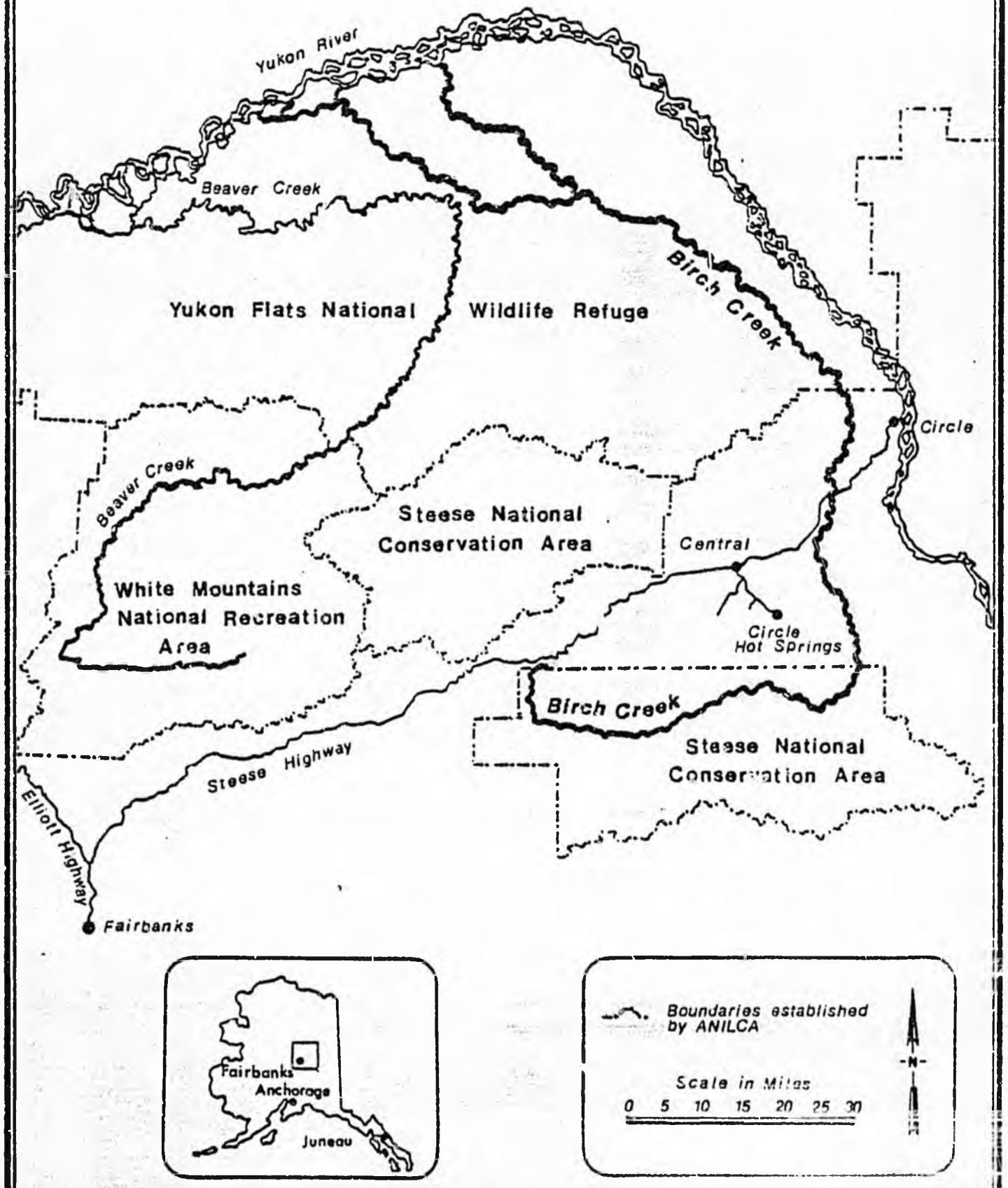
Action for Issue 11-Subsistence.

It has already been stated that there is no subsistence activity occuring within the corridor. There is no need to establish a management action.

Beaver Creek National Wild River Area Map



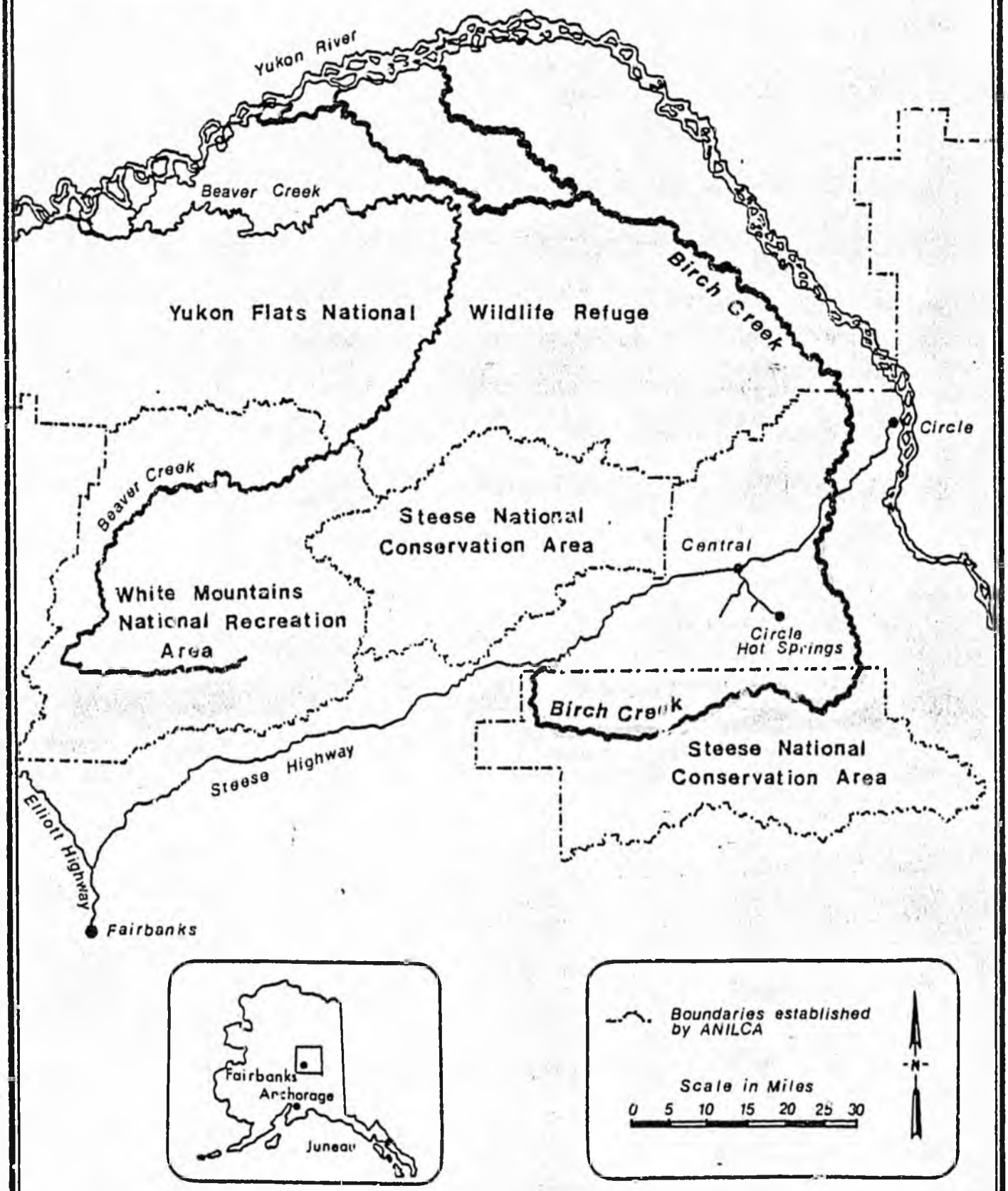
Birch Creek National Wild River — Regional Map



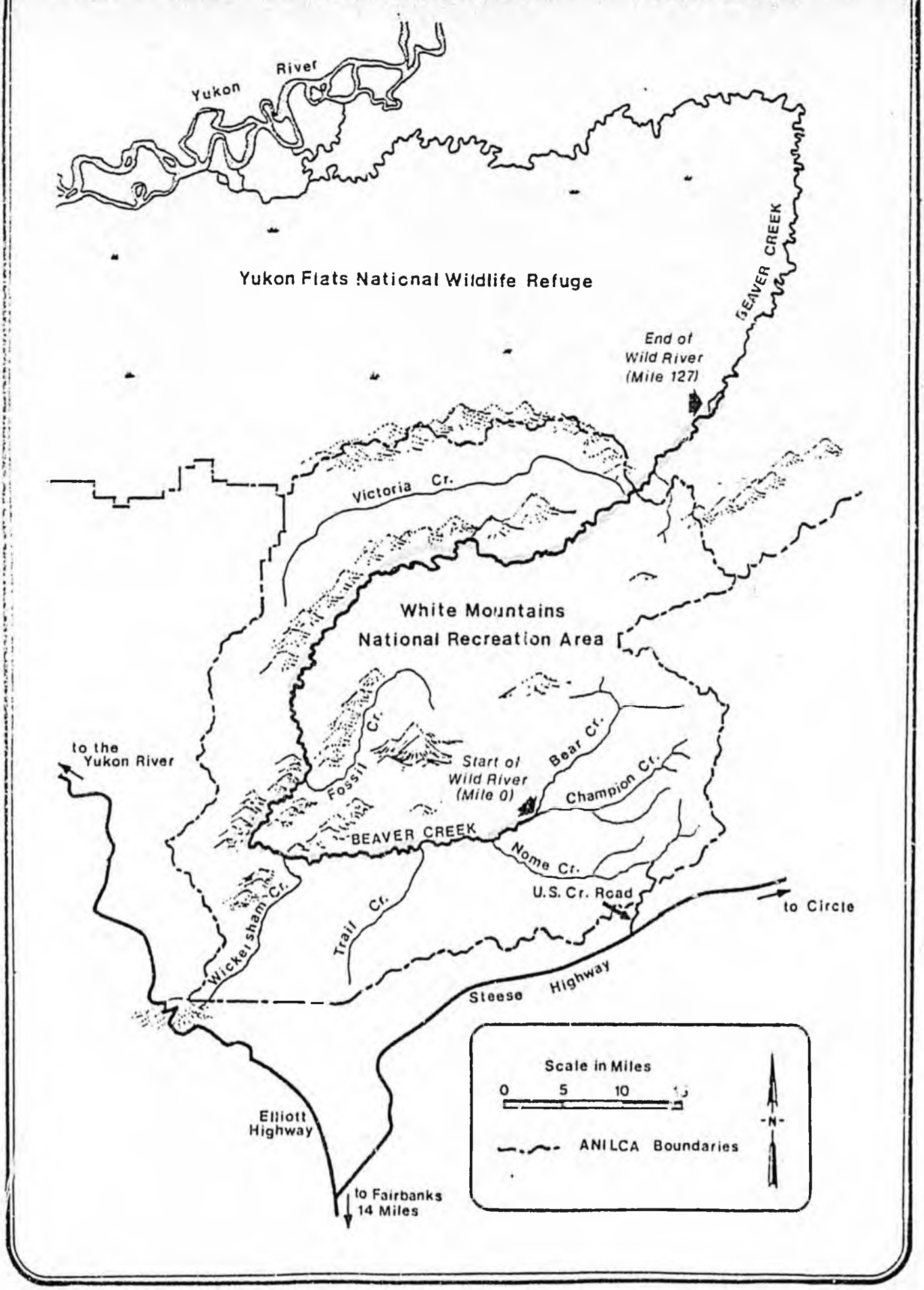
Birch Creek National Wild River

Regional Map

ALASKA ENVIRONMENTAL LOBBY
419 6th Street, Suite 328
Juneau, Alaska 99801



Beaver Creek National Wild River Area Map



HJR

54

Alaska MUNICIPAL League

TELEPHONES
(907) 586-1325
586-6526

204 N. FRANKLIN ST.
JUNEAU, ALASKA 99801

January 23, 1984

To: House Resources Committee

From: Ginny Chitwood, AML Executive Director G.C.

Re: HJR 54 - Supporting Variance Requests by Pulp Mills

The Alaska Municipal League urges your approval of HJR 54. Attached is a copy of the resolution in support that was unanimously adopted at the AML annual business meeting last November.

RESOLUTION OF THE ALASKA MUNICIPAL LEAGUE

A RESOLUTION OF THE ALASKA MUNICIPAL LEAGUE
SUPPORTING A VARIANCE FROM NATIONAL E.P.A.
REGULATIONS WHICH COULD FURTHER STRANGLE THE
ALASKA TIMBER INDUSTRY

WHEREAS, much of the economy of Alaska is dependent upon the health and continuance of the timber and fishing industries, and

WHEREAS there are two pulp mills in Alaska which process all of the pulp timber in Alaska, and

WHEREAS, the Environmental Protection Agency is considering forcing the pulp mills in Sitka and Ketchikan to upgrade to meet more stringent national waste water discharge standards, and

WHEREAS, to meet the national water discharge standards would entail burning the waste and thus cause further air pollution, and

WHEREAS, it is known that these more stringent standards would not significantly enhance the Alaskan environment, but it is also known that the cost of meeting the E.P.A. standards could force the pulp mills to close;

NOW, THEREFORE, BE IT RESOLVED:

That the Alaska Municipal League and its member municipalities fully support the variance request of the two Alaska pulp mills and urge the Environmental Protection Agency to grant the variance requests. The economy of Alaska and the individual jobs of our citizens need to be given great weight in the decision.

Adopted this 5th day of November, 1983.

Alaska State Legislature

BETTYE FAHRENKAMP, Chairman
ROBERT H. ZIEGLER, SR., Vice Chairman
DICK ELIASON
PAUL FISCHER
VIC FISCHER
BOB MULCAHY
ARLISS STURGULEWSKI

POUCH V
STATE CAPITAL
JUNEAU, ALASKA 99811
(907) 465-3834
(907) 465-3835

Senate

Committee on Resources

TO: Senate Resources Committee

FROM: Senate Resources Committee Staff

RE: Hearing on SJR 29, Supporting variance requests by pulp mills in Southeast Alaska.

DATE: January 13, 1984

On Monday, January 16, 1984 at 2:30 pm in the Beltz Room, the Senate Resources Committee will hear SJR 29, Supporting variance requests by pulp mills in Southeast Alaska.

The Alaska Lumber and Pulp Company (ALP), near Sitka, and Louisiana-Pacific/Ketchikan (LP/K), near Ketchikan, both engaged in the production of dissolving sulfite pulp, have requested a waiver from the national water pollution standards. These standards are to be met by all point source dischargers pursuant to the Clean Water Act.

In 1972, standards were established to limit the effluent discharge from pulp mills nationwide. Because of the "peculiar land, energy, and logistic constraints" which the Environmental Protection Agency (EPA) associated with ALP and LP/K, in 1974 they applied for and were granted permits allowing greater effluent discharge than pulp mills nationwide. [75 lbs./ton daily average, as compared to 60 lbs./ton nationwide.] In 1977, national standards were changed to limit discharge to 46.8 lbs./ton.

When the ALP and LP/K permits expired in 1979, the pulp mills requested a continued variance from EPA to allow discharge at the level determined in 1974 (75 lbs./ton). EPA regulations provide that upon finding factors relating to a particular discharge that are "fundamentally different" from the factors considered by EPA in establishing the national standards, alternative effluent limitations may be established for that discharge. The basis of ALP and LP/K's variance request centered around four factors:

1) Lack of land for disposal of wastewater solids.

2) Non-water quality environmental impacts, particularly the unavailability of external power sources.

3) The cost of compliance with the standards.

4) The lack of effect compliance would have on water quality.

In August, 1983, EPA made a tentative decision to deny the Fundamentally Different Factors variance request, based on the following findings:

1) The wastewater solids can be incinerated rather than landfilled.

2) ALP and LP/K have the capability of generating sufficient electricity.

3) Costs of compliance would not be disproportionate to the costs used in the guidelines.

4) According to EPA regulation, water quality is not a factor on which a variance can be granted.

Public comment was accepted on the tentative decision through December; a final decision by EPA is pending.

SJR 29 urges EPA to grant the variances requested by the mills, citing the economic impact of compliance with the national standard, the air pollution problem that would be created if the wastewater solids were burned, and the finding by the Alaska Department of Environmental Conservation that continued discharge will not violate state water quality standards.

TESTIMONY OF
THE ALASKA DEPARTMENT OF ENVIRONMENTAL CONSERVATION
BEFORE
THE U. S. ENVIRONMENTAL PROTECTION AGENCY
CONCERNING EPA'S PROPOSED DECISIONS
REGARDING
THE TWO ALASKA PULP MILLS

MY NAME IS DOCTOR RICHARD A. NEVE', COMMISSIONER OF THE ALASKA DEPARTMENT OF ENVIRONMENTAL CONSERVATION. I AM HERE TODAY TO TESTIFY ON THE ENVIRONMENTAL PROTECTION AGENCY'S PROPOSED DENIAL OF THE FUNDAMENTALLY DIFFERENT FACTORS VARIANCE REQUEST FROM THE ALASKA LUMBER AND PULP COMPANY, INCORPORATED, FOR THEIR SITKA MILL, AND THE LOUISIANA PACIFIC CORPORATION, KETCHIKAN DIVISION, FOR THEIR KETCHIKAN MILL.

THE EPA'S TENTATIVE DECISION TO DENY THE MILLS' REQUEST FOR A VARIANCE IS THE RESULT OF YEARS OF COMPLEX STUDY AND TECHNICAL WORK BY BOTH THE MILLS AND THE EPA. THE EPA'S FINAL DECISION WILL SUBSTANTIALLY CHANGE OUR VIEW OF BOTH MILLS' DRAFT NPDES PERMITS AND THE STATE OF ALASKA'S CLEAN WATER ACT SECTION 401 CERTIFICATION. BOTH THE PUBLIC AND THE STATE OF ALASKA NEED ADEQUATE TIME TO EVALUATE THE RELEVANT VERBAL AND WRITTEN COMMENTS PRESENTED AT THESE HEARINGS BEFORE PROVIDING MEANINGFUL INPUT ON THE EPA DRAFT NPDES PERMIT FOR THE MILLS. THEREFORE, I PETITION THE EPA TO EXTEND THE PUBLIC HEARING COMMENT PERIOD ON THE DRAFT NPDES PERMIT UNTIL IT HAS REACHED A FINAL DECISION ON THE VARIANCE REQUEST AND THE PROPOSAL FOR A SEPARATE SUB-CATEGORY FOR ALASKA.

OUR COMMENTS ON THE ESTABLISHMENT OF A SEPARATE ALASKA SUBCATEGORY OF THE PULP, PAPER, AND PAPERBOARD INDUSTRY WILL BE SENT TO ROBERT W. DELLINGER AS REQUESTED IN THE EPA'S PUBLIC NOTICE OF SEPTEMBER 23, 1983. I WILL MAIL YOU A COPY OF THAT LETTER FOR INCLUSION AS PART OF MY TESTIMONY HERE TODAY.

MY TESTIMONY, WITH THE ATTACHED WRITTEN DOCUMENTS, IS INTENDED TO HELP THE EPA AND THE ALASKAN MILLS SATISFACTORILY RESOLVE QUESTIONS SURROUNDING THE VARIANCE REQUEST. THESE WRITTEN DOCUMENTS IDENTIFY THE ITEMS WHICH MY DEPARTMENT BELIEVES NEED ADDITIONAL ATTENTION BEFORE THE EPA REACHES ITS FINAL DETERMINATION. THEY INCLUDE THE DEPARTMENT'S ANALYSIS OF THE EPA'S DECISION ON RESTORATION OF EXISTING COSTS THAT CONTRIBUTE TO ACHIEVING BEST PRACTICABLE TECHNOLOGY EFFLUENT LIMITATIONS AND A DISCUSSION OF COST ESTIMATES OF EXPANDED TREATMENT SYSTEMS THAT MAY BE NEEDED TO ACHIEVE BPT EFFLUENT LIMITATIONS.

THE EPA'S DECISION DOCUMENT DATED AUGUST 24, 1983, INDICATED THE NEED FOR BETTER QUANTIFICATION OF ADVERSE IMPACTS ON AIR QUALITY THAT WOULD RESULT FROM THE BURNING OF ADDITIONAL WASTEWATER SLUDGE. THE DOCUMENT ALSO POINTED OUT A LACK OF SUFFICIENT DATA TO IDENTIFY THE NON-WATER QUALITY ENVIRONMENTAL IMPACTS WHICH MAY RESULT IF THE VARIANCE REQUEST IS DENIED. MY STAFF HAS REVIEWED THE DECISION DOCUMENT WHICH SET THE STAGE FOR THE EPA'S PRELIMINARY DECISION TO DENY THE VARIANCE. OUR REVIEW OF THE EPA'S ANALYSIS REVEALED SOME AREAS THAT NEED FURTHER EXAMINATION BEFORE A FINAL DECISION IS MADE.

A PORTION OF THE COSTS INCURRED BY THE INITIAL EXPANSION OF THE WASTEWATER TREATMENT SYSTEMS IN THE LATE SEVENTIES HAS BEEN ESTIMATED BY THE INSTALLATION OF AN OIL BOILER. WHILE THIS MAY BE VALID TO ACCOUNT FOR THE POWER REQUIRED TO OPERATE THE WASTEWATER TREATMENT SYSTEM, THERE IS NO CREDIT ALLOWED FOR AN INCINERATOR TO BURN THE SLUDGE, THE POWER LOST IN EVAPORATING THE SLUDGE, AND, MOST IMPORTANTLY, THE <u>COST OF CONTROLLING THE AIR POLLUTION</u> FOR THE EMISSIONS FROM SLUDGE BURNING.

INCINERATION OF THE SLUDGE GENERATED BY OPERATION OF EXISTING SECONDARY WASTE-WATER TREATMENT CONTROLS HAS DELAYED BOTH MILLS' PROGRESS TOWARD COMPLIANCE WITH AIR QUALITY REGULATIONS. EXTENSIVE STUDIES AND THE INSTALLATION OF ADDITIONAL PROCESS CONTROLS HAVE BEEN NEEDED TO MINIMIZE THE SIGNIFICANT INCREASE IN AIR POLLUTANT EMISSIONS. ADDITIONAL CONTROLS ARE STILL NEEDED AT BOTH MILLS TO COMPLETELY CONTROL THE INCREASED AIR POLLUTION CREATED SINCE THE WASTEWATER TREATMENT PLANT SYSTEMS WERE INSTALLED IN THE LATE SEVENTIES.

THE COSTS OF THESE CONTROLS MUST BE CONSIDERED IN THE ANALYSIS OF WHETHER THE MILLS ARE BEING ASKED TO SPEND CONSIDERABLY MORE DOLLARS THAN EPA'S MODEL MILL.

A SECOND AREA THAT IS UNCLEAR IS THE ELIMINATION OF A LARGE PORTION OF CREDIT FOR THE REVISED SOLIDS HANDLING FACILITIES AT BOTH MILLS. THE REVISIONS PERFORMED AFTER THE INSTALLATION OF THE SECONDARY TREATMENT FACILITY ARE A RESULT OF THE WATER DISCHARGE REQUIREMENTS, AND SHOULD BE ALLOWED.

FINALLY, IN THE EVALUATION FOR THE COSTS OF WHAT WILL BE NEEDED TO BE INSTALLED TO MEET THE GUIDELINES TREATMENT, IT IS NOT CLEAR HOW THE ADDITIONAL SLUDGE GENERATED WILL BE HANDLED AND BURNED. IT IS POSSIBLE, HOWEVER, THAT THE ONLY VIABLE OPTION IS THE REPLACEMENT OF A POWER BOILER. IF THIS PROVES TO BE THE CASE, THEN THE COSTS TO MEET GUIDELINE LIMITS WILL NEED TO REFLECT THIS POSSIBILITY.

ALSO, THE COSTS OF ANY NEW PERMITS REQUIRED BY THE INSTALLATION OF A NEW BOILER OR SLUDGE INCINERATOR OR BY THE MODIFICATION OF AN EXISTING WOODWASTE BOILER MUST BE INCLUDED. ADDITIONAL SLUDGE BURNING WILL PROBABLY FALL INTO THE REQUIREMENTS OF A PREVENTION OF SIGNIFICANT DETERIORATION AIR QUALITY

PERMIT. THESE PERMITS CAN REQUIRE UP TO ONE YEAR OF BACKGROUND METEOROLOGICAL AND AIR QUALITY MONITORING DATA AND EXTENSIVE COMPUTER MODELING TO SHOW VIOLATIONS OF AIR QUALITY REGULATIONS WILL NOT OCCUR ON THE NEARBY HILLSIDES. THIS ANALYSIS CAN BE VERY EXPENSIVE.

OTHER PORTIONS OF THE DECISION DOCUMENT ARE UNCLEAR BUT IT IS MORE APPROPRIATELY DISCUSSED BY THE PULP MILLS. I REQUEST THE PULP MILL REPRESENTATIVES PROVIDE SPECIFIC INFORMATION REGARDING THE ADDITIONAL COSTS IN THESE AREAS ALONG WITH PROOF OF NON-WATER QUALITY ENVIRONMENTAL IMPACTS AS REQUESTED BY THE EPA.

SINCE THE EXPANSION OF THE SLUDGE HANDLING AND DISPOSAL SYSTEM IS A DIRECT RESULT OF THE EPA'S PROPOSED DENIAL OF THE VARIANCE, PROOF THAT THE PROPOSED SOLUTION TO SLUDGE DISPOSAL WILL NOT IMPACT AIR QUALITY IS NEEDED BEFORE THE VARIANCE REQUEST IS RESCINDED. WE DO NOT WANT TO BE IN THE POSITION WE WERE IN, IN 1980, OF COPING WITH AN AIR POLLUTION PROBLEM CAUSED BY WATER DISCHARGE CONTROLS. IN FACT, THAT PROBLEM STILL EXISTS TODAY.

MY DEPARTMENT IS COMMITTED TO REQUIRING THAT BOTH ALASKA LUMBER & PULP AND LOUISIANA-PACIFIC, KETCHIKAN DIVISION, MEET THE AIR QUALITY REGULATIONS FOR THEIR PULP MILLS. WERE THERE NO WASTEWATER SLUDGE TO INCINERATE IT IS PROBABLE THE MILLS WOULD ALREADY BE MEETING AIR QUALITY REQUIREMENTS. MY DEPARTMENT IS ALSO ON RECORD AS STATING THAT WATER QUALITY NEAR THE PULP MILLS, SIGNIFICANTLY IMPROVED OVER EARLIER YEARS, WOULD NOT BE MEASURABLY BETTER AS A RESULT OF EPA'S REQUIREMENTS. THE ADDITIONAL END-OF-PIPE TREATMENT TO REMOVE BIOLOGICAL OXYGEN DEMAND BY 28 POUNDS PER TON OF PULP PRODUCED WOULD NOT RESULT IN A MARKED IMPROVEMENT OF THE WATERS NEAR THE PULP MILLS.

THE PROPOSED VARIANCE WOULD ALLOW THE PULP MILLS TO MAINTAIN A WASTEWATER DISCHARGE WITH A BOD_5 LEVEL OF 75 POUNDS PER TON OF PULP PRODUCED. BASED ON OUR WATER QUALITY SURVEY IN 1980, IT IS OUR OPINION THAT THE EXISTING LEVEL OF BOD_5 CONTROL IS NOT CAUSING AN ADVERSE IMPACT ON THE RECEIVING WATERS.

EVEN THE AMOUNT OF CONTROL REALIZED BY THE DENIAL OF THE VARIANCE IS MISLEADING. UNDER THE PROPOSED GUIDELINES FOR BOD_5 CONTROL THE MILLS WOULD LOWER THEIR BOD_5 DISCHARGE BY ABOUT 28 POUNDS PER TON OF PULP PRODUCED. THE GUIDELINES, HOWEVER, WOULD ALSO ALLOW THE MILLS TO RAISE THEIR WASTEWATER EMISSIONS OF TOTAL SUSPENDED SOLIDS IN THE WASTEWATER DISCHARGE BY ABOUT 12 POUNDS PER TON OF PULP PRODUCED. THIS OCCURS BECAUSE THE VERY ACT OF TREATMENT TO REMOVE BOD_5 FROM THE WASTEWATER STREAM CREATES SLUDGE AND SUSPENDED SOLIDS.

PREVIOUS COMMISSIONERS OF THE DEPARTMENT OF ENVIRONMENTAL CONSERVATION HAVE VOICED THIS SAME CONCERN, THAT THE REDUCTION OF BOD FROM THE EFFLUENT RESULTS IN SLUDGE TO BE BURNED AND ADDITIONAL SUSPENDED SOLIDS TO BE DISCHARGED. OUR OBJECTIONS TO PERMITS PROPOSED IN 1973 AND 1980 WERE BASED ON THAT VERY SAME POINT.

WE AS REGULATORS IN AN EFFORT TO PROTECT THE ENVIRONMENT HAVE AN EQUAL RESPONSIBILITY TO REALIZE AND CONSIDER THE EFFECTS THESE REGULATIONS WILL HAVE IN OTHER PARTS OF THE ENVIRONMENT AND ON THE PEOPLE FOR WHOM THE ENVIRONMENT WAS CREATED. IN THIS CASE, IT APPEARS TO BE A MATTER OF MINIMAL GAIN IN ONE AREA FOR AGGRAVATED LOSSES IN OTHERS. IF THE PULP MILLS WERE PROVEN TO BE DESTROYING THE WATER QUALITY NEAR THE MILLS AND IF THE SECONDARY TREATMENT HAD NOT AND WILL NOT IMPACT THE AIR QUALITY OF THE AREA, YOUR DECISION WOULD MORE THAN LIKELY BE EASIER.

IN CONCLUSION, I WOULD LIKE TO STATE THAT THE DEPARTMENT DOES NOT PRESENTLY SUPPORT THE EPA'S TENTATIVE DECISION TO DENY THE PULP MILLS' REQUEST FOR A VARIANCE. IT APPEARS TO US THAT RECENT, UPDATED INFORMATION ON THE ECONOMIC FACTORS AFFECTING THE MILLS' VARIANCE REQUESTS IS VITAL TO THE FINAL DECISION AND MUST BE GIVEN SERIOUS ATTENTION. I URGE THE EPA TO CAREFULLY CONSIDER THE TESTIMONY BEING PRESENTED HERE, AND I LOOK FORWARD TO CONTINUING OUR COOPERATIVE EFFORT TO ACHIEVE A REALISTIC RESOLUTION OF THE ISSUE OF WASTEWATER CONTROL FOR THE PULP MILLS.

THANK YOU FOR THIS OPPORTUNITY TO PRESENT MY DEPARTMENT'S VIEWS.

Luke Popovich is contributing editor-national affairs for Pulp & Paper.

Treatment for its own sake

Press reports last month confirmed our doubts about the future of the Administration's dwindling effort to deregulate business. Officials at the Office of Management & Budget (OMB) told reporters the effort for now was dead—"ended," as they delicately put it. Since OMB was the *locus maximus* of the deregulation effort, sadly we must take these officials at their word that little will be done to discourage environmental regulation until after the 1984 election, assuming the home team wins.

Vice President Bush chaired the President's Task Force on Regulatory Relief, which closed down this summer, leaving to OMB the day-to-day vigilance over unnecessary rules. In signaling an end to the much-touted deregulatory effort, the Administration has borrowed liberally from the Vietnam antiwar strategy propounded by former Vermont Senator George Aiken: simply declare a victory, allow a self-satisfied smile, and withdraw. But if a thumping victory has been won against environmental regulation, the paper industry has yet to be informed.

AN ALASKAN CASE. Battlefield conditions still suggest that the war against treatment for treatment's sake is far from over. A story from Alaska illustrates the enemy's tenacity. Ketchikan Paper Co. and Alaska Lumber & Pulp Co. of Sitka applied to the Environmental Protection Agency for variances from secondary-treatment requirements under the Clean Water Act in December 1981. The companies had good reasons for asking a waiver from compliance with costly best practicable technology (BPT) requirements beyond the secondary treatment they had already employed.

First, the companies cited insufficient sites for installing sludge disposal facilities. Second, alternative power sources were not available to run generators during installation of control technology. Third, the additional treatment would harm other, nonwater values. Together, they said, additional requirements to treat then-nonhazardous wastes would cost more than EPA's model for similar reductions in the lower 48 states had suggested was proper. Nor would the treatment result in cleaner water.

Their case looked persuasive. The state's Department of Environmental Conservation and congressional delegation okayed the variance. So too did EPA's then-Region X administrator John Spencer on Dec. 28, 1981 recommend that the variance be approved. Again on May 10, he wrote to his EPA superiors in Washington for a variance, citing EPA's own view, dating back to 1974, that "the Alaska mills are entitled to different treatment . . . because of peculiar land, energy, and logistical constraints." Not only were the companies entitled to a variance, he said, but since EPA staff thought the BPT rule for the sulfite pulp category was "too stringent," the rule ought to be reviewed for immediate suspension.

So it was somewhat surprising that on Aug. 29, EPA announced it had tentatively decided to deny the variance, citing the absence of "fundamentally different factors" in the Alaskan case that would justify suspension of the additional secondary treatment requirements. "We did a thorough economic test and didn't find that their costs were out of line" with those facilities in the lower 48, said one EPA official in Washington.

INSIDE EPA. But an internal EPA memo from the Washington staff to EPA's acting water chief dated Feb. 3, 1982 suggests a different motivation for the denial. "A variance based on these problems does not appear to be entirely foreclosed," conceded EPA staff. "Nevertheless," the memo continued, "this [approval] could present a legal problem" because the "Natural Resource Defense Council has been closely following" the case. Worse, the memo alluded to the many other variance applications EPA would be forced to answer if it granted this one, thus upsetting its priorities for approving industrial permits.

Instead of granting the variance, EPA staff suggested the agency grant the two firms a temporary suspension of the BPT rules for the pulp category. And what of the quality of receiving water in all this decision making? It seems that consideration was irrelevant; water quality per se is expressly forbidden to bear on the issue of BPT compliance, and so it is irrelevant to the approval or disapproval of a variance. "If what these companies must do doesn't affect water quality one bit, they still have to install [BPT technology]," said EPA water effluent expert Bob Dellinger in Washington, D.C.

Treatment for treatment's sake is not only pointless but expensive. If the tentative decision isn't overturned after the Nov. 15 comment period expires, officials of Alaska Lumber & Pulp claim they'll be forced to spend $51 million to achieve mandated reductions of 28 lb/ton. That's in addition to the $45 million they've already spent to get from 275 lb to 75 lb/ton. "We don't have $51 million to dump into this project," complained one company spokesman. Too bad money, like environmental quality, has nothing to do with the issue.

Introduced: 1/10/84
Referred: Resources

BY WENDTE, GRUSSENDORF AND MCBRIDE

IN THE HOUSE

HOUSE JOINT RESOLUTION NO. 54

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTEENTH LEGISLATURE - SECOND SESSION

Supporting variance requests by pulp mills in Southeast Alaska.

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

WHEREAS the Environmental Protection Agency is now considering variance requests from the pulp mills in Southeast Alaska; and

WHEREAS the pulp mills in Sitka and Ketchikan provide an economic base by employing many residents of Southeast Alaska; and

WHEREAS the quality of water and marine life [has not been] is not adversely affected by the current effluent discharge from the pulp mills; and

WHEREAS the Alaska Department of Environmental Conservation has found that continued discharge will not [violate] impact state water quality [standards] and supports the issuance of the variance; and

WHEREAS the former Environmental Protection Agency Regional Administrator issued a tentative decision on December 28, 1981, that would have granted the variance; and

WHEREAS the variance being considered would enable the pulp mills to continue to treat their waste products in a more efficient and economical manner; and

WHEREAS the denial of the variance would constitute treatment for treatment's sake, would create an air pollution problem if the mills did comply and would most likely cause the pulp mills and related facilities to cease operating because the cost of additional waste treatment is prohibitive; and

WHEREAS the United States Forest Service has determined that the closure of the pulp mills would cause a [$143] $147.6 million per year loss of

1 income in Southeast Alaska;

2 BE IT RESOLVED that the Alaska State Legislature urges that the vari-
3 ances requested by the mills be granted; and be it

4 FURTHER RESOLVED that the Alaska State Legislature urges the Environ-
5 mental Protection Agency to consider the loss of income in the event of the
6 mills' closure as part of the cost of achieving guideline best practicable
7 technology in determining whether the cost of compliance is wholly out of
8 proportion to the model mill.

9 COPIES of this resolution shall be sent to the Honorable Ronald
10 Reagan, President of the United States; the Honorable William Ruckelshaus,
11 Administrator of the Environmental Protection Agency; Ernesta Barnes,
12 Regional Administrator of the Environmental Protection Agency; and to the
13 Honorable Ted Stevens and the Honorable Frank Murkowski, U.S. Senators, and
14 the Honorable Don Young, U.S. Representative, members of the Alaska delega-
15 tion in Congress.

Louisiana Pacific

Offered: 1/18/84
Referred: Rules

Original sponsors: Eliason, Ziegler
Ray, et al

1 IN THE SENATE BY THE RESOURCES COMMITTEE

2 CS FOR SENATE JOINT RESOLUTION NO. 29 (Resources)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - SECOND SESSION

5 Supporting variance requests by pulp

6 mills in Southeast Alaska.

7 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

8 WHEREAS the Environmental Protection Agency is now considering vari

9 ance requests from the pulp mills in Southeast Alaska; and

10 WHEREAS the pulp mills in Sitka and Ketchikan provide an economic base

11 by employing many residents of Southeast Alaska; and

12 WHEREAS the quality of water and marine life is not adversely affected

13 by the current effluent discharge from the pulp mills; and

14 WHEREAS the Alaska Department of Environmental Conservation has found

15 that continued discharge will not impact state water quality and supports

16 the issuance of the variance; and

17 WHEREAS the former Environmental Protection Agency Regional Admini-

18 trator issued a tentative decision on December 28, 1981, that would have

19 granted the variance; and

20 WHEREAS the variance being considered would enable the pulp mills to

21 continue to treat their waste products in a more efficient and economical

22 manner; and Environmental

23 WHEREAS the denial of the variance would constitute treatment for

24 treatment's sake, would create an air pollution problem if the mills did

25 comply and would most likely cause the pulp mills and related facilities to

26 cease operating because the cost of additional waste treatment is prohibi-

27 tive; and

28 WHEREAS the United States Forest Service has determined that the

29 closure of the pulp mills would cause a $147.6 million per year loss of

1 income in Southeast Alaska;

2 BE IT RESOLVED that the Alaska State Legislature urges that the vari-
3 ances requested by the mills be granted; and be it

4 FURTHER RESOLVED that the Alaska State Legislature urges the Environ-
5 mental Protection Agency to consider the loss of income in the event of the
6 mills' closure as part of the cost of achieving guideline best practical
7 technology in determining whether the cost of compliance is wholly out of
8 proportion to the model mill.

9 COPIES of this resolution shall be sent to the Honorable Ronald
10 Reagan, President of the United States; the Honorable William Ruckelshaus,
11 Administrator of the Environmental Protection Agency; Ernesta Barnes,
12 Regional Administrator of the Environmental Protection Agency; and to the
13 Honorable Ted Stevens and the Honorable Frank Murkowski, U.S. Senators, and
14 the Honorable Don Young, U.S. Representative, members of the Alaska delega-
15 tion in Congress.

Forest Service Presentation to the House Resources Committee,
Alaska Legislature, Regarding
HJR 54 -- "Supporting Variance Requests
by Pulp Mills in Southeast Alaska"

3:00 p.m., January 23, 1984, Room 118, Alaska Capitol Building
Konrad B. Reinke, Director, Office of Information

The Forest Service is pleased to provide testimony on House Joint Resolution 54 relating to EPA's decision to deny the Fundamentally Different Factor Variance for secondary treatment of effluent from Alaskan pulpmills. James S. Watson, former Ketchikan Area Forest Supervisor, presented testimony on this matter to the EPA at a hearing in Ketchikan on May 11, 1976, concerning secondary treatment for the Ketchikan Pulp Company. Forest Service Supervisors Gee and Green also provided testimony to EPA on the subject at two hearings in November, 1983.

The significance of the timber industry to the economy of Alaska is fully recognized by the Forest Service. At the same time, the Forest Service is in full agreement with objectives of the Clean Water Act. We believe that a healthy timber-based economy can exist within the framework of this Act.

The value of the pulp industry to the economy of Southeast Alaska has been recognized since near the turn of the century. The efforts of many Alaskans during the first half of the century were instrumental in the development of the pulp industry in Alaska during the early 1950's. Some of the original and still valid objectives are: (1) encouraging the development of Alaska, (2) the establishment of new industry with a commercially sound and permanently economical basis while providing due regard for the protection of the natural resources of Alaska, and (3) specifically for the establishment of the pulpmill industry for the efficient utilization of forest products.

The nature and composition of the commercial forests of Southeast Alaska along with Pacific Rim markets dictate the type of industry needed to efficiently utilize the timber. Most of the timber stands are mature and overmature western hemlock with considerable defect. The optimal market for these stands is pulpwood. Without the pulp market, less than one-half of these stands would be marketable. There is no feasible economical opportunity to harvest saw logs only with such operations being silviculturally or environmentally acceptable. Integrated and balanced markets for both pulpwood and saw logs are key to sustaining the timber base economy of Southeast Alaska.

The Sitka and Ketchikan pulpmills provide the only economic outlet for pulpwood in Southeast Alaska. The plants have a total capacity of 392,000 short tons of pulp annually. Approximately 334 MMBF of logs are required each year for this production level. The material comes from National Forest, State of Alaska, and Alaska Native Corporation lands.

Closure of one or both mills will have a significant impact on Southeast Alaska and reverse decades of effort on the part of many to strengthen and diversify the economy. Well over 2,500 jobs could be lost to the Regional economy with the closure of these pulpmills.

We have recently evaluated the effects of closure of both pulp mills upon the economy of Alaska. A conservative estimate of the direct and indirect reduction in income as a result of the closure of both mills is $147.6 million annually. This estimate assumes no alternative market for pulp logs and hemlock cant production can continue independent of pulp production.

This was derived by using the Alaska Interactive Policy Analysis Simulation System developed by the Forest Service (Pacific Northwest Forest and Range Experiment Station) in cooperation with the University of Minnesota.

Indirectly, the pulp industry has also provided benefits to Alaska and the country as a whole that exceeded the original objectives. These benefits relate to the continuing development of a critically needed ground transportation network in Southeast Alaska and the balance of payments through heavy export of timber products from Alaska.

An example of the benefits to the transportation network is the approximately 70 miles of State highway system on Prince of Wales Island which links several island communities to the Alaska Marine Highway system. These State highways were developed by improving existing roads that wre originally constructed for the harvest of timber. Currently there are about 300 miles of State highways in Alaska that were developed in this fashion, and more are planned.

Since most of Alaska's wood products are exported, indirect benefits may be more significant than the direct contribution to the Nation's economy. Alaska has historically exported many of its resource-based products in raw or semi-processed form. Logs, lumber, dissolving pulp, minerals, fish, and natural gas are the primary exports. Alaska major trading area is the Pacific Rim, accounting for nearly two-thirds of Alaska's domestic and foreign trade. Japan is Alaska's principal trading partner, representing more than 90 percent of Alaska's foreign import/export trade. The value of forest products exported has increased roughly 65 percent since 1976, with the greatest growth in round log and pulp exports. Forest exports represent approximately one-quarter of the total value of exports from Alaska, or about $190 million dollars in 1983.

However, Alaska is supplying less than 1 percent of the total volume of wood being used in Japan, South Korea, the Peoples Republic of China, and Taiwan. Competition from Canada and other exporting countries is keen. Purchasers of National Forest timber in Alaska must meet much higher utilization, environmental practices, and primary manufacturing requirements than those required by these competing countries. These requirements add to the cost of production, and with the current poor market situation both the long-term pulp

timber sales are at or near "base rates" with little room to absorb additional production costs. Under present markets, these two pulpmills may not be able to operate if these requirements are to be imposed at this time.

Although we foresee some improvement in markets for the next rate redeterminations on the long-term sales, there is little chance that markets will improve to the point of absorbing the construction and operating costs of the additional secondary treatment requirements being considered. To date the mills have spent approximately $49 million for environmental protection measures.

In our statement we have avoided making judgments on the impacts of effluent discharge on water quality. We recognize that the law simply does not provide for consideration of effects on receiving waters as the criterion for granting a variance. However, requiring sizeable expenditures if there is no improvement in water quality would seem inconsistent with the objective of environmental protection as well as the efforts to improve the competitive position of the United States in world markets.

TESTIMONY OF GOVERNOR SHEFFIELD BEFORE THE EPA
SEATTLE, WASHINGTON NOVEMBER 7, 1983

GOOD AFTERNOON. MY NAME IS BILL SHEFFIELD, AND I AM THE GOVERNOR OF THE STATE OF ALASKA. I AM HERE TO DISCUSS THE STATE'S POSITION IN REGARD TO THE ENVIRONMENTAL PROTECTION AGENCY'S PROPOSED DENIAL OF WAIVERS TO CERTAIN WATER POLLUTION CONTROL REQUIREMENTS REQUESTED BY TWO PULP AND PAPER MILLS IN SOUTHEAST ALASKA.

I HAVE RECEIVED MANY, MANY LETTERS OF CONCERN LATELY FROM CITIZENS OF MY STATE ABOUT EPA'S TENTATIVE DECISION. THEREFORE I AM PRESENTING IN MY TESTIMONY THE STATE'S SENTIMENTS -- WHICH ARE SHARED BY MY CONSTITUENTS -- ABOUT THE SOLID REASONS WHICH WE BELIEVE SHOULD BE CAUSE FOR EPA TO REVIEW AND HOPEFULLY GRANT THE REQUEST FOR WAIVERS.

I SHOULD ADD THAT DUE TO THE IMPORTANCE OF THIS ISSUE TO THE STATE, I HAVE REQUESTED COMMISSIONER NEVE' OF THE STATE DEPARTMENT OF ENVIRONMENTAL CONSERVATION AND COMMISSIONER LYON OF THE STATE DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT TO WORK WITH EPA AND OTHER RELEVANT PARTIES TO ACHIEVE A RESOLUTION OF THIS ISSUE THAT WILL BE REASONABLE, FAIR AND JUST.

THEY WILL BE TESTIFYING SEPARATELY ABOUT THE DETAILS OF THE MILLS' SITUATION, SO I WILL CONFINE MY REMARKS TO THE BROADER POLICY ISSUES. MY HOPE TODAY IS TO MAKE A CONVINCING CASE FOR EPA TO ACCEPT OUR OFFER OF TAKING ANOTHER LOOK AT THE PULP MILLS' REQUEST, AND TO WORK WITH THE STATE TO DEVELOP A EQUITABLE DECISION FOR THE MILLS.

THE CRUX OF OUR CONCERNS IS THAT EPA'S PROPOSED ACTION WILL HAVE SIGNIFICANT NEGATIVE ECONOMIC EFFECTS ON THE MILLS. EPA'S ACTION WILL BE TAKEN MERELY TO ACHIEVE WASTE DISCHARGE REDUCTIONS WHICH ARE NOT NECESSARY IN TERMS OF ENVIRONMENTAL PROTECTION.

I RECOGNIZE THAT THE ENVIRONMENTAL PROTECTION AGENCY AND THE TWO PULP MILLS HAVE BEEN IN DISCUSSIONS OVER THIS ISSUE FOR A LONG TIME. I ALSO UNDERSTAND THAT THE THRUST OF EPA'S CASE SUPPORTING ITS PROPOSED ACTION DOES NOT FUNDAMENTALLY HAVE TO DO WITH THE EFFECT OF THE MILLS' DISCHARGE ON LOCAL WATER QUALITY. RATHER, IT CENTERS AROUND THE CONCLUSION THAT THE COSTS OF INSTALLING ADDITIONAL POLLUTION CONTROL EQUIPMENT ARE NOT EXCESSIVE, ACCORDING TO EPA'S CURRENT INTERPRETATION OF LAW.

OUR DEPARTMENT OF ENVIRONMENTAL CONSERVATION HAS MONITORED THE TWO SITES IN QUESTION EXTENSIVELY FOR A NUMBER OF YEARS. WE CONCLUDE, CATEGORICALLY, THAT THERE IS NO APPRECIABLE ADVERSE EFFECT ON WATER QUALITY BY THE MILLS AT THE CURRENT LEVEL OF DISCHARGE. THEREFORE THE EPA DECISION, IF SUSTAINED, MAY WELL BE A CLASSIC EXAMPLE OF IMPOSING ADDITIONAL POLLUTION CONTROL REQUIREMENTS FOR THEIR OWN SAKE, AND NOT FOR ANY IDENTIFIABLE AND NEEDED ENVIRONMENTAL PROTECTION.

I AM SURE EPA IS SUBJECT TO LEGAL AND POLICY CONSTRAINTS WHICH HAVE CONTRIBUTED TO THE TENTATIVE DECISION. BUT I MUST BELIEVE THERE IS FLEXIBILITY TO ENABLE THE AGENCY TO REACH A DIFFERENT CONCLUSION BASED ON ALASKA ENVIRONMENTAL CONDITIONS OR ON THE RESULTANT COSTS TO THE MILLS.

AS GOVERNOR, I CANNOT STAND BY WHILE UNNECESSARY COSTS AND SEVERE ECONOMIC HARDSHIP TO MANY OF OUR CITIZENS IN SOUTHEAST ALASKA ARE LOOMING AS A RESULT OF WHAT APPEARS TO BE EPA'S DETERMINATION TO PREVAIL IN THIS MATTER, DESPITE THE MERITS.

WE ARE ASKING EPA TO AVOID A NEEDLESS THREAT TO THE VIABILITY OF THE TWO PULP MILLS AND TO THOUSANDS OF PRIMARY AND ASSOCIATED JOBS IN OUR STATE. WE ARE NOT ASKING EPA TO

matter, despite the merits.

We are asking EPA to avoid a needless threat to the viability of the two pulp mills and to thousands of primary and associated jobs in our State. We are not asking EPA to avoid this threat at the risk of degrading the environment or abandoning their official responsibilities.

In EPA's effort to develop our nation's water quality program, it has an obligation to consider the effects of its controls on specific geographical areas and in light of other environmental impacts. In the case of Alaska's two pulp mills, EPA must consider this.

The two mills, in Sitka and Ketchikan, are still reeling from the effects of a nation-wide depression, as is the nation's entire timber and pulp industry. The mills are being told to spend millions of dollars for an environmental improvement that cannot be measured in terms of appreciable or significantly improved water quality, and which may result in discernible air quality degradation.

In the past, when we faced the question of how to achieve the mutually-shared goal of cost effective environmental protection, the Federal EPA and the State Department of Environmental Conservation have always worked closely together to obtain a satisfactory resolution. Usually, everyone has engaged in some give-and-take and then concluded an agreement. In order to continue this history of cooperation, I hope these hearings do not serve to start a confrontation. They must be the beginning of a new attempt at dialogue. A fresh effort focused on reaching an agreement acceptable to the State and to EPA is of crucial importance to me. I commit myself and my Administration to this goal and ask that EPA do the same.

At my request, Commissioner Nevé has developed options available to the State to deal with EPA's tentative decision, including a review of the State's responsibilities and obligations under Section 401 of the Clean Water Act, and the Coastal Zone Management Act. They have been provided to me and we are assessing these options carefully. To allow time to work together with EPA and to explore collectively these options, I would like to request that EPA extend the public comment period on the proposed water discharge permits.

AND THE COASTAL ZONE MANAGEMENT ACT. THEY HAVE BEEN PROVIDED TO ME, AND WE ARE ASSESSING THESE OPTIONS CAREFULLY. TO ALLOW TIME TO WORK TOGETHER WITH EPA AND TO EXPLORE COLLECTIVELY THESE OPTIONS, I WOULD LIKE TO REQUEST THAT EPA EXTEND THE PUBLIC COMMENT PERIOD ON THE PROPOSED WATER DISCHARGE PERMITS.

TO BE SURE THAT THE PUBLIC DOCKET IS COMPLETE, I WOULD ALSO LIKE TO SUBMIT AS WRITTEN TESTIMONY THE LETTER I SENT LAST MONTH WITH ATTACHMENTS TO EPA ADMINISTRATOR RUCKELSHAUS. THE ATTACHMENTS INCLUDE THE ALASKA DEPARTMENT OF ENVIRONMENTAL CONSERVATION'S TESTIMONY AT THE PREVIOUS HEARING ON THE ISSUES BEING DISCUSSED TONIGHT AND VARIOUS LETTERS FROM ALASKA RESIDENTS WHICH DISCUSS THESE ISSUES.

IN CONCLUSION, I WOULD SIMPLY LIKE TO REITERATE THAT DENIAL OF THESE WAIVERS, IF IT WERE TO OCCUR, WILL HAVE A SIGNIFICANT ADVERSE IMPACT ON MY STATE -- BOTH ECONOMICALLY AND ENVIRONMENTALLY. THUS, I URGE EPA TO RE-EXAMINE ITS POSITION AND ASK WHETHER THESE IMPACTS ARE REALLY NECESSARY -- ON GROUNDS OF ENVIRONMENTAL BENEFITS, ECONOMIC CONSEQUENCES, OR AS A MATTER OF SOUND PUBLIC POLICY. THE STATE OF ALASKA REMAINS HOPEFUL THAT EPA WILL CONCLUDE THAT A DIFFERENT COURSE OF ACTION SHOULD BE TAKEN.

THANK YOU.

HJR

57

Revenue Projection by Gordon Harrison O.M.B. 3/5/84

PETROLEUM REVENUE
($ Million; Nominal)

FY	DOR 50% Gross Royalties	DOR 50% Severance Taxes	OMB Estimate Corporate Petroleum Income Tax	OMB Estimate Property Tax (Oil/Gas)	OMB Estimate Federal Mineral Revenue Sharing	Total Petroleum Revenue
1985	1,370	1,370	300	222	17	3,279
1986	1,480	1,450	325	226	18	3,499
1987	1,670	1,630	350	259	18	3,927
1988	1,820	1,520	363	257	18	3,978
1989	2,080	1,730	384	277	18	4,489
1990	2,140	1,770	374	230	18	4,582
1991	1,950	1,540	361	285	18	4,154
1992	1,940	1,460	359	309	18	4,086
1993	1,940	1,430	350	337	18	4,075
1994	1,900	1,370	341	352	18	3,981
1995	1,770	1,270	331	364	18	3,753
1996	1,650	1,100	322	339	18	3,429
1997	1,700	1,140	325	388	18	3,571
1998	1,750	1,150	327	405	18	3,650

OMB
3-5-84

Tyee Corangell Petersburg
45,000,000 Grant
40,000,000 Grant
85,000,000 Total Grant
130,000,000 Total Price

	Contributions to MPF ($ Million; Nominal)			Contributions to Permanent Fund ($ Million; Nominal)		
FY	Total Petroleum Revenue	10% to MPF FY 85 - 90	10% to MPF FY 85 - 90 5% to MPF FY 91 - 98	Non. Tax. Pet. Rev. (Excl. Bonuses)	Perm. Fund Contribution Rate	Perm. Fund Contributions
1985	3,279	328	328	1,387	.25	347
1986	3,499	350	350	1,498	.25	375
1987	3,927	393	393	1,688	.25	422
1988	3,978	398	398	1,838	.25	460
1989	4,489	449	449	2,098	.25	525
1990	4,582	458	458	2,158	.25	540
1991	4,154		208	1,968	.25	492
1992	4,086		204	1,958	.27	529
1993	4,075		204	1,958	.27	529
1994	3,981		199	1,918	.28	537
1995	3,753		188	1,788	.28	501
1996	3,429		171	1,668	.29	484
1997	3,571		179	1,718	.30	515
1998	3,650		183	1,768	.30	530
TOTAL		2,376	3,912			

OMB
3-5-84

UNRESTRICTED GENERAL FUND REVENUE
($ Million)

FY	Pet. Rev. Minus P.F. Contr.	OMB Estimate Investment Income	OMB Estimate Other (Non-Pet.) Revenue	Unrestricted Gen. Fund Revenue	Unrestricted Gen. Fund Revenue (1985 dollars)
1985	2,932	250	253	3,435	3,435
1986	3,124	250	272	3,646	3,440
1987	3,505	250	287	4,042	3,609
1988	3,518	250	303	4,071	3,421
1989	3,964	250	320	4,534	3,598
1990	4,042	250	337	4,629	3,454
1991	3,662	250	356	4,268	3,006
1992	3,557	250	376	4,183	2,789
1993	3,546	250	397	4,193	2,637
1994	3,444	250	420	4,114	2,434
1995	3,252	250	443	3,945	2,204
1996	2,945	250	469	3,664	1,928
1997	3,056	250	495	3,801	1,891
1998	3,120	250	524	3,894	1,828

MPF CUMULATIVE BALANCE

Deposit Date	Deposit Amount	9% Interest	Balance	Balance Date	Balance in $ 1985 (6% inflation)
1-1-85	328	30	358	12-31-85	358
1-1-86	350	64	772	12-31-86	728
1-1-87	393	105	1,270	12-31-87	1,134
1-1-88	398	150	1,818	12-31-88	1,528
1-1-89	449	204	2,471	12-31-89	1,961
1-1-90	458	264	3,193	12-31-90	2,383
1-1-91	208	306	3,707	12-31-91	2,611
1-1-92	204	352	4,263	12-31-92	2,842
1-1-93	204	402	4,869	12-31-93	3,062
1-1-94	199	456	5,524	12-31-94	3,269
1-1-95	188	514	6,226	12-31-95	3,478
1-1-96	171	576	6,973	12-31-96	3,670
1-1-97	179	644	7,796	12-31-97	3,879
1-1-98	183	718	8,697	12-31-98	4,083

Assumptions: 1) 10% 1985 - 1990; 5% 1991 - 1998.

2) No expenditures from the fund.

3) MPF lump sum deposit in the middle of the fiscal year.

OMB

841-57
3-5-84

AMENDMENT 2

In Section 1, amending proposed Section 17(a) after "exceed $100,000,000 in cost" add "and provide money for the weatherization fund".

Add a new Section 17(b) which reads "Not withstanding (b) and (e) of this section, 10 per cent of the annual revenue paid into the major projects fund shall be paid into a fund reserved for weatherization under A.S. 44.47.050 (18) and Residential Energy Conservation Fund under A.S. 45.89.0

Add a new Section 17(g) which reads "Notwithstanding (c) of this section money may expended from the major projects fund for weatherization."

This amendment is designed to make up for deficiencies in the present approach of subsidization of energy costs which reduces the incentive to conserve energy and save money in that manner. By paying instead for the weatherization of homes across the state significant savings would be realized to consumers.

7:15 PM

ANCHORAGE

TO TESTIFY:

1.) BILL BATT; AK. POWER AUTHORITY
2.) DEAN GRIMES; FIRST SOUTHWEST; DALLAS, TX
3.) TONY DEAN; JOHN NEULLER & CO.; CHICAGO, ILL.

TO OBSERVE & ANSWER QUESTIONS:

1.) LEWIS GREENBAUM; BOYES PITT; CHICAGO
2.) STEVEN McALEN; FIRST BOSTON CORP. N.Y.
3.) JIM SEAGRAVES; R.W. BECK & ASSOCIATES; SEATTLE, WA.

Official Business

Alaska State Legislature

House Resources Committee

SIGN-IN

MAR. 5, 1984

HB 589
HB 684
HJR 57
A.P.A.

NAME	ADDRESS	PHONE	REPRESENTING

60 Don Grimes (Anch) - 3% differential
$176 million more over 25 yrs
2% - 117 million

205 Liska - What is hold-up on power sales agreement with Wrangell/P. Burg - Δ Wrangell: economy
P. Burg: Vote of people hope to get agreement on Thurs - Diesel less than originally projected.

235 Don Grimes - Further costs associated w/ not repeal of blackmail clause - If rates are tendered 7 days notice - back-up rates - 90 million 60% of Prime
115 million buy at 75% Prime
remaining 65 at 100%

294 Furnace → Grimes - roll over fees Δ av. 50% prime on Bankers trust, 65% Morgan - should be able to achieve close to same if rolled over. But close to 80% of prime if tendered

340 Furnace - how long could be extended if rolled over Δ With cash approp in Escrow - could go for whatever length of time you need.

375 Furnace - Why cash in Escrow instead of full faith & credit of state - Wd. require GO Bond election.

388 Uehling - how much approp. $ - 225 million m/L - assuming 9% interest rate.

400 Goll - What were orig cash flows - intended to take out debt by power sales agrmts

425 Goll - what effect on State's credit if notes are tendered?

442 Goll - How manage 3 bills - ^ Recommend original bills, not make contingent upon repeal of S.B.C. Susitna large project, requires lot of bonds, need good credit.

480 Liska - Tyee - ? ^ lots of changes in project combined to make hydro more expensive than hydro.

Grimes

540 Uehling - Can be no rollover w/o cash? ^ Yes in my opinion

570 Uehling - Cash-out - ^ Grimes - loan against future approp./pay on date certain / long-term debt.

600 Rings - If cash approp. how communities pay debt - ^ Terms & conditions subject to negotiation - depends on legis.

Tape Change 000

Ron Wendte -
Tried to point out problems w/changes in L&C - hopes point clearly made
1. importance of power sales agreement
2. cost of delaying repeal of SusBC
3. cost to state of refinancing notes, etc
recommends original HB 589.

125 Goll - Bondholder?
^ Wendte - moral obligation of state to repay.

160 Coll - Bills work to set up 4-dam pool and stabilize energy program for AK? Yes - until L&C - Would kill Bradley Lake.

182 Liska - How previous legislature play in this? A Orig. legislation - changed in SB 9 1981 w/ Susitna clause & pooling project.

200 Crowley - commitment made in to leadership that amendments ok - A Not w/ Wendte, maybe Crawford.

222 Furnace Sufficient votes in House or Senate to pass bills w/o amendments. A Would hope that if issues are dealt with w/o jeopardizing short and long-term

245 Furnace → Cravit. Why not $200 million pay-off. A Cravit - no interest in $200 million in direction to find solution - Communities making economic, business decision, not political

280 Furnace - any attempt to identify funds under admin. control to pay-off - A If legis. & admin agree

300 Bussell - What happens if legis appropriates 85 million for first 2 dates, & APA sells 115 million fund put to communities. discussion ensued

Recess at 505 'til 7:00

(5)

705 Goll, Larson, Liska, Cowd, Cehle, Rings
Called back to order

Bussele
Vaska

419 Rep Wendte – resp to Bussell's concerns

500 tape change Cowdery — wd use funds going to PF to pay off 4 dam pool – ^ Wendte – this is a second perm. fund. – people pro strongly – would not use PF money

540 Vehling – Q re: power sales agreement and approp. 35 & 50 million. A Wendte – would go a long way to getting agreements signed.

595 Vehling – Comment – got to solve APA problem now and not jeopardize future railbelt needs.

620 Goll → Vehling – Summarize & make point
^ Pay off may & oct $35 million

Gordon
645 Harrison – OMB – Overview of revenue situation

680 Ringstad – Discussed figures –
Exclude: corporate ~~prop~~ petroleum income tax
oil & gas property tax

720 Vaska – would like accurate picture of revenue to be expected under CS ^ could go back and do it for CS

745 Vaska – asked for projection at 30% ^ Discrepancy over longrun between 30% & 50% is substantial – 30% quite a bit lower.

825 Wendte - when drop to 5% - 1990 - after 1990, double figures

854 Vince Haugen - Petersburg -
$85 million grant started $40 million/10 megawatt
$ to $125-130 million Locally would not have supported that big - Now 20 megawatts firm, can expand to 30 megawatts

978 Russell - discuss of surplus KW - what reaction
Δ

Tape Change

026 Don Grimes - Currently not take or Pay, but take and pay variation

055 Vaska - If state defaults on bonds what effect on other bonds Δ Grimes - would be disasterous, impairing state's ability to sell bonds for any purpose.

075 Vaska - how will financial world view state and its abilities to pay debts - Would not be acceptable.

Grimes

089 Vaska - Would affect bonding capabilities of municipalities Δ probably would carry over

100 Vaska - how about on international market? Δ all over the world; no question about it.

107 Vaska - any connection w/ N.S.B. - downgrade of credit rating. Δ Still able to sell bonds but had to pay penalty

125 Coll - 60 bonded indebtedness highest in Country?
Yes

(7)

130 Goll - Management of GO debt
Grimes - percent, tied in w/ Prudhoe
production curve

150 Goll - Should pay off, would cast doubt
on State △ no, only says state concerned
enough to keep good credit.

160 Uehling - Would paying 35½ SD keep
problem down until Nov. △ Depends on
whether utilities will sign w/o repeal of
SBC. Will have rate penalty associated
with SBC stigma - 2% if drop 1 letter
in rating (A - BMA)

238 At ease 5 min 755

240 800
242 Rep Malone - Who is testifying for Gov's
otc? △ Gov's otc. declined to testify Ringstad
295 Vaska

272 Uehling moved, asked u/c adopt CS
Vaska obj.
277 Vaska removed obj, adopted CS
284 Uehling moved to pass CSHJR 57, Vaska obj.
Vaska said he had an amend.
292 Uehling withdrew motion

298 Pg 1 line 17, change 17 to 16 to Gen'l Fund
Moved amend, Basl obj.
310 Vaska explained his amendment to
make management parallel to that
of the gen'l fund, rather than savings
account philosophy of permanent fund.

350 Vaska Asked Gordon Harrison to respond - Harrison felt he could not speak to it

360 Malone gave his view.
1- Easier to manage
2 More liquidity
3- more likely to avoid bad investment, better investments

390 Larson -> Malone - would bring into play the spending limit & doesn't think so as CS is written.

425 Larson - Appropriation from GF to MPF not subject to spending limit? Add'l legislatively appropriations would not be, but approps out of world be.

456 Coll-Vaska Yea - Others Nay

461 Vaska - 2nd amendment - new sec 6. as [insert] moved, objection: Liska
Discussion of amendment and power cost assistance program

572 Ringstad - agrees w/ Dush problem - power cost assistance tries to address it.
Further discussion

670 Larson if PCA program not effective, why not reduce to 5%, give remainder to weatherization & whatever negotiation. not opposed

700 Russell - MPF, not subsidies

Goll - 730 - supports amend. #2 - doesn't like lengthy const. amends. - would be cost effective.
Tape change

764 Larson - supports amend., but wd reduce 10% to 5%.

776 Cowlery called for
Goll Vaska Larson yea - all others nay

780 Uehling moved w/ind'v. rec Vaska Obj
Vaska, Goll opposed
Larson, Cowd, Uehl. Bust, Rings, Yea.

795 Uehling moved adopt CS 684/no obj

800 Uehling asked for explanation of change in Sec. 3. Rings expl., no $ disbursed until all communities sign off

835 Goll asked for Larry Crawford's view
- If all don't sign, 35 million wd not be adequate.

875 Cowlery - thought 35 wd be adequate - only if all 5 sign

885 Wendte - shouldn't give each community veto power

892 [Anch] needs technical correction - 2 parties are co-ops, 3 are municipalities

Greenbaum - "Power Purchasers"

910 Vaska - who ma ~~change~~ - Cmte or admin.
△ Cmte. ~~Pm~~

925 Busl - Crawford should give us names of 5 specific indiv.

930 Crawford - "power purchasers" should do

940 Vaska - how specific should we be -
Uehling asked for names
Cities of Ktn, Wrg, Petersburg,
Kodiak Electric Assn. Copper Valley Electric Assn

970 - Larson Bond Council says "Power Purchasers"
Liska - might need new section defining

980 - Greenbaum - if purpose is clarity would advise it.

992 Russell read proposed amendment ~~a~~ moved, asked u/c - no obj.

030 Coll and Vaska made point regarding 3rd party purchasers.

045 Uehling moved, asked u/c CS as amended
indiv. rec Vaska Obj.
Busl, Liska, Cowd, Uehl, Ring. Yea ~~Larson~~ Vaska No
Larson, Coll did not vote

064 Uehling moved ~~adopt~~ CS adopt. Vaska obj.
Busl, Liska, Cowd, Uehl, Ring Yea Vaska No
Larson, Coll did not vote

080 Vaska moved amend #1 [INSERT]
obj. Cowd

Vaska - supported amendment - Sustra should stand on its own

140 Coll Vaska yea -
Bird, Liska, Cowd, Lars, Uehl, Rings - Nay

150 Uehling moved up. indiv. rec 589
Vaska obj

157 - Bard, Cowd, Liska Uehling Rings Yea
Vaska - No - Larson, Coll did not vote

163 adjourn 9pm

Mar 5 305

all members
Furnace & Wendte

1

0008 EPA Resol

0014 Don Kubley - Statement in favor of SJR 42

0065 Dehling moved a ske U/C pass SJR 42.

0074 Bussell - Legislature should be making much stronger statement regarding federal Classific of streams, etc.

090 HB 589, 684, HJR 57 -
CS HB 589 - Ringstad sectional

205 Cont'd - Question re: appropriation from fund
Δ same as any other - Simple majority - veto override 3/4 - Not veto proof -

Rings continued w overview

322 Larry Crawford - APA -

639 Bill - Update diesel cost on Graph?
Δ - Generalization - Some disagreement by some communities on price of diesel - we think reasonable & realistic

Crawford cont'd.

700 - Problems w/C.S. repeal of Susitna Equity o
Well st.

(2)

748 HR 4170 - Cap on Industrial Dev. Bonds

765 Rings - Power from 4 dam pools - Δ Solomon Gulch at O&M - no debt service ? Less?
Δ Yes, compared to what paying later -

780 Goll - how will money be used? Δ
interest

003 Furnace - No. of Subscribers - how much annual revenue

015 Discussion ensued -
No debt outstanding on Solomon Gulch

057 Furnace - how determine rate until sales agreement in hand ? Δ no mechanism

065 Cowdery - what better plan to protect railbelt if Susitna Equity Clause repealed? Δ APA's objective to solve 4 dam pool problem - CSHJR 57 delays problem to Nov. - Hinders more than helps Susitna

100 Uehling - how much higher if HR 4170 passes -
Δ 10.5 now 13% later - $20 million more

120 Rings - how does APA approach until Nov -
Δ Wait n see what legisl. actually does - will cost State more $$

140 Goll - State's obligation delay -
Δ Essentially correct - extending payment on notes - Morgan Guaranty 35, Bankers Trust 16.5

Alaska State Legislature
HOUSE OF REPRESENTATIVES
COMMITTEE ON RESOURCES

JOHN RINGSTAD, CO-CHAIRMAN
RICHARD SHULTZ, CO-CHAIRMAN
POUCH V
JUNEAU, ALASKA 99811
(907) 465-3715

TO: House Resource Committee Members

FROM: Committee Staff

DATE: March 5, 1984

RE: Sectional Analysis of HJR 57, establishing a major projects fund

---

SECTION 1.

Subsection (a) is language which creates within Article IX of the Constitution a major projects fund (MPF).

- A cost threshold of $100 million is set for projects qualifying. This minimum allows reasonable flexibility for covering major capital projects, without opening the fund to capital projects that may be effectively addressed through the normal capital budget process.

- This section also allows the money in the MPF to be invested in a manner similar to the Permanent Fund, except that it may managed by the Dept. of Revenue as part of the State Treasury.

- Subsection (a)(1) establishes an annual deposit of 10% of state revenue into the fund from the following sources:
  (A) severence tax;
  (B) mineral lease rentals;
  (C) royalties;
  (D) royalty sale proceeds; and
  (E) federal mineral revenue-sharing payments and bonuses.

- Subsection (a)(2) on line 28 and 29 requires the interest earned by the money in the fund to be reinvested into the fund, rather than going into the general fund.

- Subsection (a)(3), along with subsection (c) (lines 15 - 18) is the mechanism which provides for repayment back into the MPF, from projects financed by the MPF.

Subsection (b) establishes minimum requirements to be met before appropriations are made from the fund.

These are:

1. legislature must approve the appropriation.
2. all costs of the project must be committed;
3. the project has to earn revenue, and
4. the project must be owned by the State.

Subsection (c) as mentioned above is the mechanism for repayment of the MPF by a project funded by the MPF. Expenditures from the fund must be recovered and returned to the fund over the operational life of the

project. The intent is to recover the principal of the fund from revenue generated by the project.

Subsection (d) allows the fund, by a two-thirds vote of the legislature, to be used to meet a declared state of disaster.

Subsection (e) requires that the first appropriation from the MPF be for construction of the Watana Dam portion of the Susitna River Hydroelectric project.

Subsection (f) requires that up to 10% of the annual revenue paid into the fund be reserved for power cost assistance.

SECTION 2.

Section 2 amends Article IX, section 7 of the Constitution which refers to the dedication of funds. In order to establish a stream of dedicated oil revenue into the MPF, it must be exempted from the dedication of funds section of the Constitution. This has been done in the past when the Permanent fund was created. (Art. IX, sec. 15)

SECTION 3.

This section amends Art. IX, sec 16, the Appropriation Limit, by exempting the MPF. Neither deposits to the fund, nor appropriations from the fund would then be subject to the appropriation limit.

SECTION 4.

This section of the resolution requires approval of the voters on the November 1984 election ballot.

Alaska State Legislature
HOUSE OF REPRESENTATIVES
COMMITTEE ON RESOURCES

JOHN RINGSTAD, CO-CHAIRMAN
RICHARD SHULTZ, CO-CHAIRMAN
POUCH V
JUNEAU, ALASKA 99811
(907) 465-3715

TO: House Resource Committee Members

FROM: Committee Staff

DATE: March 5, 1984

RE: CS HB 589, APA CLEAN-UP BILL, SECTIONAL ANALYSIS

SECTION 1.

Eliminates restrictions on industrial power rates.

Also provides for the combination of the Lake Tyee, Swan Lake, Solomon Gulch, and Terror Lake hydroelectric projects into one power project for purposes of the wholesale power rate calculation.

SECTION 2.

Describes the method for determining the wholesale power rate for the projects of the authority. As the four dams are combined into project, they would share the debt service for the entire "initial project", and there is a single cents-per-kilowatt-hour rate for debt service. The rate to cover costs of maintenance, operation, equipment replacement, safety inspections and investigations is determined separately for each facility.

In the original bill, Section 2 repealed the "Susitna Blackmail Clause." This has been reversed in the CS, and the blackmail clause is addressed in section 8.

SECTION 3.

Adds a sentence to AS 44.83.398(e) to allow the power authority to contractually limit the amount of debt service payable by power purchasers as a consequence of the later of new projects to the energy program for Alaska.

SECTION 4 and SECTION 5.

Refer to the "Susitna Blackmail Clause" and would be repealed by Sec. 8.

SECTION 6.

Repeals AS 44.83.398(d) upon immediate effective date. Section refers to wholesale power rates amended in Section 1 of the bill.

SECTION 7.

Provides immediate effective date for Sections 1-3 and 6.

SECTION 8.

Provides that sections 4 and 5 take effect upon approval of a constitutional amendment creating the major projects fund, which would require the financing of Watana portion of the Susitna Project.

Introduced: 2/13/84
Referred: Labor & Commerce,
Resources and Finance

Funding Information

General Fund	$35,000,000
Other Funds	$ -0-
	$35,000,000

IN THE HOUSE

BY THE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

HOUSE BILL NO. 684

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTEENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act making a special appropriation to the Alaska Power Authority; and providing for an effective date."

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

* Section 1. The sum of $35,000,000 is appropriated from the general fund to the Alaska Power Authority for the purpose of rate stabilization in accordance with the terms of power sales agreements and bond covenants for the issuance of revenue bonds for the Lake Tyee, Swan Lake, Terror Lake, and Solomon Gulch hydroelectric facilities.

* Sec. 2. The appropriation made in sec. 1 of this Act is not a one-year appropriation and does not lapse under AS 37.25.010.

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

PLEASE NOTE:

Resources CS will provide a new effective date contingent upon signing of power sales agreements by the affected communities.

3/5/84 ✓
Asper
Version #1

Original sponsor: Rules/Governor

IN THE HOUSE BY THE RESOURCES COMMITTEE

CS FOR HOUSE JOINT RESOLUTION NO. 57 (Resources)

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTEENTH LEGISLATURE - SECOND SESSION

Proposing an amendment to the Constitution of the State of Alaska creating a fund to finance the construction of capital projects.

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

* Section 1. Article IX, Constitution of the State of Alaska, is amended by adding a new section to read:

SECTION 17. MAJOR PROJECTS FUND. (a) There is created in the State treasury a major projects fund. The purpose of the major projects fund is to finance capital projects which exceed $100,000,000 in cost. Money in the fund may be invested in the manner specified in section 15 of this article for the Alaska Permanent Fund. The major projects fund consists of

General Fund (Prior Language)

investment for anything

competitive market rates

(1) an annual deposit of ten percent of state revenue earned after June 30, 1985, from the following sources:

(A) severance tax;

(B) mineral lease rentals;

(C) royalties;

(D) royalty sale proceeds; and

(E) federal mineral revenue-sharing payments and bonuses;

(2) interest earned each fiscal year from investment of money in the major projects fund;

(3) revenue dedicated to the major projects fund in accordance with (c) of this section; and

(4) appropriations made by the legislature.

(b) Money may not be expended from the major projects fund unless

(1) the expenditure is authorized in an appropriation bill passed by the legislature;

(2) the appropriation, together with any other money committed to finance the capital project, is sufficient to provide for all costs of constructing the capital project;

(3) the capital project is projected to earn enough revenue during its useful life to repay the money appropriated from the major projects fund and other borrowed money used to finance the project; and

(4) the capital project being funded is owned by the state.

(c) The legislature shall dedicate by law sufficient revenue earned by a capital project financed by the major projects fund to ensure that the amount appropriated from the fund for the project is repaid during the useful life of the project.

(d) Notwithstanding the dedication of revenue required by this section, the legislature, by an affirmative vote of two-thirds of the membership of each house, may appropriate revenue dedicated under this section to meet a state of disaster declared by the governor as prescribed by law.

(e) The first appropriation from the major projects fund shall be for the Watana Dam portion of the Susitna River hydroelectric project, unless the legislature, by a vote of two-thirds of the membership of each house, disapproves the project. Notwithstanding art. II, sec. 15 of the Constitution of the State of Alaska, the appropriation made under this subsection may not be vetoed by the governor.

* Sec. 2. Article IX, sec. 7, Constitution of the State of Alaska is

amended to read:

SECTION 7. DEDICATED FUNDS. The proceeds of any state tax or license shall not be dedicated to any special purpose, except as provided in sections [SECTION] 15 and 17 of this article or when required by the federal government for state participation in federal programs. This provision shall not prohibit the continuance of any dedication for special purposes existing upon the date of ratification of this section by the people of Alaska.

* Sec. 3. Article IX, sec. 16, Constitution of the State of Alaska is amended to read:

SECTION 16. APPROPRIATION LIMIT. Except for appropriations for Alaska permanent fund dividends, appropriations from the major projects fund established by section 17 of this article, appropriations of revenue bond proceeds, appropriations required to pay the principal and interest on general obligation bonds, and appropriations of money received from an non-State source in trust for a specific purpose, including revenues of a public enterprise or public corporation of the State that issues revenue bonds, appropriations from the treasury made for a fiscal year shall not exceed $2,500,000,000 by more than the cumulative change, derived from federal indices as prescribed by law, in population and inflation since July 1, 1981. Within this limit, at least one-third shall be reserved for capital projects and loan appropriations. The legislature may exceed this limit in bills for appropriations to the Alaska permanent fund and in bills for appropriations for capital projects, whether of bond proceeds or otherwise, if each bill is approved by the governor, or passed by affirmative vote of three-fourths of the membership of the legislature over a veto or item veto, or becomes law without signature, and is also approved by the voters as prescribed by law. Each bill for appropriations for capital

projects in excess of the limit shall be confined to capital projects of the same type, and the voters shall, as provided by law, be informed of the cost of operations and maintenance of the capital projects. No other appropriation in excess of this limit may be made except to meet a state of disaster declared by the governor as prescribed by law. The governor shall cause any unexpended and unappropriated balance to be invested so as to yield competitive market rates to the treasury.

* Sec. 4. The amendments proposed by this resolution shall be placed before the voters of the state at the next general election in conformity with art. XIII, sec. 1, Constitution of the State of Alaska, and the election laws of the state.

EXHIBIT H

RATE STABILIZATION FUND SCHEDULE**

Fiscal Year	Copper Valley	Ketchikan	Kodiak	Petersburg	Wrangell	Total
1985	$3,167,486	$3,114,153	$4,701,936	$1,115,967	$1,160,650	$13,260,192
1986	2,795,816	2,900,562	5,1[illegible]3,937	1,047,279	922,701	12,840,295
1987	2,464,771	2,607,345	4,474,900	471,433	1,134,154	11,152,603
1988	2,203,183	2,321,229	3,749,084	473,619	922,711	9,669,826
1989	1,560,540	1,926,336	2,776,647	354,398	826,998	7,438,919
1990	1,267,577	1,444,022	1,708,624	270,913	682,829	5,373,965
1991	975,502	890,397	546,722	---	511,810	2,924,431
1992	657,130	205,299	---	---	259,105	1,121,534
1993	298,906	---	---	---	54,142	353,048
1994	---	---	---	---	---	---
1995	---	---	---	---	---	---
	$15,390,911	$15,403,343	$23,131,850	$3,733,609	$6,475,100	$64,134,813

bject to change to reflect actual par value of bonds and interest rates.

Larson

IN THE HOUSE BY THE RESOURCES COMMITTEE

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(1) an annual deposit of ten percent of state revenue earned after June 30, 1985, from the following sources:

(A) corporate income tax on oil and gas producers;

(B) severance tax;

(C) oil and gas production property tax;

(D) mineral lease rentals;

(E) royalties;

(F) royalty sale proceeds; and

(G) federal mineral revenue-sharing payments and bonuses;

(2) interest earned each fiscal year from investment of money in the major projects fund;

(3) revenue dedicated to the major projects fund in accordance with (c) of this section; and

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Alaska MUNICIPAL League

TELEPHONES
(907) 586-1325
(907) 586-6526

105 MUNICIPAL WAY, SUITE 301
JUNEAU, ALASKA 99801

AML RESOLUTION SUPPORTING MAJOR PROJECTS FUND

WHEREAS Governor Sheffield has proposed a major projects fund to accumulate revenues for large capital projects in Alaska; and

WHEREAS Alaskan municipalities and their residents may benefit from the construction of major projects in their areas; and

WHEREAS it is difficult through conventional capital budgeting procedures to secure large direct appropriations for major projects; and

WHEREAS the Governor has indicated that sufficient revenues can be dedicated to this fund without reducing the amount available for other important current state programs; and

WHEREAS such a fund will help prepare the state for the day when annual cash surpluses above operating budget requirements decline substantially;

NOW THEREFORE BE IT RESOLVED by the Board of Directors of the Alaska Municipal League that the Board extends its conceptual support to a major projects fund, as long as the fund does not negatively impact other state programs which support Alaskan municipalities.

Adopted by the AML Board of Directors, January 31, 1984 in Juneau, Alaska.

ALASKA MUNICIPAL LEAGUE

Betty J. Glick

Betty J. Glick
President

ATTEST:

Scott A. Burgess
Executive Director

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date:

REQUEST
Bill/Resolution No.: HJR 57
Title: proposing amendment to Constitution re capital projects
Sponsor: Rules
Requestor: Governor
Date of Request: March 5,1984

FISCAL DETAIL
Agency Affected: Elections
Program Category Affected:
BRU, Program or Subprogram(s) Affected:

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES		-0-				
200 TRAVEL		-0-				
300 CONTRACTUAL		1.0				
400 SUPPLIES		-0-				
500 EQUIPMENT		-0-				
600 LAND & STRUCTURES		-0-				
700 GRANTS, CLAIMS		-0-				
800 MISCELLANEOUS		-0-				
TOTAL OPERATING		1.0				
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

the cost of one page in the Election Pamphlet is 1.0

ANALYSIS: Attach a separate page for analysis

Prepared By: T.P.Thoma, Information Officer Phone: 4611
Division: Elections Date:

Approved by Commissioner: Sally R. Hanson Date: 3/5/84
Agency: Lt. Governor Steve McAlpine

Distribution (by Agency preparing fiscal note):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)

12/1/83

Alaska MUNICIPAL League

TELEPHONES
(907) 586-1325
(907) 586-6526

105 MUNICIPAL WAY, SUITE 301
JUNEAU, ALASKA 99801

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ALASKA MUNICIPAL LEAGUE

Betty J. Glick

Betty J. Glick
President

ATTEST:

Scott A. Burgess
Executive Director

AMENDMENT 2

In Section 1, amending proposed Section 17(a) after "exceed $100,000,000 in cost" add "and provide money for the weatherization fund".

Add a new Section 17(b) which reads "Not withstanding (b) and (e) of this section, 10 per cent of the annual revenue paid into the major projects fund shall be paid into a fund reserved for weatherization under A.S. 44.47.050 (18) and Residential Energy Conservation Fund under A.S. 45.89."

Add a new Section 17(g) which reads "Notwithstanding (c) of this section money may expended from the major projects fund for weatherization."

This amendment is designed to make up for deficiencies in the present approach of subsidization of energy costs which reduces the incentive to conserve energy and save money in that manner. By paying instead for the weatherization of homes across the state significant savings would be realized to consumers.

1. Easier on the managers. General fund has a different investment list from permanent fund

2. Consistent with strategy — gen. fund is managed for liquidity, which projects fund needs.

3. "Competitive market rates" is more secure language than article 15 has.

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

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OPERATING						
100 PERSONAL SERVICES		-0-				
200 TRAVEL		-0-				
300 CONTRACTUAL		1.0				
400 SUPPLIES		-0-				
500 EQUIPMENT		-0-				
600 LAND & STRUCTURES		-0-				
700 GRANTS, CLAIMS		-0-				
800 MISCELLANEOUS		-0-				
TOTAL OPERATING		1.0				
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

the cost of one page in the Election Pamphlet is 1.0

ANALYSIS: Attach a separate page for analysis

Prepared By: T.P.Thoma. Information Officer Phone: 4611
Division: Elections Date:

Approved by Commissioner: Sally R Hanson for Date: 3/5/84
Agency: Dr. Brenda Stevens McGuigan

Distribution (by Agency preparing fiscal note):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)

12/1/83

MEMORANDUM State of Alaska

TO: Honorable Bill Sheffield
Governor

DATE: January 5, 1984

FILE NO: 83I-172

THROUGH: Gordon Harrison, Associate Director
Division of Strategic Planning

TELEPHONE NO: 465-3568

FROM: Richard Emerman, Manager
Office of Management and Budget
Division of Strategic Planning

SUBJECT: Major Project Fund

Although the State treasury will continue to receive substantial petroleum revenues for many years to come, best estimates indicate that large annual cash surpluses above operating budget requirements will cease to be available by the early 1990's. There is still time to use these surpluses for one or more major capital projects that can serve as foundations for Alaska's future economy, but that opportunity will probably be gone within the next six or seven years. Primary examples of such projects are Susitna hydro and the Knik Arm crossing, while other examples with lower price tags include Bradley Lake hydro, Eklutna water supply, road and port infrastructure for the Red Dog mine and other nearby mining prospects, and renovation and/or extension of the Alaska Railroad.

Currently, it appears that several hundred million dollars per year would have to be set aside for the rest of this decade in order for Susitna to be financially viable. Each year of delay substantially reduces the probability that enough funds will be available to build it. Even if Susitna is not built, it is unlikely that a major share of the funding necessary to build other large and important projects will be set aside unless it is begun in the very near future.

There are at least two reasons why a "business as usual" approach is likely to produce less than is needed for these projects. The first is that, for many of these large projects and especially for Susitna, there still is not enough clear information to warrant unequivocal commitment. Actual construction might not begin for a number of years due to the time necessary for required engineering, environmental study, permitting, and demonstration of economic feasibility. It is difficult under "business as usual" to secure large, advance appropriations for projects that will not enter the construction phase for a year or more, and to which the State is not yet willing to specifically commit. Yet, if setting aside the necessary funds is delayed until construction is about to begin, the chances are that the financial window of opportunity will be too far closed. The proper response is not to rush into massive financial commitments before oil production goes into decline,

but to systematically set aside the funds needed to accomplish major projects, and draw down on the funds only when satisfied that a full scale commitment is in order.

The second reason that a continuation of conventional capital budgeting practices is not likely to meet the needs for large project funding is that the funds available for annual capital expenditure tend to be split into many small pieces for purposes of geographic and political equity. If all such funds are made subject to a political allocation system similar to that in recent years, accumulation of sufficient funds over several years for any major project would seem to be an unlikely outcome.

The most plausible solution to these problems is the establishment of a major project fund in which dollars can be stored for large projects that are not yet specified. Among the questions raised by this proposal are the following:

1. Should the fund be established by statute or by constitutional amendment?

2. What rules should be established for making disbursements from the fund?

3. Will it be necessary for the pattern of fund disbursements to exhibit geographic equity, or is there another way to assure that such equity concerns will be effectively addressed?

4. How much money should be deposited in the fund, from what source, and for how long?

Statute or Constitutional Amendment?

A dedicated fund created by constitutional amendment would enjoy the highest level of protection against future uses that are not in keeping with the fund's original intent. In addition, automatic deposits to the fund could be mandated, as well as automatic retention of the fund's interest earnings. However, it is necessary to persuade two-thirds of each house in the Legislature to propose such an amendment in order to get it on the ballot at a general election. The next general election opportunities will occur in November, 1984 and November, 1986. As explained below, there is reason to think that an amendment passed in November, 1986 would come too late in the expected life of surplus oil revenues to accomplish the intended purposes of the fund. In order to be fully effective, a constitutional amendment to establish the fund should appear on the November, 1984 ballot. This means that two-thirds of each house in the Legislature would have to approve the proposal during 1984. Before pursuing this approach to the exclusion of others, it

will be important to assess the likelihood of passage in the current Legislature.

A statutory fund is easier to create. It is also easier to amend or repeal. A statutory fund can be effective only as long as support for its original purpose resides in the Legislature and the Governor's office. Each deposit to a statutory fund would require enactment of an appropriation bill. On the positive side, the relative ease with which statutes can be changed might turn out to be a welcome feature should the State be faced with abrupt and unanticipated declines in petroleum revenue.

Rules for Fund Disbursements

It would be simplest to require only that an appropriation bill be passed by the Legislature and signed by the Governor. But there are other possibilities that warrant some discussion. Should the statute or constitutional amendment creating the fund require that it be spent only for projects that cost more than some threshold amount? Should it require that disbursements be made only after the full amount needed to complete a project, or perhaps to complete a "stand-alone" phase of a project, has already been accumulated or obtained? Should any sort of advisory group be established to recommend uses of the fund based on estimates of relative need, merit, and feasibility?

Geographic Equity

It will be difficult to deal with questions of geographic equity until the projects to be financed by the fund are specifically identified, and they are not likely to be identified until after the fund is created.

Perhaps the Legislature and the Governor can provide for disproportionate spending in other areas of the state at the time that fund disbursements are made. This could be encouraged by providing that disbursements from the fund require more than a simple majority vote in the Legislature.

Size of the Fund

Under current financing projections, construction of Susitna hydro will require accumulation of at least $3 billion (in nominal dollars) by the end of this decade. In establishing the deposit rates for an investment fund, it will be necessary to determine whether the State is willing to forego alternative expenditures of this magnitude, or settle instead for a smaller accumulation that, while still very significant, would not be adequate for Susitna.

1984 DOLLARS

The analysis below is intended to illustrate the Administration's evolving view of the fiscal situation we face. It is

based on the Department of Revenue December 1983 forecast of petroleum royalties and severance taxes, supplemented by the OMB long-range forecast of other revenue sources. It assumes no reimposition of personal income taxes nor repeal of the permanent fund dividend program. Annual inflation of 6 percent is assumed. The many features and assumptions of the analysis are important subjects for debate; the intention of presenting this information is to communicate the broad contours of the Administration's current view. Spending assumptions are made for purposes of illustration only.

Table 1 displays estimates of total, unrestricted general fund revenue based on 30th and 50th percentile petroleum revenue forecasts, and general fund operating budget expenditures at 6 percent annual growth and 8.5 percent annual growth (the latter reflecting adjustment for both inflation and expected population increase).

Table 1

UNRESTRICTED GENERAL FUND REVENUES AND OPERATING EXPENDITURES

	Revenues		Expenditures	
FY	30th Percentile Forecast	50th Percentile Forecast	Oper. Budget Growth @ 6%	Oper. Budget Growth @ 8.5%
1985	$ 3238	$ 3436	$2023	$2023
1986	3359	3622	2144	2195
1987	3633	3961	2273	2382
1988	3625	3999	2409	2584
1989	3941	4436	2554	2804
1990	3786	4546	2707	3042
1991	3509	4179	2870	3300
1992	3431	4085	3042	3581
1993	3278	4050	3224	3885
1994	3169	3973	3418	4216
1995	3074	3784	3623	4574
1996	2902	3533	3840	4963
1997	2954	3625	4071	5385
1998	3007	3695	4315	5842

In tables 2 and 3, operating expenditures are subtracted from expected revenues. In this case, the lower spending figures are subtracted from the more conservative, 30th percentile revenues; and the higher spending figures from the 50th percentile revenues. In addition, currently known G.O. debt service obligations are deducted in each case:

Table 2

REVENUE AND EXPENDITURE ANALYSIS: 30th PERCENTILE REVENUES

FY	30th Percentile Total Revenue	Operating Budget @ 6% Growth	G.O. Debt Service	Residual Funds
1985	$ 3238	$2023	$ 170	$1045
1986	3359	2144	163	1052
1987	3633	2273	155	1205
1988	3625	2409	148	1068
1989	3941	2554	136	1251
1990	3786	2707	120	959
1991	3509	2870	95	544
1992	3431	3042	68	321
1993	3278	3224	60	neg.
1994	3169	3418	34	neg.
1995	3074	3623	23	neg.
1996	2902	3840	21	neg.
1997	2954	4071	17	neg.
1998	3007	4315	14	neg.

Table 3

REVENUE AND EXPENDITURE ANALYSIS: 50th PERCENTILE REVENUES

FY	50th Percentile Total Revenue	Operating Budget @ 8.5% Growth	G.O. Debt Service	Residual Funds
1985	$ 3436	$2023	$170	$1243
1986	3622	2195	163	1264
1987	3961	2382	155	1424
1988	3999	2584	148	1267
1989	4436	2804	136	1496
1990	4546	3042	120	1384
1991	4179	3300	95	784
1992	4085	3581	68	436
1993	4050	3885	60	105
1994	3973	4216	34	neg.
1995	3784	4574	23	neg.
1996	3533	4963	21	neg.
1997	3625	5385	17	neg.
1998	3695	5842	14	neg.

For these cases, the forecasts show eight to nine years of surpluses in excess of operating needs. To these surpluses must be added the FY 85 expected carryover of available general funds. From the surpluses must be subtracted all the loan

appropriations, supplementals and planned special deposits to the Permanent Fund to calculate net funds available for capital purposes. Here again some assumptions are necessary:

1. Loan appropriations of $260 million per year from FY 1985 through FY 1992.

2. Special Permanent Fund deposits of $100 million per year for eight years. limits amount available

3. Supplementals of $50 million per year.

Tables 4 and 5 show the calculation of funds available for capital in view of these various adjustments:

Table 4

MONEY AVAILABLE FOR CAPITAL AT 30th PERCENTILE REVENUES

FY	Residual Funds	Loan Appropriations	Special PF Deposits	Supplementals	Available For Total Capital
1985	$1445*	$ 260	$ 100	$ 50	$ 1035
1986	1052	260	100	50	642
1987	1205	260	100	50	795
1988	1068	260	100	50	658
1989	1251	260	100	50	841
1990	959	260	100	50	549
1991	544	260	100	50	134
1992	321	260	100	50	--

* Includes $400 million in estimated GF carry forward.

Table 5

MONEY AVAILABLE FOR CAPITAL AT 50th PERCENTILE REVENUES

FY	Residual Funds	Loan Appropriations	Special PF Deposits	Supplementals	Available For Total Capital
1985	$ 1643 *	$ 260	$ 100	$ 50	$ 1233
1986	1264	260	100	50	854
1987	1424	260	100	50	1014
1988	1267	260	100	50	857
1989	1496	260	100	50	1086
1990	1384	260	100	50	974
1991	784	260	100	50	374
1992	436	260	100	50	26

* Includes $400 million of estimated GF carry forward.

Table 6 displays the amounts that could be available for deposit in a major project fund assuming "regular" capital budgets of $500 million per year and $700 million per year (unadjusted for inflation) through 1990:

Table 6

MONEY AVAILABLE FOR DEPOSIT
IN A MAJOR PROJECT
FUND

(in millions)

	30th Percentile Revenues		50th Percentile Revenues	
FY	@ $500 Other Capital	@ $700 Other Capital	@ $500 Other Capital	@ $700 Other Capital
1985	535	335	733	533
1986	142	---	354	154
1987	295	95	514	314
1988	158	---	357	157
1989	341	141	586	386
1990	49	---	474	274
Total	1520	571	3018	1818

These funds would earn interest prior to being expended, and might thereby increase the total depending on whether the earnings are retained in the major project fund or deposited in the general fund. The amount of interest accumulated would also depend on the schedule of disbursements from the fund.

The analysis suggests that deposits to the fund should be scheduled to end in FY 1990, since the projection of funds available for all capital spending indicates serious decline by FY 1991. The State should have a maximum level of fiscal flexibility once the expected contraction in revenues begins in earnest.

Finally, Table 7 displays the percentage of various revenue streams that would have to be dedicated to generate the target fund levels shown in Table 6:

Table 7

ANNUAL CONTRIBUTIONS REQUIRED TO REACH TARGETED FUND LEVELS

	30th Percentile		50th Percentile	
Contribution	($1520)	($571)	($3018)	($1818)
% of non-tax petroleum revenue*	17%	6%	28%	17%
% of total petroleum revenue*	7%	3%	13%	3%
% of total unrestricted G.F. revenue	7%	3%	13%	8%

Thus, for example, 8 percent of total petroleum revenue** (before Permanent Fund deposits) would have to be dedicated to build a fund of approximately $1.8 billion assuming that the 50th percentile forecast were realized, and without consideration of reinvested interest earnings.

* Before any Permanent Fund deposits

** Total petroleum revenue includes primarily royalties, severance taxes, corporate income tax on oil and gas producers, and property tax on oil and gas production property.

Draft of Alternatives

Draft language for the following alternatives has been prepared by the Department of Law and is attached to this memo:

A. a joint resolution to place on the ballot a constitutional amendment creating a Major Project Fund (MPF)

B. a bill to create a statutory MPF

C. a bill to appropriate $300 million to the Power Development Fund for construction of unspecified energy projects other than those already under construction.

Characteristics of these options are discussed topically below:

Time Frame for Deposits

The proposed constitutional amendment would mandate that deposits to the MPF begin in FY85 and continue through FY90, in keeping with current expectations for future revenue availability. There would be no mention of future deposits at all in the proposed statutory alternatives, since statutory language regarding such deposits could not be binding on future Legislatures.

Amount of Deposits

The proposed constitutional amendment would require that annual deposits to the MPF amount to 10 percent of total petroleum revenue, for the following reasons:

1. This appears to be enough to consider the possibility of financing Susitna sometime in the future. Excluding interest, deposits of this magnitude should create a fund of approximately $2.2 billion by FY91 (assuming 6 percent inflation, 50th percentile petroleum revenue forecasts from December, 1983). Assuming that 9 percent interest is earned and redeposited in the MPF, and that no disbursements are made until FY91, the fund could amount to approximately $3.0 billion at that time.

2. Ten percent of total petroleum revenue is a concept that is easily grasped, approximates the proportion that is currently dedicated to the Permanent Fund, and the amount should not seem overwhelming. For FY85, this would require a deposit of approximately $300 million, which still allows an operating budget of $2.1 billion, a regular capital budget of $700

million, loan appropriations of $260 million, and sufficient remaining funds for debt service and other likely obligations.

Use of MPF Interest

The proposed constitutional amendment requires that interest earned on deposits automatically accrues to the MPF. The same intent is written into the proposed bill creating a statutory fund. However, interest on an FY85 deposit to the Power Development Fund would accrue to the general fund in the absence of a separate appropriation of such interest back into the Power Development Fund.

Threshold Size of Eligible Projects

A minimum cost of $100 million per project is proposed in both the constitutional and statutory versions. This is set to allow a reasonable amount of flexibility for covering such projects as Bradley Lake, the Knik Arm crossing, or extension of the Alaska Railroad, without opening the fund to capital projects that can be effectively addressed in the regular capital budget process.

Complete Financing Must Be In Place

Both the constitutional and statutory versions provide that disbursements for a project cannot be made from the MPF until financing for the complete project (or for a stand-alone phase of a project) is in place. "Financing" includes both debt and equity sources of funds.

Two-Thirds Majority Required

The constitutional version provides that appropriation bills to spend from the MPF must have two-thirds majority vote in order to pass the Legislature. The intention is to assure that geographic equity concerns are properly addressed at the time that disbursements are made. This provision is not mentioned in the statutory fund language since it would be pointless to do so (a simple majority could repeal the provision).

Self-Liquidating Feature

Both the constitutional and statutory versions provide that appropriations from the Fund be recovered and returned to the State during the operational life of the project. The intent is to recover principal, without interest, from user fees.

Relation to Constitutional Appropriation Limit

For the constitutional MPF, deposits would not require appropriations and would therefore not be subject to the

appropriation limit. Disbursements would require appropriations, but would be exempted from the limit by language proposed in the constitutional amendment.

Appropriations to the Power Development Fund would be subject to the limit. However, expenditures from the Fund require simply that the Legislature approve the project, not that another appropriation bill be passed. Therefore, expenditures from the Power Development Fund are not subject to the limit.

Draft language to create a statutory MPF is analogous to the Power Development Fund in this regard. Appropriations that are subject to the limit would be required to make deposits to the MPF. However, expenditures would simply require passage of legislation approving a particular project, and would not require an additional appropriation bill that would be subject to the limit.

ll

Attachments

cc: w/attachments

Norman Gorsuch, Attorney General, Department of Law
Peter McDowell, Director, Office of Management and Budget
Emil Notti, Commissioner, Department of Community and Regional Affairs
John Shively, Chief of Staff, Office of the Governor

DRAFT #4
LAW 377-101-84R
LPS1 1/4/84

BY THE RULES COMMITTEE B
REQUEST OF THE GOVERNOR

IN THE _____

_____ JOINT RESOLUTION NO.

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTEENTH LEGISLATURE - SECOND SESSION

Proposing an amendment to the Constitution of the State of Alaska creating a fund to finance the construction of capital projects.

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

* Section 1. Article IX, Constitution of the State of Alaska is amended by adding a new section to read:

SECTION 17. MAJOR PROJECT FUND. (a) There is created in the state treasury a major project fund. The purpose of the major project fund is to finance the construction of capital projects which exceed $100,000,000 in cost. The major project fund consists of

(1) an annual deposit of ten percent of state revenue earned during the period beginning July 1, 1984, and ending June 30, 1990, from the following sources:

(A) corporate income tax on oil and gas producers;

(B) severance tax;

(C) oil and gas production property tax;

(D) mineral lease rentals;

(E) royalties;

(F) royalty sale proceeds; and

(G) federal mineral revenue sharing payments and bonuses;

(2) interest earned each fiscal year from investment of money in the major project fund; and

(3) revenue dedicated to the major project fund in accor-

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Law

dance with this section.

(b) No money shall be expended from the major project fund unless:

(1) the expenditure is in accordance with an appropriation enacted by the affirmative vote of two-thirds of the membership of each house of the legislature;

(2) the appropriation, together with any other money committed to finance the capital project, will provide for all costs of constructing the capital project; and

(3) the capital project will earn enough revenue during the life of the project to repay the money expended to finance the project.

(c) The legislature shall dedicate by law sufficient revenue earned by a capital project financed by the major project fund so that the amount expended from the fund to finance the project is repaid during the life of the project. Notwithstanding the dedication of revenue required by this section, the legislature may appropriate revenue dedicated under this section to meet a state of disaster declared by the governor as prescribed by law.

* Sec. 2. Article IX, sec. 7, Constitution of the State of Alaska is amended to read:

SECTION 7. DEDICATED FUNDS. The proceeds of any state tax or license shall not be dedicated to any special purpose, except as provided in sections [SECTION] 15 and 17 of this article or when required by the federal government for state participation in federal programs. This provision shall not prohibit the continuance of any dedication for special purposes existing upon the date of ratification of this section by the people of Alaska.

* Sec. 3. Article IX, sec. 16, Constitution of the State of Alaska is

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Law

amended to read:

SECTION 16. APPROPRIATION LIMIT. Except for appropriations for Alaska permanent fund dividends, appropriations from the major project fund established by section 17 of this article, appropriations of revenue bond proceeds, appropriations required to pay the principal and interest on general obligation bonds, and appropriations of money received from an non-State source in trust for a specific purpose, including revenues of a public enterprise or public corporation of the State that issues revenue bonds, appropriations from the treasury made for a fiscal year shall not exceed $2,500,000,000 by more than the cumulative change, derived from federal indices as prescribed by law, in population and inflation since July 1, 1981. Within this limit, at least one-third shall be reserved for capital projects and loan appropriations. The legislature may exceed this limit in bills for appropriations to the Alaska permanent fund and in bills for appropriation for capital projects, whether of bond proceeds or otherwise, if each bill is approved by the governor, or passed by affirmative vote of three-fourths of the membership of the legislature over a veto or item veto, or becomes law without signature, and is also approved by the voters as prescribed by law. Each bill for appropriations for capital projects in excess of the limit shall be confined to capital projects of the same type, and the voters shall, as provided by law, be informed of the cost of operations and maintenance of the capital projects. No other appropriation in excess of this limit may be made except to meet a state of disaster declared by the governor as prescribed by law. The governor shall cause any unexpended and unappropriated balance to be invested so as to yield competitive market rates to the treasury.

* Sec. 4. The amendments proposed by this resolution shall be placed

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Law

before the voters of the state at the next general election in conformit
with art. XIII, sec. 1, Constitution of the State of Alaska, and the elec
tion laws of the state.

DRAFT 4
LEW 377-101-84
LPS 1/4/84

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

IN THE _____

_____ BILL NO.

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTEENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act creating a fund to finance the construction of capital projects; and providing for an effective date."

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

* Section 1. AS 37.__ is amended by adding a new section to read:

AS 37.__.___. MAJOR PROJECT FUND. There is created in the general fund a major project fund. The purpose of the major project fund is to finance the construction of capital projects which exceed $100,000,000 in cost. The major project fund consists of appropriations made by the legislature and interest earned each fiscal year from investment of money in the project fund. The commissioner of revenue shall administer the fund. No money shall be expended from the project fund unless:

(1) the expenditure is authorized by law;

(2) the money expended from the major project fund, together with any other money committed to finance the capital project, will provide for all costs of constructing the capital project; and

(3) the capital project will earn enough revenue during the life of the project to repay the money expended to finance the project. The legislature may appropriate revenue earned by a project financed by the major project fund to that fund.

* Sec. 2. This Act takes effect July 1, 1984.

Collect Bond proceeds

03-038

DRAFT
LEG #2 ASI 1/3

BY THE RULES COMMITTEE B
REQUEST OF THE GOVERNOR

IN THE _____

_____ BILL NO.

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTEENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act making a special appropriation to the power development fund for the construction of power projects; and providing for an effective date."

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

* Section 1. The sum of $300,000,000 is appropriated from the general fund to the power development fund (AS 44.83.382) for the purpose of financing the construction of any power project under the jurisdiction of the Alaska Power Authority which is not under construction on the effective date of this Act.

* Sec. 2. The appropriation made by this Act is for a capital project and is subject to the provisions of AS 37.25.020.

* Sec. 3. This Act takes effect July 1, 1984.

03-038

BILL SHEFFIELD
GOVERNOR

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

January 23, 1984

The Honorable Jalmar Kerttula
President of the Senate
Pouch V
Juneau, AK 99811

Dear Senator Kerttula:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a joint resolution which proposes an amendment to the Alaska Constitution creating a major projects fund.

As you know, the state treasury will continue to receive substantial petroleum revenues for many years to come. However, our best current estimates indicate that large annual cash surpluses above operating budget requirements will cease to be available by the early 1990's. There is still time to set aside enough for one or more major capital projects that can serve as foundations for Alaska's future economy, but the opportunity to do so will probably be gone within the next six or seven years. Examples of major projects are the Susitna hydroelectric project; road and port infrastructure projects in rural Alaska for support of mining, fishing, and other economic development activities; the Knik Arm Crossing; the Bradley Lake hydroelectric project; Eklutna water supply; and renovation and extension of the Alaska Railroad.

The major projects fund is needed to accumulate the revenue for these large projects. There are two reasons for this. First, for many of these large projects and especially for Susitna, there still is not enough clear information to warrant unequivocal commitment. Actual construction might not begin for a number of years because of the length of time necessary for engineering, environmental study, obtaining permits, and demonstration of economic feasibility.

It is difficult through our conventional capital budgeting procedures to secure large, direct appropriations for projects that will not enter the construction phase for a year or more, and to which the state is not yet willing to specifically commit itself. However, if setting aside the necessary money is delayed until construction is about to begin, the chances are that the revenue surpluses will have diminished by then. The proper response is not to rush into massive financial commitments before oil production goes into decline, but to systematically set aside the money needed to accomplish major projects, and draw down on the principal only when satisfied that a commitment is prudent.

The second reason that a continuation of conventional capital budgeting practices is not likely to meet the needs for major project funding is that the revenues available for annual capital expenditure tend to be split into many small pieces. If all of these revenues are made subject to an allocation system similar to that in recent years, accumulation of enough money for any major project over several years is unlikely.

The most plausible solution to these problems is the establishment of a major projects fund in which money can be stored for major projects that are not yet specified.

I believe that the major projects fund should be created through an amendment to the Alaska Constitution. A constitutionally dedicated fund will be protected from future uses that are not in keeping with the fund's original intent. Automatic deposits to the fund are mandated, as is automatic retention of the fund's interest earnings.

The key feature of this amendment is the dedication of 10 percent of the State's total petroleum revenue to the major projects fund. The stream of revenue to the fund through this dedication should be sufficient to finance the largest of the projects we foresee at the present time, Susitna River hydroelectric development.

Excluding interest, deposits of this magnitude should create a fund of approximately $2.2 billion by fiscal year 1991. Assuming that nine percent interest is earned and redeposited in the fund, and that no disbursements are made until fiscal year 1991, the fund could have a principal sum of as much as $3 billion by then.

Ten percent of total petroleum revenue approximates the proportion that is currently dedicated to the permanent fund. For fiscal year 1985, this would require a deposit to the major projects fund of approximately $300 million, which allows an operating budget of $2.1 billion, a regular capital budget of $700 million, loan appropriations of $260 million, and enough remaining money for debt service and other likely obligations.

There are several other significant features of the amendment.

(1) Deposits to the fund begin in fiscal year 1985 and continue through fiscal year 1990, in keeping with current expectations of future revenue availability.

(2) Disbursements from the fund for a project cannot be made until all sources of the money necessary to complete the project (or a stand-alone phase of a larger project) has been identified and the money committed.

(3) A cost threshold of $100 million is set for projects to qualify for financing from the fund. This minimum allows reasonable flexibility for covering such projects as the Susitna and Bradley Lake dams, the Knik Crossing, and extension of the Alaska Railroad, without opening the fund to capital projects that can be effectively addressed in the regular capital budget process.

(4) Appropriation bills to spend from the fund must have a two-thirds majority vote in order to pass the legislature. The purpose of this requirement is to assure that projects have state-wide support at the time disbursements are made.

(5) Expenditures from the fund must be recovered and returned to the fund over the operational life of the project. The intent is to recover the principal of the fund from fees generated by the project.

(6) Neither deposits to the fund nor appropriations from the fund would be subject to the appropriation limit.

Among the alternatives available, I believe that a constitutional amendment is the most effective and direct method of achieving the objectives of the major projects fund. As you know, amendments to the Alaska Constitution must be ratified by the voters at a general election. The next general election will occur in November, 1984. I believe that if ratification of the amendment is delayed until November, 1986, it would come too late to capture enough money to accomplish the intended purposes of the fund.

I look forward to working with you and members of the legislature on this important piece of legislation.

Sincerely,

Bill Sheffield

Bill Sheffield
Governor

HJR

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(1)

Feb 29 3:05 Shultz Jarvis, Liska Gould Rings
Vaska - Goll - Oehling

015 Szymanski -

085 Cowdery - how effect HB 546 - Δ not regulated gameharvesting - ? 3 mile limit ?
Δ Admin. indic on Sen. side they would maintain 3 mile jurisd. ? Other aquariums on permit ? Δ Sea World only - one of largest 1st knocking on door -

0125 Ringstad - intro to teleconf net

0130 Cowd - life expectancy ? Considerably reduced - deferred to expert witnesses

154 Rep Vaska - Jurisdictional or biological question ?
Δ more appropriately

190 Lanny Cornell - Sea World -
- not opposed to Szym. reso, except where derogatory use of Sea World's name -

255 Rings - any problem sharing data Δ no

260 Goll - What benefits accrue to Resource + new info - tour boats - baseline hearing studies blood studies - predator at top of food chain -

288 Liska - Washington state lawsuit Δ 40 60 animals in 1960s removed from WA/BC waters - extenuating circumstances - economic decision

335 Cowdery - What techniques ? Injury ? Δ Basically seine technique - No injuries - Szym - never convicted - bodies of orcas floating to shore

380 Cowdery - Studies on how whales react return to capture sites - pods bigger

400 Uehling - how much revenue to Sea World
△ this year approx 120 million - ? how much to research? △ approx 5%

415 Cowdery - What value to captive orca -
△ depends on cost of capture and transport

430 Coll - no longer use of underwater explosives
△ used to keep animals out of net ends
better techniques and controversy
? Use of research to justify zoo collection?
△ Understand - only collection - research from platform of capture activities -

495 Uehling - why NMFS rule against import killer whales from Iceland △ Census - Sea World agrees w/NMFS

520 ADF&G - Kelso & Lou Pamplin Gamed in.
AS 16.05.930 - does not prohibit
look at biological questions - 93 SE 30 Pos 66 Shelakof Strait Minimum EST
No biological problem to maintaining population
Feds have mgmt authority - but state controls activities w/in 3 miles

690 Paul Spong - Orcalab. - Sea World out of step with times

900 Richard Osborne. Mocips - ten year documentation of composition of all killer whales in Puget Sound
- Captures do not need to begin before photo id is done - should be catalogued within 2 yrs

(3)

1050 Steven Leatherwood - Hubs SeaWorld Research Institute
Disparities between claims and reality
2 parts 1 - observational
2 benign, hands-on, release back to pod

1270 Austin Hammond - President AMB Camp No 5
Haines - Resolution from Convention -
Related Tlingit legend of Killer Whale -
If we hurt them, they gonna get after us.

1450 - Dr John Hall - population biology research since 1976
Anchorage

Tape Change

0053 Ron Brinkley - Anch - Questions USNavy's
research on Marine mammals - that

081 Carolyn Fall - representing 14 people at
Valdez ~~to~~ L10 - all against Sea World
taking Kiw from Alaskan waters

090 Celia Hunter - FOX - other acquariums
will move in if Sea World is okayed

108 Dobrina - Ktn - Objects to taking
Killer whales

122 George Lewis - Haines - Austin Hammond's nephew
Killer whales provided help 766-2154
research material over last 20,000 yrs.

165 Anch
Ken Jones - Charter Operator in PWS - close contact
with several pods - would like not to see
Sea World in PWS - will disrupt charter
operations

(4)

192 Pam P. Ketchikan ↔ our whales respect should be whales last frontier –

210

215 Szymanski – asked for special telecon.

222 Adjourn at 455

MSG 84-00019174 PRTY 1 02/29/84 16:01:59 ORIG: LA08 IN= 0011 OUT= 0024
FROM: CANDY/ANCHORAGE TO: TOM
TARGET: LJN7 SUBJ: ORCA T/C

OMNI # 4

TO TESTIFY:

6. BONNIE STEER

MSG 84-00019195 PRTY 1 02/29/84 16:21:32 ORIG: LV00 IN= 0011 OUT= 0028
FROM: ANNI/VALDEZ TO: JACK/JUNEAU T/C
TARGET. LJH7 SUBJ: ORCA T/C

OMNI #5

TO TESTIFY:

12. KIM GOOD
13. LINDA NESLUND

TO OBSERVE

14. JOHN HILGENDORF

MSG 84-00019246 PRTY 1 02/29/84 17:27:12 ORIG: LA19 IN= 0013 OUT= 0033
FROM: LARRY/ANCHORAGE TO: TOM/JUNEAU
TARGET: LJH7 SUBJ: HOUSE RESOURCES-HJR-58-KILLER WHALE

FINAL STATS:

TO TESTIFY:
1. DR. JOHN D. HALL/SOLACE ENTERPRISES,P.O. BOX 4885,ANCH.,99570,688-3188
2. RON BRINKLEY,P.O. BOX 4-966,ANCH.,99501
3. TIM JONES/STAN STEPHENS CHARTERS,BOX 106,ANCH.,99510,349-5070
4. CINDY LOWRY,9271 CAMPBELL TERR.,ANCH.,243-4061
5. LARRY WILLIAMS,SRA BOX 2437A,ANCH.,99587,345-6267
6. SALLIE HOGG,3032 W. 42ND PL.#6,ANCH.,99503,248-1015
7. GALE LAZARUS,AK. ZOO,SRA 1728 W.,ANCH.,99507,344-3022
8. TERRY BURRELL,P.O. BOX 8,ANCH.,99510,333-2774
9. CHARLES K.(KELLY) WEAVERLING,1303 W. 39TH PL.,ANCH.,99503,563-2262
10. DAVID J. DRISCOLL,1146 KARLUK,ANCH.
11. WAYNE HALL,2411 INGRA ST.,ANCH.,99508
12. MARILYN HOUSER/SELF,P.O. BOX 6455,ANCH.,(W)274-6524
13. BILL PARKER/SELF,200 DENALI,272-4192
14. RACHAEL MEEKS/AK. PRINCESS CHARTERS INC.,3320 SEAWIND DR.,ANCH.,345-5583

MSG 84-00019123 PRTY 1 02/29/84 15:33:20 ORIG: LK00 IN= 0006 OUT= 0015
FROM: EVELYN/KETCHIKAN TO: TOM/MODERATOR
TARGET: LJH7 SUBJ: KILLER WHALES T/C

OMNI #1

HERE IN KETCHIKAN TO TESTIFY:

1. JILL DOBRYBNIA, NORTH POINT HIGGENS, KETCHIKAN, AK 99901 PHONE: 247-2307
2. PAM LEASK, PO BOX 756, WARD COVE, AK 99928 PHONE: 225-4397
3. KATHERINE DREYFUS, PO BOX 8713, KETCHIKAN, AK 99901 PHONE: NONE
4. ROCHELLE ROLLENHAGEN, PO BOX 5311, KETCHIKAN, AK 99901 PHONE: NONE
5. S. D. GRIFFITH, 2509 - 4TH, KETCHIKAN, AK 99901 PHONE: 225-5069

HERE IN KETCHIKAN TO OBSERVE:

1. DAVID S. KIFFER, KTN DAILY NEWS, DOCK STREET, KETCHIKAN PHONE: 225-3157

MSG 84-00019131 PRTY 1 02/29/84 15:32:30 ORIG: LJA8 IN= 0007 OUT= 0016
FROM: JACK TO: TOM
TARGET: LJH7 SUBJ: YAKUTAT

CATHY/YAUTAT WAS TRYING TO HAIL YOU, AT THE SAME TIME YOU WENT OFF AIR
FOR A SEC.

JACK

MSG 84-00019240 PRTY 1 02/29/84 17:02:36 ORIG: LA08 IN= 0017 OUT= 0031
FROM: CANDY/ANCHORAGE TO: TOM
TARGET: LJH7 SUBJ: FURTHER ON THE ORCA T/C

ALTHOUGH WE DID TAKE THE SURVEY OF "FORS" AND "AGAINSTS," SEVERAL PEOPLE AFTERWARDS, INCLUDING OUR ORIGINAL REQUESTOR, INDICATED THAT THEY WERE UNCOMFORTABLE WITH A SIMPLE YES OR NO. THESE PEOPLE ESPECIALLY INDICATED THAT THEY WERE FOR THE RESOLUTION, BUT FELT THAT IT IS TOO WEAK IN ITS PRESENT FORM. SO, RATHER THAN MAKE THIS MAKE THIS ANY MORE COMPLICATED THAN IT HAS BEEN, WE HAVE ADVISED PEOPLE TO SEND P.O.M'S OR WRITTEN TESTIMONY, AND WILL SIMPLY SEND YOU OUR FINAL STATS.

I APOLOGIZE FOR ANY INCONVENIENCE OR CONFUSION THIS MAY HAVE CAUSED.

MSG 84-00019211 PRTY 1 02/29/84 16:30:41 ORIG: LA08 IN= 0016 OUT= 0029
FROM: CANDY/ANCHORAGE TO: TOM
TARGET: LJH7 SUBJ: ANOTHER REQUEST

TERRY BURRELL, OUR FORMER REQUESTOR, WOULD LIKE THE MESSAGE PASSED ON THAT
SHE DOES FEEL ANOTHER PUBLIC HEARING IS NECESSARY SINCE IT DOES APPEAR
THAT ANCHORAGE PEOPLE WILL NOT HAVE MUCH OF A CHANCE TO SPEAK.

MSG 84-00019176 PRTY 1 02/29/84 16:05:58 ORIG: LF02 IN= 0005 OUT= 0025
FROM: PAULA/FKS TO: TOM JNU
TARGET: LJH7 SUBJ: ORCA T/C

WOULD IT BE POSSIBLE FOR THE CHAIR TO ASK THE PEOPLE TO IDENTIFY THEMSELVES AND TELL WHAT COMMUNITY THEY ARE FROM. IT IS HARD TO TELL WHERE THE PEOPLE WHO ARE SPEAKING ARE FROM.

May I
reiterate
1) short testimony,
2) new info, and
3) urge spokespeople
for a group?

Will you let
people know in clos-
ing of future bill
hearings?

Bethel NO

#11 Rebecca Reeves

MSG 84-00019132 PRTY 1 02/29/84 15:31:43 ORIG: LA08 IN= 0009 OUT= 0014
FROM: CANDY/ANCHORAGE TO: TOM
TARGET: LJH7 SUBJ: TROUBLE ON LINE

LEARN ALASKA TELLS US IT IS YAKUTAT -- MICKI IS CALLING THEM RIGHT NOW.

FBX.

MSG 84-00019121 PRTY 1 02/29/84 15:25:09 ORIG: LF02 IN= 0003 OUT= 0012
FROM: PAUL0/FKS TO: TOM JNU
TARGET: LJH7 SUBJ: PARTICIPANTS HSE RESOURCES HJR 58

OMNI # 2 - FAIRBANKS PARTICIPANTS

TO TESTIFY:

1. CELIA M. HUNTER

----------EOM

MSG 84-00019136 PRTY 1 02/29/84 15:34:35 ORIG: LAS3 IN= 0005 OUT= 0017
FROM: MICKI/ANCHORAGE TO: ELAINE/SITKA
TARGET: LJH7 SUBJ: YAKITAT CC: TOM

HAS GONE OFF LINE AS THEY HAD NO PARTICIPANTS, CATHY ASKED THAT I LET
YOU KNOW SO YOU COULD INCLUDE HER IN YOUR STATS..

MSG 84-00019126 PRTY 1 02/29/84 15:29:17 ORIG: LF02 IN= 0004 OUT= 0013
FROM: PAULA/FKS TO: TOM JNU
TARGET: LJH7 SUBJ: PROBLEM

WE WERE NOT ABLE TO HEAR SOME OF THE LEGISLATORS WHO SPEAK. I'M NOT SURE WHO WAS TALKING. YAKATAT WAS HAILING YOU ALSO, YOU MAY HAVE HEARD THEM BUT WERE UNABLE TO RESPOND.

MSG 84-00019126 PRTY 1 02/29/84 15:29:17 ORIG: LF02 IN= 0004 OUT= 0013
FROM: PAULA/FKS TO: TOM JNU
TARGET: LJH7 SUBJ: PROBLEM

WE WERE NOT ABLE TO HEAR SOME OF THE LEGISLATORS WHO SPEAK. I'M NOT SURE WHO WAS TALKING. YAKATAT WAS HAILING YOU ALSO, YOU MAY HAVE HEARD THEM BUT WERE UNABLE TO RESPOND.

FROM: PAULA/FKS TO: TOM JNU
TARGET: LJH7 SUBJ: PARTICIPANT LIST- HOUSE RESOURCES HJR58

OMNI # 1 FAIRBANKS PARTICIPANTS

NO PARTICIPANTS AT THIS TIME, WE MAY GET ONE AT A LATER TIME BUT HAVE NOT HEARD FROM HER YET.

----------EOM

MSG 84-00019112 PRTY 1 02/29/84 15:14:39 ORIG: LR00 IN= 0013 OUT= 0008
FROM: JOHN IN BARROW TO: KEN
TARGET: LJH7 SUBJ: 2/29 ORCA T/C.

OMNI # 1:

TO OBSERVE:

LAURIE KIBBY A.E.W.C. BOX 570 BARROW

MSG 84-00019116 PRTY 1 02/29/84 15:19:57 ORIG: LV00 IN= 0007 OUT= 0010
FROM: ANNI/VALDEZ TO: TOM/JACK..JUNEAU T/C
TARGET: LJH7 SUBJ: KILLER WHALES

OMNI #1

TO TESTIFY:
1. CAROL N. A. FALL
2. DAVE JANKA

TO OBSERVE, AND POSSIBLY TESTIFY LATER:
3. ANNETTE JANKA
4. GEORGE PERKINS
5. GEORGE BERG

WE ARE EXPECTING SEVERAL PEOPLE AFTER 3:30 AND ANOTHER GROUP AFTER 4:00.
WILL OMNI ANY CHANGES.

Anchorage

-00019118 PRTY 1 02/29/84 15:23:37 ORIG: LA19 IN= 0011 OUT= 0011
CANDY/ANCHORAGE TO: TOM
T: LJH7 SUBJ: ORCA TELECONFERENCE

OMNI # 3

TO TESTIFY:

2. MARILYN HOUSER
3. BILL PARKER
4. RACHAEL MEEKS
5. JIM MEEKS

MSG 84-00019091 PRTY 1 02/29/84 15:11:02 ORIG: LA19 IN= 0008 OUT= 0006
FROM: LARRY ANCHORAGE TO: TOM/JUNEAU
TARGET: LJH7 SUBJ: HOUSE RESOURCES-KILLER WHALES

OMNI 1.

TO TESTIFY:
1. DR. JOHN D. HALL,SOLACE ENTERPRISES,ANCHORAGE,688-3188
2. RON BRINKLEY,P.O. BOX 4-966,ANCH.,99501
3. TIM JONES,STAN STEPHENS CHARTERS,ANCHORAGE, 349-5070
4. CINDY LOWRY,9271 CAMPBELL TERRACE,ANCH.,243-4061
5. LARRY WILLIAMS,SRA BOX 2437A,ANCH.,99587, 345-6267
6. SALLIE HOGG,3032 W. 42ND,PL.#6,ANCH.,99503, 248-1015
7. GALE LAZARUS,AK. ZOO,SRA 1728 W.,ANCH.,99507, 344-3022
8. DAVID J. DRISCOLL,1146 KARLUK,ANCH.
9. WAYNE HALL,2411 INGRA ST.,ANCH.,99508,
10. TERRY BURRELL,P.O. BOX 8,ANCH.,99510,333-2774
11. CHARLES K.(KELLY) WEAVERLIM,1303 W. 39TH PL., ANCH.,99503,563-2262
++

MSG 84-00019139 PRTY 1 02/29/84 15:38:44 ORIG: LV00 IN= 0008 OUT= 0018
FROM: ANNI/VALDEZ TO: JACK/TOM JUNEAU T/C
TARGET: LJH7 SUBJ: KILLER WHALES T/C

OMNI #2 (FOLLOWING TELEPHONE CALL WHEN WE WERE STOPPED ON CLOCK)

TO TESTIFY:

6. JAMES LETHCOE

TO OBSERVE:

7. KAREN WACKS (MAY DECIDE TO TESTIFY)

8. SUE HOPKINS, VALDEZ VANGUARD

MSG 84-00019145 PRTY 1 02/29/84 15:39:47 ORIG: LJA8 IN= 0008 OUT= 0019
FROM: DORIS TO: TOM
TARGET: LJH7 SUBJ: PAT'S NAMES

JAMES LETHCO
KAREN WACKS
SUE HOPKINS

MSG 84-00019154 PRTY 1 02/29/84 15:45:16 ORIG: SOL$ IN= 0006 OUT= 0020
FROM: LORI,SOLDOTNA FOR BECKY TO: TOM,JNU TC
TARGET: LJH7 SUBJ: KILLER WHALES TC

OMNI #1
TO TESTIFY:

1. BOB SIZEMORE

EOM

MSG 84-00019153 PRTY 1 02/29/84 15:46:02 ORIG: LV00 IN= 0009 OUT= 0021
FROM: ANNI VALDEZ TO: JACK/TOM/JUNEAU
TARGET: LJH7 SUBJ: KILLER WHALES TC

OMNI #3

TO TESTIFY:

9. LINDA LEVY
10. GENE SALINAS
11. Rebecca Reeves

FYO: WE HAVE 10 PEOPLE SITTING AROUND ONE TABLE WITH ONE MICROPHONE. WHEN IT IS TIME FOR THEM TO TESTIFY WE WILL PASS THE MIKE AS RAPIDLY AS POSSIBLE BUT IT MAY TAKE A MOMENT. THANK YOU.

~~Author~~

Harris

left Rebecca Redwine-Monroe (time constraint)

▷ George Lewis 766-2164

Seattle

~~Pat Harris~~

Pat Herron, Greenpeace

John Manley H. Resources
C418

MAR 5 1984

KCAS !!!

MSG 84-00019298 PRTY 1 03/01/84 07:57:00 ORIG: LV00 IN= 0001 OUT= 0002
FROM: ANNI/VALDEZ TO: JACK/JUNEAU MODERATOR
TARGET: LJHV SUBJ: HOUSE RESOURCES COMM./KILLER WHALES

****

LEGISLATIVE TELECONFERENCE NETWORK SIGN-IN SHEET

****

DATE: FEBRUARY 29, 1984
SITE/LOCATION: VALDEZ
SPONSOR/SUBJECT: HOUSE RESOURCES COMMITTEE/HJR-58

VALDEZ STATS:
UNABLE TO TESTIFY: ___13__
TESTIFY: ___1___
OBSERVE: ___4___
TOTAL: __18___

LOCAL MODERATOR: ANNI
****T/C STARTED: 3:15 P.M.
****T/C ENDED: 5:05 P.M.

****

	NAME/REPRESENTING	ADDRESS/PHONE	TESTIFY	OBSERVE
1.	CAROL M. A. FALL	ST. RT., BOX 10, VALDEZ 835-5046	X	
2.	DAVID JANKA	P.O.BOX 1022, VALDEZ	X *	
3.	ANNETTE JANKA	P.O.BOX 1022, VALDEZ		X
4.	GEORGE PERKINS	P.O.BOX 501, VALDEZ 835-5086	X *	
5.	GEORGE BERG	P.O.BOX 1107, VALDEZ 835-4406		X
6.	SUE HOPKINS VALDEZ VANGUARD	P.O.BOX 157, VALDEZ 835-2211		X
7.	KAREN WACK	P.O.BOX 97, VALDEZ 835-2681	X *	
8.	JAMES LETHCOE	P.O.BOX 1313, VALDEZ	X *	
9.	LINDA LEVY	P.O.BOX 33, VALDEZ	X *	
10.	GENE SALINAS	P.O.BOX 915, VALDEZ	X *	
11.	REBECCA J. REEVES	P.O.BOX 2173, VALDEZ	X *	
12.	JOHN HILGENDORF	P.O.BOX 2173, VALDEZ		X
13.	KIM GOOD	P.O.BOX 2176, VALDEZ 835-2654	X *	
14.	LINDA NESLUND	P.O.BOX 1815, VALDEZ 835-4407	X *	
15.	CHERYL MYERS	P.O.BOX 354, VALDEZ	X *	
16.	KANDI CONNOR	P.O.BOX 2500, VALDEZ	X *	
17.	STEVEN STONE	P.O.BOX 2391, VALDEZ	X *	
18.	PATRICK LEVY	P.O.BOX 33, VALDEZ 835-4658	X *	

* DID NOT HAVE OPPORTUNITY TO TESTIFY. HOPEFULLY THERE WILL BE ANOTHER T/C ON THIS SUBJECT WITH MORE TIME AVAILABLE.

SORRY THIS DID NOT GO OFF LAST NIGHT. I HAD A ZORK 22.

MSG 84-00019689 PRTY 1 03/01/84 14:22:59 ORIG: LAS3 IN= 0005 OUT= 0070
FROM: MICKI/ANCHORAGE T/C TO: KEN/JUNEAU T/C
TARGET: LJHV SUBJ: HOUSE RESOURCES/ HJR 58 "KILLER WHALES"

FINAL STATS

****

LEGISLATIVE TELECONFERENCE NETWORK SIGN-IN SHEET

****

DATE: WED. FEBRUARY 29, 1984
SITE: ANCHORAGE
SPONSOR/SUBJECT:HOUSE RES. ,RCES, HJR 58 "KILLER WHALES"

3..TESTIFIED *****T/C STARTED: 3:15
..19..OBSERVED *****T/C ENDED: 5:00PM
..22..TOTAL

TESTIFIED
****

1. DR. JOHN HALL, SOLACE ENTERPRISES, PO BOX 4885, 99510, 688-3188
2. RON BRINKLEY, PO BOX 4-966, 99501
3. TIM JONES, STAN STEPHENS CHARTERS, BOX 106, 99510 349-5070

OBSERVED
****

LJ52

1.CLIFF EAMES, 3725 MOUNTAIN VIEW DR., 99508
2.BILLY JOE WARREN, 3601 PETERKIN AVE. #B, 99508
3.MARK COOK, 321 LAKERIDGE DR, EAGLE RIVER, 680-3644

****

UNABLE TO TESTIFY DUE TO TIME
****

1. CINDY LOWRY, 9271 CAMPBELL TERR. 243-4061
2. LARRY WILLIAMS, SRA BOX 2437A, 99587, 345-6267
3. SALLIE HOGG, 3032 W. 42ND PLACE #6, 99503, 248-1015
4. GALE LAZARUS, ALASKA ZOO, SRA BOX 1728 W. 99507, 344-3022
5. TERRY BURRELL, PO BOX 8, 99510 333-2774
6. CHARLES K. (KELLY) WEAVERLING, 1303 W. 39TH PL. 99503, 563-2262
7. DAVID J. DRISCOLL, 1146 KARLUK, ANCHORAGE
8. WAYNE HALL, 2411 INGRA ST. , ANCHORAGE 99508
9. MARILYN HOUSER, PO BOX 6455, 274-6524
10. BILL PARKER, 200 DENALI, 272-4192
11. RACHEL MEEKS, AK. PRINCESS CHARTERS, INC. 3320 SEAWIND DR. 345-5583
12. JIM MEEKS, SELF, 3320 SEAWIND DR, ANCHORAGE 345-5583
13. BONNIE STEER, SRA BOX 24M, 344-6928
14. DAVID FINKELSTEIN, SELF, 3911 PETERKIN AVE, 99508, 272-9317
15. FRED KOUNTS, 701 C STREET, BOX 43, 271-5006
16. JANIS POLE, 943 W. 20TH, 99503, 272-2764

MSG 84-00019247 PRTY 1 02/29/84 17:10:27 ORIG: LF02 IN: 0000 OUT: 0000
FROM: PAULA/FBX TO: JNO T/C
TARGET: LJHV SUBJ: FINAL STATS/HOUSE RESOURCES HJR 58/ 2-29

****
LEGISLATIVE TELECONFERENCE NETWORK SIGN-IN SHEET
****

2-29-84_____:DATE
FAIRBANKS_____:SITE/LOCATION
HOUSE RESOURCES/HJR 58/ KILLER WHALES:SPONSOR/SUBJECT

TESTIFIED/PARTICIPATED:

1. CELIA M. HUNTER, SR 20974, FKS, AK, 99701 479-2754

OBSERVED:

_____STATS_____

1_____TESTIFY/ED *****T/C STARTED:_3:15 P.M.
0_____OBSERVE/ED *****T/C ENDED:_5:00 P.M.
1_____TOTAL

==========EOM

FEBRUARY 29, 1984
MEDIA STUDIO/UNALASKA
HOUSE RESOURCES COMMITTEE/
HJR-58 "KILLER WHALES"

CEC RIORDAN/MODERATOR

NAME/REPRESENTING	ADDRESS/PHONE	TESTIFY	OBSERVE
1. MICHAEL SAFFORD	GENERAL DELIVERY, UNALASKA 581-1297	X	X
2. MARK GUSTAFSON	PO BOX 14, UNALASKA 581-1380	X	

2 TO TESTIFY BUT DID NOT GET TO
0 TO OBSERVE
2 TOTAL

T/C STARTED 3:20 P.M.
T/C ENDED 5:00 P.M.

BOTH PARTIES WOULD LIKE TO BE ABLE TO GIVE THEIR TESTIMONY AT A LATE DATE IF THERE IS TO BE ANOTHER TELECONFERENCE. THEY FELT FLUSTERED THAT THEY WERE NOT ABLE TO BE HEARD.

MSG 84-00019245 PRTY 1 02/29/84 17:10:36 ORIG: 410$ IN= 0002 OUT= 0079
FROM: TOM IN JNU TO: ALL SITES ATTN ANC
TARGET: LJHV SUBJ: PART LIST ORCA T/C 2/29

THOSE NON-COMMITTEE MEMBERS WHO SPOKE,

REP MIKE SZYMANSKI LEG
LANNY CORNELL, SEA WORLD, SAN DIEGO
DR. PAUL SPONG, ORCALAB, ALERT BAY, BC
RICHARD OSBORNE, MOCLIPS CETOLOGICAL INSTITUTE, FRIDAY HARBOR WN
AUSTIN HAMMOND, ANB-ANS, CAMP 5, HAINES
STEPHEN LEATHERWOOD, HUBBS-SEA WORLD RESEARCH INSTITUTE, SAN DIEGO, CA
DENNIS KELSO ADF&G
LEW PAMPLIN "

THIS IS A QUICK LIST.

TOM.....

MSG 84-00019415 PRTY 1 03/01/84 09:27:30 ORIG: SOL$ IN= 0003 OUT= 0013
FROM: SOLDOTNA/ TO: JUNEAU T/C
TARGET: LJHV SUBJ: F. STATS

****
LEGISLATIVE TELECONFERENCE NETWORK SIGN-IN SHEET
****

2/28/84_____:DATE
SOLDOTNA_____:SITE/LOCATION
HJR 58 KILLER WHALES_____:SPONSOR/SUBJECT
3:30_____:T/C START
5:00_____:T/C ENDED

____TESTIFY/ED
____OBSERVE/ED
1___TOTAL

NAME/REPRESENTING	ADDRESS/PHONE	TESTIFY	OBSERVE
1.BOB SIZEMORE	BOX 4199 KENAI, AK	WANTED TO TESTIFY BUT THERE WAS NO TIME.	
2.			
3.			
4.			

REGIONAL STATS

HOMER_____LTC SITE
_____TESTIFIED
1_____OBSERVED
1_____TOTAL

1.SEAN MARTIN	BOX 809, HOMER		X
2.			
3.			
4.			

REGIONAL STATS

SEWARD_____LTC SITE
_____TESTIFIED
_____OBSERVED
0____TOTAL

1.
2.
3.

MSG 84-00019242 PRTY 1 02/29/84 17:01:41 ORIG: 460$ IN= 0012 OUT= 0078
FROM: PETERSBURG/DOROTHY TO: JNU/TC
TARGET: LJHV SUBJ: FINAL STATS

****
LEGISLATIVE TELECONFERENCE NETWORK SIGN-IN SHEET
****
**********MODERATOR**********
TOM/JUNEAU

DATE FEB.29, 1984
SITE: PETERSBURG
SUBJECT: HJR 58 KILLER WHALES
..0...TESTIFIED
..3...OBSERVED
..3...TOTAL

*****T/C STARTED. 3:15 P.M.
*****T/C ENDED: 5:00 P.M.

****
TESTIFIED
--0--

OBSERVED
****

1. NEVA BOWEN	BOX 68	PETERSBURG,	AK 99833	772-4974
2. MARY JANE BEY	BOX 709	PETERSBURG,	AK 99833	772-3144
3. MARILYN GEORGE	BOX 1031	PETERSBURG,	AK 99833	772-4515

NEVA BOWEN AND MARILYN GEORGE WERE PREPARED TO TESTIFY, BUT TIME WOULD NOT ALLOW.

MSG 84-00019238 PRTY 1 02/29/84 16:58:01 ORIG: LK00 IN= 0008 OUT= 00??
FROM: EVELYN/KETCHIKAN TO: JNUTC
TARGET: LJHV SUBJ: HJR 58/KILLER WHALES 2/29-TOM MODERATOR

****

LEGISLATIVE TELECONFERENCE NETWORK SIGN-IN SHEET

****

__FEB 29, 1984_____:DATE
__KTN/LIO_____:SITE/LOCATION
__HOUSE RESOURCE/KILLER WHALES __:SPONSOR/SUBJECT

FINAL STATS:

--2-----:TESTIFIED
--5-----:OBSERVED
--7-----:TOTAL

*****T/C STARTED:-3:30PM----
*****T/C ENDED:-5:00PM----
NOTE: FOUR PEOPLE WANTED TO TESTIFY--COULDN'T.

NAME/REPRESENTING ADDRESS/PHONE	TESTIFY	OBSERVE
1. JILL DOBRYSHIA, N. POINT HIGGENS, KETCHIKAN, AK 99901 PHONE: 247-2307	X	
2. PAM LEASK, PO BOX 756, WARD COVE, AK 99928 PHONE: 225-4397	X	
3. KATHERINE DREYFUS, PO BOX 8713, KETCHIKAN, AK 99901 PHONE: NONE		X
4. ROCHELLE ROLLENHAGEN, PO BOX 5311, KETCHIKAN, AK 99901 PHONE: NONE		X
5. S.D. GRIFFITH, 2509 FOURTH AVE, KETCHIKAN, AK 99901		X
6. DAVID S. KIFFER, KTN DAILY NEWS, DOCK ST., KETCHIKAN, AK 99901		X
7. CONNIE GRIFFITH, 2509 FOURTH AVE, KETCHIKAN, AK 99901		X

MSG 84-00019256 PRTY 1 02/29/84 17:34:31 ORIG: LR00 IN= 0015 OUT= 0082
FROM: JOHN IN BARROW TO: JNUTC STATS (TOM)
TARGET: LJHV SUBJ: 2/29 (H)RES HJR-58 T/C.

FINAL STATS**********FINAL STATS**********FINAL STATS**********FINAL STATS
**********FINAL STATS**********FINAL STATS**********FINAL STATS**********
****

LEGISLATIVE TELECONFERENCE NETWORK SIGN-IN SHEET

****

FEB. 29, 1984_____:DATE
BARROW LIO_____:SITE/LOCATION
(H)RES --- HJR-58_____:SPONSOR/SUBJECT

NAME/REPRESENTING	ADDRESS/PHONE	TESTIFY	OBSERVE
1. LAURIE KIBBY A.E.W.C.	BOX 570 BARROW 99723		XXX

_____STATS_____

__-0-_TESTIFY/ED
__-1-_OBSERVE/ED
__-1-_TOTAL

******T/C STARTED:___3:00_
******T/C ENDED:____5:00_

MSG 84-00019466 PRTY 1 03/01/84 10:25:15 ORIG: SIT$ IN= 0001 OUT= 0026 **
FROM: ELAINE, SITKA TO: TOM, PRIMARY MODERATOR
TARGET: LJHV SUBJ: FINAL STATS 2-29, H-RESOURCES, HJR 58

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LEGISLATIVE TELECONFERENCE NETWORK SIGN-IN SHEET

****

DATE: FEBRUARY 29
SITE: SITKA
SPONSOR/SUBJECT: H RESOURCES/KILLER WHALES

0.....TESTIFIED *****T/C STARTED: 3:30
0.....OBSERVED *****T/C ENDED: 5
0 TOTAL

NO ONE IN ATTENDANCE
****

HAINES	HOONAH	YAKUTAT	CORDOVA
1 TESTIFIED	0 TESTIFIED	0 TESTIFIED	2 TESTIFIED*
1 OBSERVED	1 OBSERVED	0 OBSERVED	2 OBSERVED
2 TOTAL	*1* TOTAL	0 TOTAL	*4* TOTAL
			(2 WITNESSES WERE UNABLE TO SPEAK

HAINES/TESTIFIED

1. GEORGE A. LEWIS, BOX 183, HAINES

OBSERVED

1. REBECCA REDWINE-MUNROE, BOX 602, HAINES

HOONAH/OBSERVED

1. CECILIA TAVILIERO, BOX 204, HOONAH

CORDOVA/WISHED TO TESTIFY BUT WERE NOT CALLED

1. ROBYN TAYYAN, BOX 399, CORDOVA
2. SANDRA KING, BOX 965, CORDOVA

OBSERVED
1. BET BROEKENA, BOX 1301, CORDOVA
2. PAMELA STRICKLAND, BOX 1517

Please Support HJR #58 - We are Concerned

Paul + Bonnie Steer
SRA Box 24M
Anch., AK 99507

HOUSE RESOURCES COMMITTEE
FEB 21 1984

ALASKA'S KILLER WHALES

To: Prince William Sound Boaters and other Concerned Persons

From: Jim and Nancy Lethcoe, Alaskan Wilderness Sailing Safaris (Whittier); Stan Stephens, Stan Stephens Yacht Charters (Valdez), Tim Jones, PWS charter boat skipper; Gail Somerville, Anchorage Friend of the Killer Whales. Beth Buchanan, Alaska Marine Charter Service; Carol Clause, Resurrection Bay Sails (Seward), Bev and Carroll Griffeth, Adventure Cruises (Seward), Jeep Reed, Pilot Rock Sailing Charters (Whittier), Joan Gidlund, Prince William Sound Glacier Cruises (Whittier); Bob Scott, Mt. McKinley Alaska Glacier Tours (Anchorage); Anita Stewart, Anchor Tours and Charters (Homer); Katy Case, Case Alaska with Katy (booking agent, Anchorage). Natural History Ventures, (Whittier); Paul and Priscilla Steer, Arctic Tern II Leasing, (Whittier); John Sheety, Mariah Charters (Seward). Background materials prepared by Nancy Lethcoe.

Topic: BACKGROUND SHEET ON KILLER WHALES AND CAPTURE PROGRAMS

Killer whales, *orcinus orca,* are the largest toothed whales utilising Prince William Sound. Although Killer whales may be seen any time during the year, it is not known whether individual pods, which are permanent family groups, are year round residents or migrants who use the Sound as an important part of their yearly cycle. Larger than normal concentrations of killer whales are often seen in November and early December. Unlike other U.S. coastal areas, virtually no base-line research exists on Alaska's killer whale pods including their size, composition, range, territories and behavior.

In Sept. 1983, the National Marine Fisheries granted Sea World a permit to capture 100 killer whales. The permit authorizes capture of 100 killer whales with an average of 7 killer whales being kept each year for 5 years for public display and breeding purposes. Not more than 30 whales are to be captured each year in Alaska. Prince William Sound's Knight Island pod is a specific target. Sea World's operations are expected to begin in July, 1984.

Among other things, the permit states that:

1. Authorization from the Assistant Administrator for Fisheries (William G. Gordon) is required prior to conducting any capture activities.
2. A local population census study (minimal) must be made.
3. No more than two animals may be removed from any distinct pod and no more than 1/2 of any sex/age class (immature, mature) may be removed for any distinct pod during a 5-year period.
4. The animals shall be taken by the means, in the areas, and for the purposes set forth in the application unless otherwise specified in this Permit.
5. The captured animals can only be held for as long as "the associated animals remain in the area," until authorized by the Assistant Adm. for Fisheries. Authorization to hold them longer is pending on the results of a pilot study to determine how long killer whales can be kept and still return to their original pod.
6. Animals previously captured may be recaptured up to 2 times but not more than once in any calendar year.
7. Animals encircled by net in the course of any authorized activity shall be considered captured.

The permit requires only that the Assist. Admin. for Fisheries be notified that a capture is about to occur, it does not require that an observer be aboard any or all Sea World associated boats from the beginning to the end of the capture effort or that Sea World make available its records so that outside observers can know whether Sea World is abiding by the terms of its permit in capturing the right number of whales the specified number of times.

REVIEW OF SOME PAST CAPTURE EFFORTS AND POTENTIAL PROBLEM AREAS:

1. The permit does not sufficiently stipulate the capture techniques and any restrictions on such techniques.

To capture killer whales, the hunters must be able to track a pod. Tracking procedures have not been specified in the application or the permit. In the Puget Sound area, there were considerable problems with inhumane tracking procedures, such as harpooning the dominant whale and following the brightly colored float attached to the harpoon for days and weeks at a time. This was banned by the Marine Mammal Protection Act.

Techniques used in the capture need to be analysed for their safety to the killer whales and their humaneness. "The ethics of killer whale hunting became a nationwide topic of discussion after a hunter (Don Goldsberry, Chief Collector for Sea World) captured six whales near Olympia, Wash. . . . He used two motorboats, a spotter airplane, and small explosive depth charges to frighten the animals into a net. In an atmosphere of strong public feeling, the State of Washington brought suit against the hunter and the aquarium corporation for which he was acting. Soon the federal government was drawn into the action. By then, three of the captives had escaped and one had been released because it was too large to keep. The corporation abruptly released the remaining two and agreed never again to hunt whales in Puget Sound (volunatarily signed by Dr. Lanny Cornell, Sea World)." (Scheffer, p. 125-126).

The permit states that "the collection techniques and procedures referenced in the applications are acceptable and shall be the manner in which the animals are taken." Sea World's application reguests that Donald Goldsberry be allowed maximum flexibility in the use of any techniques described in the two-page paper "A Live Capture Technique for the Killer Whale," by Goldsberry and Asper, 1978 (Ironically, this is the year that another 2 of their captured whales died). The paper recommends using explosives, speedboats, and low-flying aircraft within 50 feet of the water -- or less when landing. This leaves open the use of very low flying and taxing float planes being used to drive the whales.

2. Observers are needed to see that the terms of the permit are followed. The observers must have access to Sea World Scientific data to know whether whales are being recaptured or taken from the same pods.

In the past, hunters in Puget Sound have attempted to avoid adverse publicity by concealing the deaths of killer whales during capture. "For example, in 1970, the bodies of four baby killer whales, trussed and weighted like Chicago gangsters, washed ashore . . . at the scene of a previous hunt." (Scheffer, p. 125). Observers should be placed aboard all Sea World chase and capture boats to avoid this type of tragedy.

3. Captured killer whales need to be kept either temporarally or permanently. The permit makes no mention of how and where captured killer whales are to be held. Lanny Cornell has stated that they will be kept in nets or on deck for 4-5 days (presumably after they have satisfied the NMFS's concern that killer whales will be able to return to their pods when released.) Sea World's application mentions "allowing" the killer whales to swim into a bay, then closing the bay off with large mesh nets until the killer whales are moved into water once their length in depth. They will be penned in enclosures twice their body length.

4. Some scientists and boat operators claim that persistent hunting 'spooks' killer whales.
Some collectors, such as Sea World's Don Goldsberry, deny this. However, others report that killer whales learned to recognise the motor of capture boats and avoided going to places where they had been harassed of captured. (Scheffer, p. 127 and personal communication with Bill Boyd, former Skipper of Killer Whale capture boat for Sealand of the Pacific Ltd. Victoria, B.C.). Charter boat operaters and recreational boaters in Puget Sound felt that killer whale hunting made the killer whales more wary of boats in general and that fewer migrant pods of killer whales visited Puget Sound waters. At the time, inadequate baseline information was available to ascertain this. No killer whale pod identification, territory, and behavioral studies have been done in Prince William Sound, so Sea World will again be able to argue that their hunting has no demonstrable effect on killer whale population shifts or behavior.

5. In the past, many killer whales have died during the capture process or from illnesses probably resulting from stresses related to capture. In the wild killer whales are believed to live 25 to 50

years. Of the 86 whales kept for exhibition or research between 1961 and 1980, 54 have died; 23 died within the first year. Stress related illnesses, such as pneumonia, ulcers, heart-attacks, and fungus are the major causes of death. Based on statistics in B. Hoyt, *The Whale Called Killer*. pp. 186–192. Of the 223 whales captured in Puget Sound, 10 died during capture, 31 were kept and 182 were released or escaped. These figures are low because accurate records were not kept of any category except whales kept. Hoyt, pp. 182–184. According to Hoyt's statistics, Sea World had kept 18 whales by 1980 of which 9 had died and 7 (from Iceland) had been in captivity for less than 3 years. At the time of the permit, Sea World had 8 whales.

6. **Sea World and their chief collector, Donald Goldsberry, have a dubious past record.** In 1970, Canada banned the collection of killer whales by non-Canadians partly as a result of abuses associated with Don Goldsberry's activities. In 1976, Sea World voluntarily signed the out-of-court settlement never to hunt in Washington State again as a direct result of lawsuit against them and Donald Goldsberry over their chase and capture procedures. After leaving Washington, Don Goldsberry went to Iceland. In the first two years, he captured 18 whales. Five suffered frostbite through neglect while in the holding pens. Two died. The rest were subsequently released. No attempt was apparently made to follow up on their survival. The Icelandic zoo with which Don Goldsberry is associated is under serious threat of closure by Icelandic authorities for neglecting the animals and treating them inhumanely.

7. **Sea World's breeding program:** According to Sea World spokesman, Lanny Cornell, Sea World already has enough killer whales to carry on and eventually obtain their breeding objectives, but it would take less time if more whales could be captured and added to the program. However, some marine biologists question whether Sea World or any other aquarium can keep a sufficient number of killer whales alive long enough to carry on a successful breeding program. Female killer whales attain maturity at about 13 years.

8. **Opening Pandora's Box:** Issuance of a permit to Sea World has opened the possibility that numerous other aquariums and freelance hunters will seek permits. Sea World argues that once they obtain more whales to speed up their breeding program that wild killer whales will no longer need to be captured. In effect, either Sea World will have been given a monopoly on the killer whale market for amusement parks or potentially all other aquariums will now be able to argue that they should receive equal access to and use of the wild killer whale resource.

SUGGESTED ACTION:

STATE LEVEL: You may wish to write your State Senators and Representatives asking for their support on House Joint Resolution 58 (major sponsor, Rep. Mike Szymanski) and Senate Joint Resolution 31 (major sponsor: Senator Vic Fischer). These bills are currently in the Resources committee. Public opinion messages can be sent to all members of the resources committee by calling 278-3668.

Representative Mike Szymanski and Senator Vic Fischer have introduced joint resolutions that address many of the above concerns. For additional packets of information, including a copy of the permit, contact: Representative Mike Szymanski, Pouch V, Juneau, AK 99811, phone: 465-4978/4979 or Vic Fischer, Pouch V, Juneau, AK. 99811, phone, 465-4954/4955/4997.

FEDERAL LEVEL: Legislation has recently been introduced to the House of Representatives seeking a ban on capturing killer whales in all United States waters. You might wish to write Rep. Don Young asking him to support this. Similar letters could be sent to Senators Murkowsky and Stevens asking them to co-sponsor this legislation in the Senate.

You might wish to include some of the following points:

1. Sea World maintains that they are confident no killer whales are going to die as a result of their chase and capture program. Sea World should be asked to make a public statement that if a killer whale does die as a result of their capture efforts, that they will voluntarily cease and desist from any

more efforts to capture killer whales in Alaskan waters.

2. Observers should be placed aboard all Sea World chase and capture boats to verify that Sea World follows the stipulations in its permit. National Marine Fisheries Service issued the permit and has enforcement responsibil[illegible] [illegible]r, they apparently have no boats or funding to enforce the stipulations in the permit. According [illegible] [illegible]ks of the NMFS (Juneau), Sea World will notify the NMFS when they intend to implement their pe[illegible] [illegible]t the NMFS will then place an observer aboard the boat to watch the process from start to finis[illegible] [illegible]rS is pleased that the State of Alaska is considering placing Dept. of Fish and Game personnel abo[illegible] [illegible]ts. If this is done, then the NMFS will probably deputize the AK. Dept. of Fish and Game personnel. [illegible] State would then be expected to pick up the costs of having enforcement officers aboard the boats. According to Jim Brooks, Sea World is very aware of its public ima[illegible] He is confident that they will not begin any capture operations (even if poor weather delays the arrival of an enforcement officer for several days) until the designated officer is aboard the boat.

3. Before any hunting is permitted in Alaskan waters, Sea World should be required to spend 3 to 5 years establishing base-line research on killer whale pods including their composition, productivity, territories and behavioral patterns. This is needed to obtain a better understanding of the short and long term effects of capturing killer whales on local killer whale populations and behavior. This is a standard professional procedure that for some inexplicable reason has apparently been waivered by the National Marine Fisheries Service. Instead they are accepting population estimates which have little statistical reliability and which provide no information on pod size, distribution, behavior, etc.

4. Hunting, capture, and transportation procedures should be subject to periodic public review to guarantee the minimum amount of cruelty and inhumaneness to the animals directly involved and the least amount of harassement possible to those indirectly involved.

5. Some type of follow-up studies should be required on those killer whales that were captured and released to determine what effects if any capture had on the killer whale and if it returned successfully to its original pod or met with subsequent mishaps as a result of capture.

6. Killer whales should not be captured within Alaskan waters until the State of Alaska Dept. of Fish and Game gives its approval.

7. Public hearings should be held in Alaska. Sea World strongly opposes public hearings.

8. Many questions need to be answered on the validity of the research. Is this a responsible research plan or one that fits best with Sea World's own commercial interests? In the judgement of the scientific community is this the type of research that is really needed or are there more important research projects?

9. Sea World maintains that killer whales thrive in an aquarium environment. Sea World should be asked to provide evidence supporting this claim. High death statistics, the failure of killer whales to emit sounds in captivity, reproduction problems (Marineland has had a least 4 killer whales that were conceived in captivity either died prior to birth or within a short time after birth), and physical problems such as collapse of their dorsel fins would seem to indicate that captivity places considerable stress on the whales.

10. The strongest protection that could be given Alaska's killer whales is to ask the State Legislature and Dept. of Fish and Game to prohibit the taking of killer whales within the 3 mile limit.

For additional general information or to place your name on a mailing list to be kept informed of developments, contact the Alaska Wildlife Alliance, P.O. Box 6953, Anchorage, AK 99502. Phone: 277-0897.

MSG 84-00011039 PRTY 1 02/07/84 15:20:51 ORIG: LA09 IN= 0010 OUT= 0105
FROM: SHIRLEE ANC LIO TO: POMS/JUNEAU INFO
TARGET: LJHK SUBJ: P.O.M.

TO: REPRESENTATIVES LINDAUER, RUSSELL, RINGSTAD, SHULTZ, UEHLING, COWDERY, LISKA, VASKA, GOLL, LARSON

FROM: WAYNE HALL
2411 INGRA STREET
ANCHORAGE, AK 99508 (H) 277-0897 (W) 266-1416

PLEASE SUPPORT HJR 58 TO PLACE CONDITIONS ON THE CAPTURE OF KILLER WHALES BY SEA WORLD AND WORK TO PREVENT ANY CAPTURES WITHIN THREE MILES OF ALASKA'S SHORELINE. WE SHOULD NOT BE ENDANGERING THESE HIGHLY INTELLIGENT AND SOCIAL ANIMALS SO THEY CAN BE SOLD TO TOURISTS IN THE LOWER '48.

****

THIS [ ] BILL [X] RESOLUTION

has been prepared by the staff of the Legal Services Division of the Legislative Affairs Agency in response to the request and at the direction of the sponsor. The staff has attempted to place it in proper legal and clerical form subject to any special limitations or instructions of the sponsor. Requests for bills and resolutions are kept confidential by the staff and any announcement of intent to have a document drafted or introduced is the prerogative and responsibility of the sponsoring member. The agency or its staff may not endorse or comment on policy matters involved in a bill or resolution. The substance and merits of a bill or resolution are the responsibility of the sponsor.

Delivered to sponsor: 4/11/84

Original sponsors: Szymanski, Martin,
M.M.Miller, et al

IN THE HOUSE BY THE RESOURCES COMMITTEE

CS FOR HOUSE JOINT RESOLUTION NO. 58 (Resources)

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTEENTH LEGISLATURE - SECOND SESSION

Relating to the capture of orcas in Alaska waters.

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

WHEREAS the State of Alaska and its people have an abiding interest in the wildlife of the state; and

WHEREAS the National Marine Fisheries Service has issued to Sea World, Inc., a permit to capture 100 orcas (killer whales) in Alaska waters and to retain 10 of the orcas for breeding and public display; and

WHEREAS the State of Alaska has been engaged in discussions with Sea World, Inc., concerning the issuance of a state permit that would condition the capture of orcas on (1) performance of certain investigations prior to capture, (2) compliance with conditions regulating the locations, methods, times and other aspects of capture, (3) providing for observers to be stationed aboard vessels used for captures, and (4) providing for the reimbursement of certain costs that may be incurred by the state as a result of capture activities; and

WHEREAS Alaskans have testified overwhelmingly against the capture and removal of orcas from Alaska waters;

BE IT RESOLVED by the Alaska State legislature that the Congress of the United States is requested to (1) prohibit the taking of orcas in Alaska waters; or (2) require that the capture of orcas in Alaska waters be carried out only after public hearings are conducted in Alaska by the National Marine Fisheries Service and only after obtaining a permit from the State of Alaska that stipulates conditions for conducting research and capture activities; and be it

FURTHER RESOLVED that the National Marine Fisheries Service is requested to (1) revoke the permit issued to Sea World, Inc., for the capture of orcas in Alaska waters; or (2) require that Sea World, Inc., obtain a permit from the State of Alaska and to abide by all conditions of the Alaska permit before proceeding with any orca capture or research activities in Alaska waters; and be it

FURTHER RESOLVED that the governor of Alaska is respectfully requested to (1) vigorously pursue implementation of this resolution; and (2) act firmly to prevent illegal or unauthorized interference with or harassment of orcas in Alaska waters.

COPIES of this resolution shall be sent to the Honorable George Bush, Vice-President of the United States and President of the U.S. Senate; the Honorable Thomas P. O'Neill, Jr., Speaker of the House of Representatives; and to the Honorable Ted Stevens and the Honorable Frank Murkowski, U.S. Senators, and the Honorable Don Young, U.S. Representative, members of the Alaska delegation in Congress; William G. Gordon, assistant administrator for fisheries, National Marine Fisheries Service; and the Honorable Bill Sheffield, Governor of Alaska.

UNITED STATES DEPARTMENT OF COMMERCE
National Oceanic and Atmospheric Administration
NATIONAL MARINE FISHERIES SERVICE
Washington, D.C. 20235

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NOV 0 1 1983 F/M411:PM

Dr. Lanny H. Cornell
Senior Vice President/
Zoological Director
Sea World, Inc.
1720 South Shores Road, Mission Bay
San Diego, California 92109

Dear Dr. Cornell:

Enclosed is a signed permit issued under the authority of the Marine Mammal Protection Act of 1972, authorizing the taking of killer whales (Orcinus orca) for the purposes of public display and scientific research. It is required that you review and comply with the Permit, the General Conditions attached thereto, and the enclosed Act and Regulations prior to engaging in the authorized activities. As provided in Section C-2e of the Permit, I have determined that the collection techniques and procedures referenced in the application are acceptable and shall be the manner in which the animals are taken.

Please give careful attention to the Special Conditions of the Permit, noting especially the restrictions, prior authorizations, and reporting requirements. Concerning Special Condition B-2, a preliminary survey is required prior to conducting activities in any area. Information on number of animals, number of groups or pods, and size and distribution of groups or pods observed should be provided. The survey should be designed to provide information on the local abundance of killer whales in that area to be reasonably assured that the minimum population estimates provided in the application are realistic. Removal of animals from any area will be limited to two percent of the mimimum population estimate over a two-year period. Based on the current estimates, no more than two animals over a two-year period would be allowed to be removed from Shelikof Strait, Prince William Sound, or Southeast Alaska. Special Conditions B-7 and 8 require you to supply more detailed information on size, structure, and composition of groups or pods, as well as the results of survey and monitoring efforts designed to provide information on the population(s) and the effects of the activities on the animals taken. This information is needed in order to evaluate and consider reauthorization of activities in following years.

Section A-3 authorizes killer whales to be captured a total of three times, but not more than once in any calendar year. In order to comply with this restriction, appropriate animals should be marked or tagged to allow subsequent recognition, unless the animals are recognizable by other means.

Concern has been expressed that animals captured and later released may not rejoin a group or pod of killer whales. Therefore, until further authorization is received, animals may not be held beyond the time required for on-board research activities or beyond the time associated animals remain in the area. In order to be assured that whales are remaining in the area, visual contact with the associated whales must be maintained. Where possible, I further recommend that animals not be held more than 8 hours or beyond dusk. Prior to authorizing more extended temporary holding (beyond the time required for on-board research activities or beyond the time associated animals remain in the area), you are required to develop and submit for approval a study designed to determine whether animals will rejoin a killer whale group or pod upon release. Determinations on further authorization to temporarily hold animals will be made based on results of this study.

In regard to Special Condition B-5, I have determined that further information is required in order to have a better understanding of certain of the proposed research activities and the possible adverse effects to individual animals. The information required for each specific activity is outlined below.

1. Liver biopsies. It is unclear from the information provided whether biopsies will be taken only from animals suspected of having liver disease, a cross-section of apparently healthy animals, or both. Further, no information was provided on the criteria for determining possible liver disease. Therefore, any request to conduct this activity should include (a) clarification of the selection criteria that will be used in determining which animals will be biopsied and the rationale for the numbers of biopsies requested, and (b) the numbers of captive killer whales which have been biopsied and the effects on the animals.

2. Hearing tests and respiratory studies. Prior to authorizing either of these studies, the procedures must be tested on captive killer whales. Any request to conduct these activities should include a description of the specific procedures used on captive animals, time involved to conduct the studies, the effects of the procedures on the animals, and any variations in the procedures proposed to be used in the field studies.

3. Tooth extraction. Any request to conduct tooth extractions should include (a) the numbers of captive killer whales which have had teeth extracted and the effects on the animals; (b) whether any antibiotics, such as tetracycline, will be administered and the type and dosage proposed; and (c) a more detailed description of the procedures to be used in the field, including how the killer whales jaws will be held open to permit tooth extraction.

4. Stomach lavage. Any request to stomach lavage should include (a) a more detailed description of the procedures to be used in the field, including how the killer whales' jaws will be held open to permit stomach lavage, and (b) the rationale for the numbers of animals requested (two animals from each group) and how this will provide a test of the hypothesized difference between diets of large adult males and those of other herd members.

A fee of $200 is being charged to cover the costs of permit issuance. We would appreciate receiving a check for this amount payable to the National Oceanic and Atmospheric Administration. Please submit the check to the Acting Chief, Protected Species Division, Office of Protected Species and Habitat Conservation, National Marine Fisheries Service, U.S. Department of Commerce, Washington, D.C. 20235. If you have any questions concerning authorized activities or restrictions, please contact us prior to commencing activities under this permit.

Sincerely yours,

for William G. Gordon
Assistant Administrator
for Fisheries

Enclosures

U.S. DEPARTMENT OF COMMERCE
NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION
NATIONAL MARINE FISHERIES SERVICE

Permit to Take Marine Mammals Permit No. 439

Sea World, Inc., 1720 South Shores Road, Mission Bay, San Diego, California 92109, is hereby authorized to take the marine mammals specified below for the purposes of public display and scientific research as described in the Permit Holder's application and subject to the provisions of the Marine Mammal Protection Act of 1972 (16 U.S.C. 1361-1407), the Regulations Governing the Taking and Importing of Marine Mammals (50 CFR Part 216) and the conditions hereinafter set out.

A. Number and Kind of Marine Mammals

1. Up to ten (10) killer whales (*Orcinus orca*), not less than 11.5 feet in length, of either sex may be taken and maintained in captivity. None of these animals shall be pregnant, nursing or unweaned. No more than two percent of the minimum population estimate for an area may be taken from that area over a two-year period. Furthermore, no more than two (2) animals may be removed from any distinct pod and no more than 1/2 of any sex/age class (inmature, mature) may be removed from any distinct pod during a five-year period.

2. Up to ninety (90) killer whales (*Orcinus orca*) may be taken by capture and release. Animals encircled by net in the course of any authorized activity shall be considered as captured. Except for pregnant, nursing, or unweaned individuals, the following activities may be conducted on animals encircled, subject to the applicable conditions in Section B.

   a. Up to 90 animals may be restrained, measured, photographed, and have blood samples, blowhole swabs and vaginal swabs taken.
   b. Up to 90 that are not readily identifiable with natural markings, may be cryogenically marked.
   c. Up to 20 may be spaghetti or streamer tagged.
   d. Up to 10 may be radio tagged and tracked.
   e. Up to 20 may have expired air samples taken.
   f. Up to 20 may receive hearing tests.

70

g. Up to 20 may be stomach lavaged.
h. Up to 20 may have one tooth extracted.
i. Up to 20 may have one liver biopsy taken.
j. Up to 40 may be transported and temporarily held up to 3 weeks prior to release. All others shall be released as soon as possible at the capture site.

3. Animals previously captured under Section A-2 may be recaptured up to 2 times but not more than once in any calendar year. Previously studied animals may be restrained, measured, photographed, blood sampled, remarked if necessary, and have the radio pack removed or changed if necessary. All recaptured animals shall be released as soon as possible at the capture site.

B. Special Conditions

1. The animals shall be taken by the means, in the areas, and for the purposes set forth in the application unless otherwise specified in this Permit.

2. Not more than 30 animals under A-2 and A-3 may be taken per year in the Alaska areas. However, authorization from the Assistant Administrator for Fisheries is required prior to conducting any capture activities in any area. The Permit Holder shall conduct an initial survey of local abundance and shall submit a report which includes the number of animals, number of groups or pods, size of groups or pods and distribution of animals observed.

3. Not more than 4 animals under A-2 and A-3 may be taken per year in the California area. However, no animals shall be taken in California until authorized by the Assistant Administrator for Fisheries. Any request for authorization to conduct capture activities in California shall include a detailed report of at least one year's activities in Alaska, a detailed list of activities and numbers of animals proposed for California, and additional information on the population.

4. None of the animals authorized to be taken under Section A-2 shall be temporarily held beyond the time required for on-board research or beyond the time associated animals remain in the area, or transported to temporary holding facilities until authorized by the Assistant Administrator for Fisheries.

   a. Provided the Permit Holder submits a satisfactory study design to determine whether the animals will rejoin a killer whale group or pod upon release, an initial authorization will be given by the Assistant Administrator for Fisheries, in consultation with the Marine Mammal Commission, to temporarily hold animals.

b. Authorization to allow further temporary holdings will be based on the results of the pilot study, and the holding time will be limited to the maximum time experimental animals were held and known to rejoin a killer whale group or pod.

5. No liver biopsies, stomach lavage, tooth extractions, hearing tests or respiratory studies shall be conducted under Section A-2 until authorized by the Assistant Administrator for Fisheries, in consultation with the Marine Mammal Commission.

6. In the event of the mortality of any animal in the field, all further capture activities shall be suspended, and a detailed report shall be submitted which includes the events surrounding the incident, necropsy results, and steps that will be taken to avoid similar problems in the future. Any animal that dies shall be considered taken under A-1 of this Permit. Authorization from the Assistant Administrator for Fisheries is required prior to resuming capture activities.

7. Within 60 days of any capture activities, a detailed report shall be submitted which includes the dates and location of taking, numbers of animals and pods observed, composition of pods, numbers of animals encircled, numbers captured, disposition of animals captured (immediate release, held temporarily, permanently held for captivity), activities conducted on each animal, effects of the activities on the animals and any problems which may have arisen in connection with the activities.

8. By December 31 of each year the permit is valid, an annual report shall be submitted which includes a summary of activities conducted, the results of survey and monitoring efforts designed to provide information on the population and the effects of the activities on the animals taken, and a general plan of activities to be conducted in the following year. Authorization from the Assistant Administrator for Fisheries, in consultation with the Marine Mammal Commission, is required each subsequent year to continue activities.

9. Within 90 days of completion of the research, a final report shall be submitted which includes a summary of the results of the research.

10. The Permit Holder shall notify the Regional Director, Alaska Region, National Marine Fisheries Service, P.O. Box 1668, Juneau, Alaska 98802 (telephone 907-586-7221) or the Regional Director, Southwest Region, National Marine Fisheries Service, 300 South Ferry Street, Terminal Island, California 90731 (telephone 213-548-2575), as appropriate, prior to conducting any field activities in order to determine the specific dates and locations of activities and if a NMFS observer is required. The Permit Holder shall consult with the Regional Director sufficiently in advance to allow for such a determination.

11. Upon the request of the Assistant Administrator for Fisheries, the Permit Holder shall make available for study a copy of all film taken in conjunction with the authorized activities.

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12. The Department of Agriculture's regulations and standards, "Marine Mammals; Humane Handling, Care, Treatment, and Transportation," shall apply and are made a part of this Permit.

13. This Permit is valid with respect to the taking authorized herein until December 31, 1988.

D. All General Conditions attached as Section C shall apply and are made a part hereof, except that Section C-2g, h and i are specifically waived.

William G. Gordon
Assistant Administrator for Fisheries
National Marine Fisheries Service

NOV 0 1 1983
Date

SUBMISSION TO NMFS PUBLIC HEARING, SEATTLE, WASH. AUGUST 16-17, 1983

My name is Paul Spong. I am the director of ORCALAB, a 13 year old research station located on Hanson Island in the Johnstone Strait region of British Columbia, Canada.

I wish first to thank you for the opportunity to be here and secondly to say that I am somewhat disappointed at having just ten minutes allocated, as I had hoped to occupy your attention for half an hour. However, I have negotiated a few minutes here and there from some of the other participants who have read my written submission and think it deserves to be heard in its entirety. I therefore beg your indulgence. I won't take half an hour, but I may take twenty minutes. If I cease to be relevant I shall of course expect you to stop me.

I wish to present the report of a workshop on the Sea World application to capture 100 and take 10 Orcinus orca. Those involved wish to make it clear that they participated as individuals, not as representatives of the universities, government or private organisations to which they belong. Collectively, the group effort represents the insight of more than 70 years of scientific and other observation of Orcinus orca, in captivity and in the ocean.

Sir, may I proceed?

REPORT OF WORKSHOP ON:
SEA WORLD APPLICATION TO
CAPTURE 100 AND TAKE 10
ORCINUS ORCA.

TO: National Marine Fisheries Service,
Washington, D.C.

PARTICIPANTS: David Bain
Grahme Ellis
Linda Ellis
Deborah Ford
John Ford
Jeff Jacobsen
Susan Kruse
Paul Spong

OBSERVERS: David Garrick
Helena Symonds
Peter Thomas

INFORMATION: Michael Bigg

INTRODUCTION:

1. The meeting was convened by Spong and held at Orcalab, Hanson Island, B.C. and at locations in the Johnstone Strait region, August 12-15, 1983. Bigg was consulted by phone and reviewed the final draft.

2. Although the participants were willing to comment upon the content of the Sea World proposal, it was agreed that others had spoken capably regarding many specifics and to therefore emphasise the potential of field work with Orcinus orca, it's relevance and it's need regarding proposals such as Sea World's.

3. To preface with the conclusion, the Alaskan Orcinus orca population, being unexploited and available, represents a unique scientific opportunity which should be grasped before uninformed exploitation occurs. The Sea World breeding plan might be feasible in the future but is unlikely to succeed given the present state of knowledge.

4. The IWC has adopted a mandate to regulate the take of Orcinus orca; under it's evolving rules a previously unexploited population should be subject to numerical determination before exploitation. Though it has been started, this has not been concluded for the Alaskan Orcinus orca population. Obviously, it should reach a point of scientific and statistical satisfaction before exploitation is permitted.

5. Contemporary field studies of Orcinus orca (Bigg et al, 1976; Bigg, 1981; Balcomb et al, 1980; Ford and Fisher, 1981) began as a result of live capture from Puget Sound-British Columbia pods in the absence of any knowledge about the population being exploited, and concern for the impact of these removals on the population.

75 animals were removed from this unknown population between 1964 and the present.

It was soon found that individual whales could be identified by natural markings. By 1976 the total B.C. population was individually identified and an accurate census reached.

The conclusion from this work was that the total B.C. population of Orcinus orca was just a fraction of what it was previously thought to be. The present B.C. population is 285.

These photo ID studies resulted in discovery of pod dynamics: a family-based social system in which pods are individual family groups stable over time.

Studies of pod distribution indicated there was another level of social organisation, into communities comprising several pods which may occupy home ranges.

Age structure of the population was determined.

Studies of dialects in Orcinus orca began in 1978. It was determined that there are pod differences in calls and that stock structure and relationships between pods can be examined using calls. These and related studies continue. There is a good chance that they will succeed in illuminating presently unclear relationships between individuals and pods that are critical to reproduction. Until this information is available, it makes little sense to cull individuals for a breeding programme, as it would amount to haphazard selection and therefore be unlikely to succeed.

Given sufficient effort, it is likely that within a few years there could be sufficient information for selection of certain individuals from the Alaskan Orcinus orca population, and have a good chance that they will breed successfully. At present, breeding dynamics are largely unknown and any breeding programme that involves selection and removal of pairs is unlikely to succeed.

SPECIFIC COMMENTS:

1. Proposal to pull teeth:

(i) In general, the purpose of aging teeth is to determine the age structure of a population, mortality rates and birth rates. In Orcinus orca, the technique should be avoided, it doesn't work well, tooth rings become occluded at 25-30 years, although one individual has been aged at 34 years (Christenson, 1982). Mitchell's 1981 conclusion that an animal visually identified over a continuous period that implied an age of 80 at least, was just 35 years old at death, illustrates the problem. The periodicity of dentine layering has not even been clearly established yet.

(ii) Animals selected for captivity do not need to be aged by pulling teeth: length is sufficient.

(iii) If it is correct that tooth extraction is an easy procedure, it should be possible to prove it on captives. How many existing Sea World or other animals (Oo) have been aged using this technique, with what results?

(iv) Tooth extraction may cause structural damage to the lower jaw, involve possibility of infection, nerve and bone damage.

(v) In view of recent collections (e.g. USSR take of 920 in 1981) there are likely to be sufficient available teeth for any conclusion that would be informative regarding the species; the Sea World contribution would be a small addition to the collection presently available for analysis.

(vi) A proven technique exists for determining population age structure, reproduction and mortality: long-term photo identification. In British Columbia analyses of a 10 year data file indicate a median age of 48 years, so any definitive study would take some time.

(vii) Conclusion: if the study will not yield population age structure, there is little point in doing it.

2. Proposal to Examine Stomach Contents:

(i) Field work, though it might not be as conclusive regarding specifics, is likely to be sufficiently informative regarding feeding habits and needs. For example, in British Columbia scale sampling has established that all salmon species are taken.

(ii) If stomachs are sampled from an entire pod, content analyses are likely to be duplicate, therefore multiple replication of the procedure in a single capture is likely redundant.

(iii) If the whales are lifted on deck for this treatment, the stress involved may induce vomiting, though in such cases material might be salvaged from deck scrapings. If animals are left in nets for a prior adaptation period, digestion might reduce the usefulness of the lavage.

3. Proposal for Radio Tagging:

(i) Radio tags involving bolt attachment of packages to dorsal fins have proven ineffective and harmful in past studies (Bigg, pers. comm.) Photographs are appended documenting this point.

(ii) Suction tags have proven useful as a short-term method of benign radio tagging in other cetacean species (Goodyear, 1981), and should be used prior to any potentially injurious procedures.

(iii) Satellite tracking and benign attachment procedures may prove useful in the future, but at this time studies of movement using natural markings are likely to be more informative, especially if conducted over a long period.

(iv) At the present time, studies of movement using natural markings are probably more effective and less harmful than the proposed radio tagging.

4. Proposal to attach Spagetti or Streamer Tags:

(i) This is largely redundant, given the effectiveness of photo identification. The only advantages would be easier identification of marked animals by aerial observation and by untrained observers.

5. Proposal for Freeze Branding:

(i) This proposal is also redundant.

(ii) Cryogenic markings have a limited duration, almost certainly less than that of natural markings (Bigg, pers. comm.)

6. Proposal to conduct Hearing Studies:

(i) In itself, the use of surface electrodes and computer extraction of auditory evoked potentials would not be harmful.

(ii) However, stress associated with removal of the animals from the water is cause for concern. The procedure would prolong deck time, as it could not be accomplished simultaneously with gastric or stomach lavage.

(iii) In view of the small number of subjects required for this type of study, there are probably already sufficient numbers of captives available. How many captives has the procedure been applied to?

7. Proposal to conduct Liver Biopsies:

(i) This procedure, presumably of use in the selection of animals for permanent removal, is also likely to be stressful.

(ii) Blood analyses are likely to be as useful for chromosome study and health screening.

(iii) Has the procedure been proven safe and useful with captives?

8. Proposed Breeding Programme:

(i) Given the present state of knowledge, selection of animals for breeding will be difficult. It is not even possible to say whether they should be from the same or different pods or dialect groups. For example, Marineland's Orky and Corky, the only captive pair to produce offspring to date (4, all failed to survive infancy), are from the same dialect group. However, another pair from a single capture, Marineworld's Yaka and Nepo, did not breed or even attempt copulation.

(ii) Of all the combinations of haphazard captive pairings that have occurred over the past 15 years, none has resulted in successful breeding and rearing. This indicates the dimension of the problem.

(iii) Experiential, as well as genetic factors seem likely to be critical. In the Marineland case, the parents do not seem to have sufficient knowledge about rearing to conduct it successfully. Although this factor might be countered by placement of mature animals in the captive group, this presents another problem: mature Orcinus orca do not survive very long in captivity.

(iv) Possibly the best experience/age compromise would be to take 4-5 year old animals that had younger siblings. These might have learned something about rearing and still be young enough to survive.

(v) Given sufficient field effort, it would probably be possible to make selections with a fair chance of success. Once the breeding units

are sorted out, this could be done. Skin and blood samples would enable determination of parents and offspring. However, this would require invasive procedures. Moreover, it is first necessary to determine pod membership, a task that requires at least two years of intensive effort.

(vi) Cytogenetic studies might be useful in determining blood lines. For example, saddle patch consistency between individuals very likely results from close genetic association. In Alaska, this study could possibly be done in 2-3 years.

(vii) If haphazard selection procedures are used, which would be the case if the project proceeds in the absence of the required knowledge, removals could be detrimental to pod survival. For example, in B.C.'s "B" pod, there is a single female; if she were to be taken the pod would eventually terminate.

(viii) If transient animals are selected first, they are very unlikely to breed with other individuals from resident pods. Would this mean the breeding programme would have to rely entirely on transients? It may not be immediately apparent which pods are transient and which are resident.

(ix) The proposal covers a size range from birth to sexual maturity. As indicated above, mature animals have very little chance of captive survival. Furthermore, the taking of mature reproducing members of a pod would likely diminish the reproductive potential of the pod, and as well disrupt the close-knit social structure of the pod by removing key members. Mature animals should not be taken.

(x) Determination of genetic associations, using acoustics, cytogenetics, behavioural observation and other methods, is one of the most exciting aspects of current field investigations of Orcinus orca in British Columbia and Puget Sound. Yet, in both populations the genetic situation is clouded by the fact that these are already exploited stocks. The Alaskan population, being unexploited, therefore represents a great scientific opportunity and challenge. It would be most unfortunate if the scientific opportunity is not fully exploited before physical interference with the pods occurs.

(xi) To conclude, not enough is presently known about the key factors involved in Orcinus orca reproduction for the Sea World breeding proposal to have any real chance of success at this time. However, if the needed scientific effort is made, perhaps within a few years enough will be known to justify the attempt.

SCALE OF TAKE:

1. If the Sea World request is granted, in fairness NMFS and others will be constrained to issue permits for further removals to replace existing display animals at other sites over the next five years.

2. This need can be anticipated as follows:

Miami	2	(Hugo, recently dead, Toki, old)

San Francisco	1-2	(Yaka, old, Nepo recently dead)
Los Angeles	2	(Orky, Corky, old)
Ontario	1-2	(Kandu, Nootka, old)
Vancouver	0-1	(Hyak, old)
Total	6-9	

Other sites:

Victoria	0	(just got 3 Icelandics, 2 alive)
Sea World	0	(have enough Icelandics to last a while)

Unexpected deaths are an unknown factor.

Added to the Sea World request, it is quite likely that permits for 20 removals from the Alaskan population could be issued in the next five years.

3. To maintain population levels with this level of removal, a capturable population of 500-1000 would be needed, if growth rates are similar to those of B.C. (1-2%). However, because the B.C. population is already depleted, it's growth rate is probably higher than that of the Alaskan population. It is reasonable to conclude that the Alaskan population should be demonstrated to comprise at least 1000 available animals before a take of 20 is permitted.

RESEARCH WORTH DOING:

This should be non-injurious to the whales, not like tagging or pulling teeth, and could include the following:

Blood tests:
- Health
- Enzymes
- Chromosomes
- Hormones (nepro status)

Photos: ID
- Morphology
- Sexing

Respiratory gases

Hearing tests

Measurements

Acoustics

Stomach contents (marginal)

Biopsies (for protein sequences - marginal)

RESEARCH THAT IS NOT PROPOSED BUT SHOULD BE:

Recordings of sounds from individuals, ? using contact hydrophones.

Stress measurement.

Extensive population study using photo identification techniques, prior to permit issuance.

POTENTIAL CANADIAN CONFLICT:

1. The Sea World application does not specify capture sites within Alaskan waters.

2. The northern British Columbia community of Orcinus orca probably spends some time in Alaskan waters, although the duration and distance of this penetration is not yet known.

3. Because of this there is a possibility that B.C. pods could be subject to capture within Alaskan waters.

4. This potential conflict should be resolved before any permits are issued to take the species in Alaskan waters.

SUMMARY:

1. The permit request to take 10 animals exceeds the number required for public display by Sea World.

2. Establishment of a breeding programme is the only justification for a large take, but:

3. Orcinus orca need experience to successfully rear calves.

4. Experienced animals will be very difficult to maintain.

5. Distantly related Orcinus orca may not be able to breed due to chromosomal incompatibility.

6. Closely related Orcinus orca may have inbreeding problems.

7. An appropriate pair could be determined for B.C. whales within 2

years (if politically acceptable, they could then be taken).

8. Several years of study will be needed before a pair of Alaskan animals could be taken that would have a reasonable chance of breeding.

9. As the Alaskan Orcinus orca population is still unexploited, great care should be taken to avoid repetition of the mistakes of the past that were made with B.C. and Puget Sound populations.

10. The IWC, as it has adopted a mandate to manage Orcinus orca stocks, should be involved in the process. If NMFS wishes to issue the permit requested by Sea World, it should be referred to the IWC for comment by the Scientific Committee.

CONCLUSION:

Sea World should show why their breeding programme will succeed where they and others have failed. Considerable research needs to be done before it is seriously considered. Once the research is done, a large take might be approved, provided the population is numerically sufficient to sustain it, and once Sea World has demonstrated that they have a reasonable chance to obtain a successful breeding result.

It would be foolish to proceed with a breeding programme in the present climate of knowledge about reproduction in Orcinus orca. In a few years more will be known, perhaps enough to do it successfully. To proceed now would be against Sea World's own best interest. If the programme is attempted now, and fails as it almost certainly will, NMFS might be heavily constrained to refuse any further application.

REFERENCES:

Bigg, M.A., MacAskie, I.B. and Ellis, G. 1976. Abundance and movements of killer whales off eastern and southern Vancouver Island, with comments on management. Unpubl. Rep., Arctic Biol. Stn. Ste Anne de Bellevue, Quebec. 21pp.

Bigg, M.A. 1981. An assessment of killer whale (Orcinus orca) stocks off Vancouver Island, British Columbia. Paper SC/JN81/KW4, International Whaling Commission, Cambridge.

Balcomb, K.C., Boran, J.R., Osborne, R.W., and Haenel, N.J. 1980. Observations of killer whales (orcinus orca) in greater Puget Sound, State of Washington. Rep. MMC-78/13 to U.S. Marine Mammal Commission, Washington, D.C. 41pp.

Christenson, I. 1982 KILLER WHALE IN NORWEGIAN COASTAL WATERS. REPORT OF THE INTERNATIONAL WHALING COMMISSION, 32, 633-41.

Ford, J.K.B. and Fisher, H.D. 1981. Killer whale (Orcinus orca) dialects as an indicator of stocks in British Columbia.

U.S. DEPARTMENT OF COMMERCE
NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION
NATIONAL MARINE FISHERIES SERVICE

Notice of Issuance of Permit

On March 17, 1983, Notice was published in the FEDERAL REGISTER (48 FR 11310) that an application had been filed with the National Marine Fisheries Service by Sea World, Inc., 1720 South Shores Road, San Diego, California 92109 for a Public Display/Scientific Research permit under the Marine Mammal Protection Act of 1972 to take killer whales. Sea World requested to take a total of up to 100 killer whales over a 5-year period in order to study the biology, reproduction, and population dynamics of this species. Up to 10 animals were requested to be permanently maintained for public display and captive breeding, and up to 90 were requested to be captured, some maintained up to three weeks, studied, sampled, marked and/or tagged and released. Up to 10 of these animals were requested to be radio tagged and tracked. Also, Sea World requested to recapture and reexamine some animals. These activities were requested to be conducted in the waters off Alaska and California.

The public comment period originally closed April 16, 1983, and was subsequently extended until August 26, 1983 (48 FR 16934, 22976, and 32376.) A public hearing was held on August 16 and 17 in Seattle, Washington, and the hearing record remained open until August 26, 1983. All comments and documents postmarked by that date were evaluated and considered in the final decision.

U.S. DEPARTMENT OF COMMERCE
NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION
NATIONAL MARINE FISHERIES SERVICE

Permit to Take Marine Mammals Permit No. 439

Sea World, Inc., 1720 South Shores Road, Mission Bay, San Diego, California 92109, is hereby authorized to take the marine mammals specified below for the purposes of public display and scientific research as described in the Permit Holder's application and subject to the provisions of the Marine Mammal Protection Act of 1972 (16 U.S.C. 1361-1407), the Regulations Governing the Taking and Importing of Marine Mammals (50 CFR Part 216) and the conditions hereinafter set out.

A. Number and Kind of Marine Mammals

1. Up to ten (10) killer whales (Orcinus orca), not less than 11.5 feet in length, of either sex may be taken and maintained in captivity. None of these animals shall be pregnant, nursing or unweaned. No more than two percent of the minimum population estimate for an area may be taken from that area over a two-year period. Furthermore, no more than two (2) animals may be removed from any distinct pod and no more than 1/2 of any sex/age class (inmature, mature) may be removed from any distinct pod during a five-year period.

2. Up to ninety (90) killer whales (Orcinus orca) may be taken by capture and release. Animals encircled by net in the course of any authorized activity shall be considered as captured. Except for pregnant, nursing, or unweaned individuals, the following activities may be conducted on animals encircled, subject to the applicable conditions in Section B.

   a. Up to 90 animals may be restrained, measured, photographed, and have blood samples, blowhole swabs and vaginal swabs taken.
   b. Up to 90 that are not readily identifiable with natural markings, may be cryogenically marked.
   c. Up to 20 may be spaghetti or streamer tagged.
   d. Up to 10 may be radio tagged and tracked.
   e. Up to 20 may have expired air samples taken.
   f. Up to 20 may receive hearing tests.

g. Up to 20 may be stomach lavaged.
h. Up to 20 may have one tooth extracted.
i. Up to 20 may have one liver biopsy taken.
j. Up to 40 may be transported and temporarily held up to 3 weeks prior to release. All others shall be released as soon as possible at the capture site.

3. Animals previously captured under Section A-2 may be recaptured up to 2 times but not more than once in any calendar year. Previously studied animals may be restrained, measured, photographed, blood sampled, remarked if necessary, and have the radio pack removed or changed if necessary. All recaptured animals shall be released as soon as possible at the capture site.

B. Special Conditions

1. The animals shall be taken by the means, in the areas, and for the purposes set forth in the application unless otherwise specified in this Permit.

2. Not more than 30 animals under A-2 and A-3 may be taken per year in the Alaska areas. However, authorization from the Assistant Administrator for Fisheries is required prior to conducting any capture activities in any area. The Permit Holder shall conduct an initial survey of local abundance and shall submit a report which includes the number of animals, number of groups or pods, size of groups or pods and distribution of animals observed.

3. Not more than 4 animals under A-2 and A-3 may be taken per year in the California area. However, no animals shall be taken in California until authorized by the Assistant Administrator for Fisheries. Any request for authorization to conduct capture activities in California shall include a detailed report of at least one year's activities in Alaska, a detailed list of activities and numbers of animals proposed for California, and additional information on the population.

4. None of the animals authorized to be taken under Section A-2 shall be temporarily held beyond the time required for on-board research or beyond the time associated animals remain in the area, or transported to temporary holding facilities until authorized by the Assistant Administrator for Fisheries.

   a. Provided the Permit Holder submits a satisfactory study design to determine whether the animals will rejoin a killer whale group or pod upon release, an initial authorization will be given by the Assistant Administrator for Fisheries, in consultation with the Marine Mammal Commission, to temporarily hold animals.

b. Authorization to allow further temporary holdings will be based on the results of the pilot study, and the holding time will be limited to the maximum time experimental animals were held and known to rejoin a killer whale group or pod.

5. No liver biopsies, stomach lavage, tooth extractions, hearing tests or respiratory studies shall be conducted under Section A-2 until authorized by the Assistant Administrator for Fisheries, in consultation with the Marine Mammal Commission.

6. In the event of the mortality of any animal in the field, all further capture activities shall be suspended, and a detailed report shall be submitted which includes the events surrounding the incident, necropsy results and steps that will be taken to avoid similar problems in the future. Any animal that dies shall be considered taken under A-1 of this Permit. Authorization from the Assistant Administrator for Fisheries is required prior to resuming capture activities.

7. Within 60 days of any capture activities, a detailed report shall be submitted which includes the dates and location of taking, numbers of animals and pods observed, composition of pods, numbers of animals encircled, numbers captured, disposition of animals captured (immediate release, held temporarily, permanently held for captivity), activities conducted on each animal, effects of the activities on the animals and any problems which may have arisen in connection with the activities.

8. By December 31 of each year the permit is valid, an annual report shall be submitted which includes a summary of activities conducted, the results of survey and monitoring efforts designed to provide information on the population and the effects of the activities on the animals taken, and a general plan of activities to be conducted in the following year. Authorization from the Assistant Administrator for Fisheries, in consultation with the Marine Mammal Commission, is required each subsequent year to continue activities.

9. Within 90 days of completion of the research, a final report shall be submitted which includes a summary of the results of the research.

10. The Permit Holder shall notify the Regional Director, Alaska Region, National Marine Fisheries Service, P.O. Box 1668, Juneau, Alaska 98802 (telephone 907-586-7221) or the Regional Director, Southwest Region, National Marine Fisheries Service, 300 South Ferry Street, Terminal Island, California 90731 (telephone 213-548-2575), as appropriate, prior to conducting any field activities in order to determine the specific dates and locations of activities and if a NMFS observer is required. The Permit Holder shall consult with the Regional Director sufficiently in advance to allow for such a determination.

11. Upon the request of the Assistant Administrator for Fisheries, the Permit Holder shall make available for study a copy of all film taken in conjunction with the authorized activities.

12. The Department of Agriculture's regulations and standards, "Marine Mammals; Humane Handling, Care, Treatment, and Transportation," shall apply and are made a part of this Permit.

13. This Permit is valid with respect to the taking authorized herein until December 31, 1988.

D. All General Conditions attached as Section C shall apply and are made a part hereof, except that Section C-2g, h and i are specifically waived.

William G. Gordon
Assistant Administrator for Fisheries
National Marine Fisheries Service

NOV 0 1 1983
Date

Notice is hereby given that on NOV 0 1 1983, as authorized by the provisions of the Marine Mammal Protection Act of 1972 (16 U.S.C. 1361-1407), the National Marine Fisheries Service issued a permit to Sea World, Inc., subject to certain conditions set forth therein. The Permit establishes restrictions on the number and locations of animals which may be removed from the wild each year, and requires a preliminary survey of each area prior to the collection of animals. The Permit does not authorize any extended temporary removal, capture activities in California waters, or liver biopsy, stomach lavage, tooth extractions, hearing tests or respiratory studies at this time, but these activities may be authorized in the future based on additional information which may be submitted by Sea World. The Permit requires suspension of activities in the event of any mortality, and provides for annual review and required reauthorizations in order for the Permit Holder to continue activities each subsequent year.

The Permit is available for review in the following offices:

Assistant Administrator for Fisheries, National Marine Fisheries Service, 3300 Whitehaven Street, N.W., Washington, D.C.;

Regional Director, National Marine Fisheries Service, Southwest Region, 300 South Ferry Street, Terminal Island, California 90731;

Regional Director, National Marine Fisheries Service, Alaska Region, P.O. Box 1668, Juneau, Alaska 99802;

Regional Director, National Marine Fisheries Service, Northeast Region, 14 Elm Street, Federal Building, Gloucester, Massachusetts 01930; and

Regional Director, National Marine Fisheries Service, Southeast Region, 9450 Koger Boulevard, St. Petersburg, Florida 33702; and

Regional Director, National Marine Fisheries Service, Northwest Region, 7600 Sand Point Way, N.E., BIN C15700, Seattle, Washington 98115.

The complete record, including the application, all supplemental information and the hearing record, is available for review in the Office of Protected Species and Habitat Conservation. For further information, contact the Office of Protected Species and Habitat Conservation, National Marine Fisheries Service, U.S. Department of Commerce, Washington, D.C. 20235 (telephone 202-634-7529).

Carmen J. Blondin, Deputy Assistant Administrator
for Fisheries Resource Management
National Marine Fisheries Service

NOV 0 1 1983
Date

Alaska State Legislature

Senate Committee on State Affairs

Vic Fischer, Chair • Pouch V
Juneau, Alaska 99811
(907) 465-4954

Official Business

MEMORANDUM

TO: Senator _____

FROM: Senator Vic Fischer

DATE: January 19, 1984

RE: Co-sponsorship of Senate resolution relating to the capture of Orcas (Killer Whales) in Alaska waters.

Attached is a copy of a resolution concerning the capture of Orcas in Alaska waters that I will introduce on Monday, January 23. If you would like to co-sponsor this resolution, please contact me or my aide, Ginger Baim, at 4954 before Friday, January 20.

Rep. Szymanski will introduce an identical resolution in the House on the same date. He has 24 co-sponsors at this time.

While the resolution is pretty much self-explanatory, following are salient points to consider:

* Permits for capturing marine animals for research and/or public display are issued by the NMFS under authority of federal law. Without management authority for marine mammals, including Orcas, Alaska cannot restrict or prohibit capture in state waters. Because of this, Alaska has had virtually no say on whether these captures should be allowed or the conditions under which Orcas may be captured.

* The National Marine Fisheries Service issued a permit to Sea World, Inc. to capture up to 100 Killer Whales in Southeast Alaska and Prince William Sound and to remove 10 to their stateside facilities for public display purposes.

* Although the current permit authorizes Sea World to conduct research on the captured whales, it does not <u>require</u> it. As a result, if the past is any indicator, virtually all the "research" that will be done will be to assure that the 10 animals taken stateside are healthy and will have little value to the worlds scientific community.

* This permit was issued without any public hearings in Alaska and virtually no press coverage until after the comment period had closed. The only public hearing on the permit was held in the State of Washington, where residents of that state strongly urged hearings in Alaska so that Alaskans would have an opportunity to comment.

* The permit was issued without any reliable indicator of what the Orca population in Alaska is. Although estimates vary, their is little data to suggest that the total population of Orcas in Alaska is more than 500, and it is probably far less than that.

* Considerable reduction in the overall Orca population of specific areas has followed Sea World, Inc. capturing attempts in the past. Evidence suggests that Orcas are reluctant to return to areas where capturing has occurred and that capturing attempts in Alaska would seriously diminish the opportunities for Alaska residents and visitors to observe Orcas in their natural setting.

* There is evidence that Sea World, Inc. has violated terms of similar permits in the past, specifically by using underwater explosives to herd Orcas into their nets. The ADF&G was denied their request to approve or disapprove capture activities by Sea World, Inc. in order to avoid conflicts and assure compliance with terms of the permits.

* The capturing, harassment, and public display in captivity of Orcas is offensive to the religious and cultural traditions of Native people in Southeast Alaska. The ANB passed a resolution in opposition to the permitted capture.

Because of these concerns, the resolve section of the resolution requests that future permits require that scientific research in response to recommendations of the UA, ADF&G, and other recognized scientific bodies be conducted on site (in Alaska waters) as a condition of granting the permit.

Further, it requests that public hearings be held in Alaska prior to issuing any future permits to capture Alaska Orcas, that the state have the ability to monitor compliance with the permits, and that the state be reimbursed for any losses that result from the permitted captures.

I have a great deal of information and backup on this issue that I would be happy to share. I believe it's important to keep the emotion out of this issue -- the facts are alarming enough. It's clear, through the statewide news coverage, that Alaskans are very concerned about this issue. I believe it's imperative that we address it through this resolution.

Sea World

Lanny H. Cornell, D.V.M.
Senior Vice President/
Zoological Director

January 9, 1984

Don W. Collinsworth
Commissioner
Alaska Department of Fish and Game
Subport Building
Juneau, Alaska 99811

Dear Mr. Collinsworth:

As you will recall, several of us from Sea World have visited over the last several years with you and your staff to explore the possibility of our obtaining permits from the State of Alaska and from the federal government (National Marine Fisheries Service) to collect killer whales in Alaskan waters for public educational display and captive propagation here at Sea World and to conduct benign nonharmful research on wild killer whales in Alaskan waters. As you probably already know, we have obtained from National Marine Fisheries Service permits to collect an average of two killer whales per year over a five-year period - a total of 10 whales.

We therefore would like to follow through now with our original inquiry to collect an average of two killer whales per year from Alaskan waters (Kodiak, Shelikof Straits, Prince William Sound, Southeast) over a five-year period for the purposes of public educational display at our three Sea World parks in San Diego, California; Aurora, Ohio; and Orlando, Florida, and to conduct benign, nonharmful research on an unspecified number of killer whales which would be encircled coincidental to the collecting activities. These whales would be studied at the site of encirclement and released. The studies would include such things as morphometrics, blood

sampling for genetic determination, photography, some animals would be cryogenically marked (painless freeze branding) and approximately six animals over the five-year period would have small radio-packs attached so their movements could be monitored by satellite. All of these activities, of course, and others as your Department recommends, will be conducted in concert with your scientists as well as those from the University of Alaska. As you know, we have worked closely in the past with such eminent scientists as Dr. Robert Elsner and Dr. John Burns, among others. Previous studies in concert with the Alaska Department of Fish and Game have included work on seals, sea lions and walrus. (We have, over the last few years, rescued and returned to good health an average of six or so walrus pups per year in cooperation with your Department and various Alaskan native corporations as well as Fish and Wildlife Service.)

These proposed studies on killer whales and other marine mammals in Alaska will provide data that are currently unavailable on the natural history, physiology, population dynamics, etc. as we have discussed. In addition, locations of groups of killer whales and other cetaceans will be more exactly pinpointed to allow tourist vessels and scientists to observe them in the wild.

Although we have had reports over the last few years of large numbers of killer whales ranging from several hundred to several thousand in Alaskan waters, the literature currently indicates there are approximately 250 to 300 animals minimum in the areas we suggest. We are currently in the process of conducting field research which will give us a more concise idea of minimum population numbers. Some of these early data will be available later this year and should boost the minimum numbers.

There have been some misconceptions about this project. Some would imply it is too extensive or is

in conflict with the U.S./IWC position. This is not the case, however. Neither the United States' position on whaling nor the IWC moratorium are threatened. Both the Russians and the Japanese are envious of the United States' capabilities with public display. These they do not now have, but they will, in time, develop them. Further, the IWC position presently allows for the aboriginal taking of whales and, as you know, the United States' position on this issue immeasurably exceeds any position on live capture for public display. We believe these "problems" are intended to divert attention from the truth.

Our only intent at the outset was and still is to follow the IWC requests which outline coordination of science with capture for public display so as to accumulate as much knowledge as possible about marine mammals.

As you are already aware, the IWC charter currently extends only to the great whales taken for slaughter on the high seas. It was once previously extended to include bottlenosed whales, following six years of debate - a move still protested by some of the members. The IWC has not extended the charter to cover other whales and has certainly never studied live capture for public display as an obligation.

Some IWC killer whale management recommendations have been made: 1) The IWC asked the Soviets not to kill any more killer whales in the Antarctic after they killed over 900 killer whales in 1979-80. This request is valid, however, only until the Soviets provide more data on population and provide information on those already killed. The Soviet reply has been that they intend to slaughter no more killer whales and thus they foresee no need to supply the data requested. 2) Norway has been allowed to kill 52 killer whales each year ad infinitum, based on a minimum population of 1,115 killer whales in their waters. This quota is voluntary, but the Norwegians are complying.

Many countries which are signators to the IWC charter also are in favor of the moratorium and also currently exhibit killer whales for public display. They are not likely to abstain from or vote against the moratorium unless it conflicts with their display of cetaceans.

There is no move at present to include live capture in the IWC charter as this almost exclusively occurs in sovereign waters, not on the high seas. And, the total numbers taken for public display are so minute as to be nonexistent compared to those in fisheries, commercial slaughter and for scientific research alone. There are in all of North America a total of approximately 1400 seals, sea lions, dolphins and whales to educate 110-120 million visitors each year to zoological parks and aquaria.

We have on several occasions attended meetings to discuss the project. In May 1983 we suggested to National Marine Fisheries Service that the appropriate site for a public hearing would be in Alaska. We have met with representatives of the University of Alaska, the Alaska Department of Fish and Game, National Marine Fisheries Service, Alaska, the Alaska Congressional delegation representatives, as well as representatives from Governor Sheffield's office. In addition we have met with Alaska charter and tourist interests and look forward to more cooperation with these groups to enhance their knowledge of wild marine mammals.

The field studies and the research alongside or aboard our collecting vessels is to be accomplished in concert with scientists from Sea World, the Hubbs-Sea World Research Institute, the University of Alaska Institute of Marine Science and the Alaska Department of Fish and Game, as well as other scientists you may designate. Several of us will be in Juneau on or about February 8, 1984 and would like to continue our discussions on this matter

with you at that time at your convenience. We will be visiting earlier in that week with some of the people already indicated at the University of Alaska in Fairbanks.

Sea World currently maintains three killer whales in our Orlando, Florida park, three in San Diego, California and two for our Aurora, Ohio facility. Our goal would be to double these numbers for the creation of small breeding groups which would also serve to enhance our public educational displays.

Our oldest male killer whale is approximately 25 years old and has been with us for over 15 years. Other killer whales in our care have been with us for approximately 7 years and are 10-12 years old. All are doing well and are approaching sexual maturity. Thus we believe we have an opportunity which has never before been available - the captive propagation of killer whales.

To accommodate the success of our propagation program, we have designed and begun construction on huge new killer whale facilities in our Orlando park. This 5 million gallon "ocean" will be 4-5 times larger than our current facilities which are the world's largest. We also plan similar facilities in our San Diego park to be completed in 1987. We have also just finished remodeling the Ohio whale pools.

The research project, which is currently budgeted at $250,000 per year for the five year period, a total of $1.25 million, will be administered by the nonprofit Hubbs-Sea World Research Institute. Almost all of these funds will be spent in Alaska, as that is where the majority of the work will take place. This means an added $5-7 million to the Alaska economy if you include a dollar multiplier of 5-7.

We have successfully conducted many projects in Alaska without incident in the past with the cooperation of the Alaska Department of Fish and Game, and we look forward to the onset of this particularly important project with your approval and cooperation.

Sincerely,

Lanny H. Cornell, D.V.M.

LHC/ld

cc: Robert A. Hinman

information compiled by Sea World, Inc., to include mortality reports, capture reports, summaries of research results, and annual reports.

At your earliest convenience, please advise as to your intentions to fulfill the above requests. Should you consider these conditions unnecessary, the State may decide to oppose the Sea World, Inc. program in state waters.

Sincerely,

Don W. Collinsworth
Commissioner

cc: William G. Gordon

bcc: Game Headquarters
John Burns
Rep. Mike Szymanski

DWC:WLP:M²:h

January 16, 1984

Mr. Robert B. Brumsted, Chief
Permits and Documentation Division
U.S. Department of Commerce
NOAA/NMFS
Washington, DC 20235

Dear Mr. Brumsted:

In our departmental letter to you, dated July 6, 1983, regarding application P2M by Sea World, Inc., we stated our concurrence with the issuance of that permit by your agency. However, we requested that as a condition of the permit, "approval of the State of Alaska must be obtained prior to any effort by Sea World, Inc. to take killer whales in state waters, under the broader authority of a Federal permit."

We have reviewed Mr. William G. Gordon's November 1, 1983, letter and your agency's permit (#439) to Sea World, Inc., which authorizes the taking of killer whales in Alaska waters. We did not find a permit condition which requires the permittee to obtain approval from the State of Alaska prior to conducting activities in state waters. Therefore, I request the following actions be initiated by your agency:

(1) provide the permittee (Sea World, Inc.) with a written supplemental permit condition which requires State of Alaska approval prior to any efforts being undertaken to capture killer whales in state waters;

(2) require that an observer from the National Marine Fisheries Service and/or the State be present during <u>all</u> capture operations in state waters; and

(3) establish a procedure whereby the State of Alaska will receive copies of all reports and pertinent

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July 6, 1983

Mr. Robert B. Brumsted, Chief
Permits and Documentation Division
U.S. Department of Commerce
NOAA/NMFS
Washington, D.C. 20235

Dear Mr. Brumsted:

The following comments pertain to a scientific research and public display permit application submitted to your agency by Sea World, Inc. (application P2M). Taking of up to 100 killer whales would be authorized with up to 10 actually being removed from the wild. It is our understanding that most of the proposed research involving taking (as defined in the MMPA) as well as the capture and removal of whales would occur in waters adjacent to Alaska.

The Department of Fish and Game recommends approval of the Sea World, Inc. application. Killer whales are an important and highly visible component of the marine fauna of our waters. Nonetheless, relatively little is known about these magnificent animals. It is important that basic information about habitat preferences and utilization, movement patterns, food habits, and stock identity be obtained. The Federal Government is now on an accelerated leasing schedule of the outer continental shelf, for purposes of petroleum exploration and production. It is very important that basic biological information about living resources that use those lease areas be obtained.

We foresee a steady reduction in Federal and State funds available for biological investigations of our marine areas. Sea World, Inc. appears willing to underwrite, at least in part, scientific research which has applicability to issues raised by development of the outer continental shelf. We fully recognize that significant benefits will also accrue to Sea World in the form of gate receipts generated by killer whales they capture and maintain for public display. The trade-off, however, appears acceptable especially in view of the number of killer whales occurring in waters near Alaska.

One condition of the permit that we request is that approval of the State of Alaska must be obtained prior to any effort by Sea World, Inc. to take killer whales in State waters, under the broader authority of a Federal permit. There are many reasons for this, not the least of which is to avoid conflicts within designated State sanctuaries or marine

mammal viewing areas. Additionally, there are other areas where the work might be interpreted as harassment of killer whales and might result in strong opposition from our citizens. Killer whales have an important role in the religious and social systems (e.g., clan totems) of peoples of some cultures within Alaska.

Thank you for the opportunity to comment.

Sincerely,

Don W. Collinsworth
Commissioner

cc: John Burns, ADF&G

DWC/RAH/tm

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Sea World™

SUMMARY

SEA WORLD, INC. KILLER WHALE (ORCINUS ORCA)

SCIENTIFIC RESEARCH AND PUBLIC DISPLAY PERMIT

After three years of study and preparation and nine months of public, government and scientific review, Sea World, Inc. was issued a permit by the National Marine Fisheries Service (NMFS) under the authority of the Marine Mammal Protection Act of 1972 to collect killer whales (Orcinus orca) for the purposes of public educational display, captive breeding and scientific research.

The permit authorizes the collection of an average of two killer whales per year from Alaskan waters over a five year period - a total of 10 whales - for public educational display and propagation in Sea World's facilities in San Diego, California, Orlando, Florida and Aurora, Ohio.

Killer whales occur in groups or "pods". As the two animals a year are collected, an unknown number of associated animals - probably less than 10-20 a year - will be encountered. The second portion of the project as approved by NMFS will allow recognized scientists from a number of universities and other research institutions to detain some of these additional animals for a brief period to conduct important, nonharmful research. All research conducted under the permit will be supervised and coordinated by the Hubbs-Sea World Research Institute. This research is in part responsive to and supportive of the recommendations and policies of the International Whaling Commission.

The killer whales selected for maintenance at Sea World will be merged with its current captive population. This will allow Sea World to establish in all three facilities social units comparable to the four- to ten-member pods frequently found in the wild and considered to be the primary breeding units. Sea World expects these groups to become reproductive. This expectation is based on several years of documented study on whales and a pilot propagation program with dolphins and other marine mammals which has culminated in the successful breeding of 28 bottlenose dolphins (Tursiops truncatus) at Sea World and dozens of seals and sea lions. Sea World also currently has a pregnant beluga whale.

PUBLIC DISPLAY AND CAPTIVE BREEDING

This portion of the permit authorizes the collection of a total of 10 killer whales over a five year period from Alaskan waters.

An average of two animals will be collected per year. Of the 10 animals removed, approximately two to three will be males and approximately seven to eight will be females. All will be juveniles and young adults between 340 cm and 550 cm (approximately 11 feet to 17 feet) long. These animals will be merged with Sea World's animals and maintained in Sea World's facilities in San Diego, California, Orlando, Florida and Aurora, Ohio. The Sea World objective is two-fold: to establish a captive breeding program and to continue to maintain public educational display schedules.

Captive Breeding Program

In 1981 scientists at Sea World began to develop plans for a killer whale breeding program. The program rationale and approach are based on its highly successful breeding program which, as mentioned previously, has resulted in the live-births of 28 bottlenose dolphin calves since 1977. Sea World has five more pregnant bottlenose dolphins. During the formative stages of this dolphin breeding program some theorized that marine animals could not be expected to reproduce in captivity in significant numbers. Sea World commenced its breeding program and disproved their theory in just a few short years. The total number of births at Sea World is greater than the combined births at all other facilities in the U.S. during the 1977-1983 time frame.

From the data available on killer whales in the proposed study area, it appears that an average pod contains about four to six individuals. Under the program, Sea World would establish a small colony of five or six animals of varying sex and age classes in each of its facilities. We are convinced that such groupings will enhance social adjustment, breeding and educational display.

Until recently, Sea World's female killer whales have not been old enough to reproduce. We have only recently observed the beginning of sexual activity. One male killer whale is currently of breeding size and age, and several females are approaching sexual maturity. Hopefully these animals will be the first to conceive and reproduce successfully. They and the newly collected animals will form a core group for the breeding colonies.

Sea World scientists are confident killer whales can successfully reproduce in a Sea World environment. The program is designed to be self-sustaining as are the current bottlenose dolphin, California sea lion and harbor seal populations at Sea World.

Sea World will be able to maintain educational display schedules

and its commitment to the public, as well as its responsibility to science and the species' reproduction in captivity.

Public Display

In the space of two decades, Sea World has had an unparalleled impact on public awareness of marine mammals. This is due entirely to the public display of these magnificent animals and educational programs based on their physical presence. It is impossible to convey on paper the thrill and joy people experience as they touch the smooth skin of a killer whale and feel the warm air rush from its blow. These experiences - and Sea World offers many different kinds - foster a deep and unforgettable bond which serves to endear the animals of the sea to mankind. No movie, book, or TV program could have such a profound effect.

Since the opening of the first small park in San Diego in 1964, Sea World has hosted nearly 75 million visitors. In the last ten years alone, Sea World has shown an attendance increase of over ten percent each year. In 1983, nearly seven million people experienced marine mammals at Sea World parks, and projections are that ten million people a year will visit Sea World parks by 1990. Sea World's formalized educational program "Exploration Breach" has taught dozens of marine life programs to over 1.5 million students since its inception in 1972. A program coordinator for the Orange County Public School System in Florida wrote in recent correspondence, "We are dependent upon Sea World to provide marine biological programs. During May of 1983 alone, over 20,000 students were involved from the state's educational institutions."

Sea World provides continuing education programs, conducts a preceptorship program for veterinary medical students, and offers an impressive range of programs for the mentally, visually or severely handicapped. Sea World has been the recipient of numerous educational and graphics awards and was rated by the Stanford Research Institute as "the world standard, against which all others of its kind are measured," adding that it is "superior from a family perspective in every way."

NON-HARMFUL SCIENTIFIC RESEARCH

Killer whales to be studied under the permit will be examined in the field. Killer whales can be found as solitary individuals but are usually in groups ranging from 4-20 animals. The encirclement of such a group offers an opportunity for research which would otherwise be wasted.

An International Whaling Commission (IWC) workshop on killer whales held in 1981 (IWC 32: 617-694) stated in one of its reports, "...noting that chromosomal and biochemical studies may yield information concerning stocks and populations of killer whales, the meeting recommends that such studies be undertaken for all killer whales currently in captivity, and whenever opportunity exists, to conduct studies on stranded and harvested whales in the wild."

Sea World has already conducted such studies with captive killer whales as well as other marine mammals and wishes to encourage these and other important studies of free-ranging killer whales coincidentally with the collection of animals for public display.

The National Marine Fisheries Service permit allows for the restraint of up to 90 animals for a length of time necessary to conduct the benign research activities for which the animals are selected. Some of the data collection procedures require only a few minutes. Other procedures require several hours. All will be conducted boatside or on the science vessel and the whale subjects released immediately afterward.

The summary of authorized activities listed below reflects various requirements and restrictions, as described.

1) The collection over a five-year period of an average of two animals per year (for a total of 10 animals) for public educational display and captive propagation.

2) The authority to conduct important, nonharmful scientific research on up to 90 additional animals encircled in the nets coincidentally during the five-year collection effort. A specific number of animals for each research activity is defined. Some studies require further review and authorization from the Assistant Administrator of the National Marine Fisheries Service in consultation with the Marine Mammal Commission.

3) Animals incidentally encircled for research might be examined up to two times, but not more than once in each calendar year. Previously studied animals may be restrained, measured, blood-sampled, remarked if necessary and may have radiotelemetric packs removed or changed if necessary.

4) The permit requires suspension of all activities in the event of any mortality. Any animal that dies will be considered taken under the 10 authorized for public educational display and captive propagation.

5) The permit must be reviewed and reauthorized by the Assistant Administrator for Fisheries in consultation with the Marine Mammal Commissioner annually.

6) The permit prohibits the taking of any pregnant, nursing or unweaned animals.

7) Detailed status, annual and thorough research activity reports will be submitted.

All activities authorized under this permit will be conducted in consultation with the Alaska Department of Fish and Game.

Sea World recognizes the importance of this research and has committed over $1.25 million over a five-year period with the hope that it will serve as a catalyst to promote funding from additional sources, such as state and federal governments and related entitites. In addition, in conjunction with the University of Alaska and the Alaska Department of Fish and Game, the Hubbs-Sea World Research Institute will co-sponsor annual conferences on all marine mammals in Alaska for the purposes of definition of future goals and to examine the data produced by this research project.

A number of scientists and organizations will be associated with the research conducted under this permit. Among these are: Mr. John Burns, Alaska Dept. of Fish and Game; Dr. Robert Elsner, University of Alaska; Mr. John Hall, Anchorage, Alaska; Mr. Kenneth C. Balcomb, Ocean Research Education, Gloucester, Massachusetts; Dr. Deborah Duffield, Portland State University; Dr. Colin M. Bloor and Francis C. White, University of California; Dr. Dan Costa, University of California, Santa Cruz; Dr. Sam Ridgway, Naval Ocean Systems Center, San Diego, CA; Mr. Stephen Leatherwood, Hubbs-Sea World Research Institute, San Diego; Dr. Bruce Mate, Oregon State University, Newport, OR; Dr. Bernd Wursig, Moss Landing Marine Laboratory, Moss Landing, CA; Dr. Lanny H. Cornell, Sea World, San Diego, California.

THE FOLLOWING DOCUMENT(S) MAY NOT FILM LEGIBLY BECAUSE OF POOR QUALITY OF THE ORIGINAL.

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SECRETARY of STATE

Ralph Munro

Olympia, Washington 98504
(206) 753-7121

January 27, 1984

Senator Vic Fischer
Alaska State Legislature
Pouch V
Juneau, AK 99811

Dear Senator Fischer:

Senator Fischer, members of the Committee. I regret I cannot be with you personally, but I, like you, am currently wrapped up in our legislative session. I appreciate the opportunity to submit this letter to you.

In 1976, I had the unfortunate experience of witnessing an Orca capture operation conducted by many of the same individuals now associated with Sea World, Inc. My family, as well as a number of other witnesses, watched as the capture team used airplanes, a flotilla of power boats, and explosive devices to herd pods of Orcas half way down Puget Sound.

As a result of numerous citizen complaints from witnesses of this capture attempt in Budd Inlet in 1976, the state of Washington sued Sea World, and numerous federal agencies, in the U.S. Federal Court on the grounds that they had violated the terms of their capture permit.

Settling out of court, Sea World agreed to release the whales it had in its possession at the time and never again capture Orcas in Washington State waters.

Shortly after the court case, the Washington State Senate passed a resolution calling for an immediate moratorium on the intimidation, harassment, hunting and capturing of Orcas in Puget Sound and adjacent salt waters. At that time, we modeled our policy after the British Columbia prohibition of Orca captures.

Since 1976, Washington State has had, in effect, a whale sanctuary within its waters. My hope is that this sanctuary would be extended to other states and provinces.

Senator Vic Fischer
1/27/84
Page 2

I am unequivocally opposed to the capture of Orca whales for display purposes, especially in amusement parks such as Sea World. Orcas are highly intelligent, sensitive, and social mammals which should be protected from unnecessary harassment, pain, and death. The life expectancy of Orcas in captivity is drastically shortened to an average of four or five years compared to the 50 to 80 years for whales living in the wild.

Very little research on the population of Orcas has been done in the wild. This important research should not be conducted by a private amusement park, but by a publicly funded research body, such as the University of Alaska.

In addition, the capture of Orcas for exhibition purposes stands in opposition to our stated national policy to "bring an end to capture of whales for commercial purposes" throughout the world. As has been pointed out by many members of Congress, further capture of Orcas for exhibition purposes will undermine the position of the U.S. at International Whaling Commission meetings in the future.

Mr. Chairman, members of the Committee, I thank you for the opportunity to present these comments.

Sincerely,

RALPH MUNRO
Secretary of State

RM:db

THE PRECEDING DOCUMENT(S) MAY NOT FILM LEGIBLY BECAUSE OF POOR QUALITY OF THE ORIGINAL.

TESTIMONY OF VIVIA BOE TO THE ALASKA STATE SENATE RESOURCES COMMITTEE
JANUARY 30, 1984

Good afternoon. My name is Vivia Boe. I am testifying on behalf of the one million members of Greenpeace International, an environmental organization. My work with Greenpeace over the past five years has included research into the capture of orca for public display. I have acted as a representative of Greenpeace in meetings with aquarium officials to discuss capture plans and have viewed their killer whale displays with them at their invitation. I had such a meeting with Dr. Cornell at Sea World in San Diego just this past September. I have also observed killer whales extensively in the wild, and am a naturalist on board educational whale watching trips in Washington's San Juan Islands each summer.

I wish also to speak as a lifelong resident of the State of Washington. My family lives on San Juan Island, from which more killer whales are seen than from any other place in Washington State waters. I can remember seeing killer whales frequently as a child , and on one occasion saw over one hundred whales at one time leaping and cabriolting just offshore. That was before the waters of Washington state became the prime hunting grounds of Sea World and the rest of the aquarium industry. By the time the State of Washington finally banned the whale captors from our waters, our killer whale population had been decimated to nearly one half of its pre- exploited size. I've come to Alaska in the hope that the State of Alaska will be able to benefit from Washington's long experience with Sea World and its chief collector of whales, Mr. Don Goldsberry.

I want to compliment Senator Vic Fischer and the other sponsors of the Joint Resolution dealing with the capture of killer whales in Alaska waters, and also want to thank you, the members of this committee, for the opportunity to make this presentation.

Washington State's experience with Sea World Incorporated becan in 1965. In October of that year, the first of a long series of whales bearing the stage name of "SHAMU" was netted and sent to Sea World in Southern California. OVer the next five years, Goldsberry and his partner Ted Griffin rounded up an estimated total of 192 killer whales in Washington State waters. Twenty three were put on display. At least nine more were killed by the capture operations.

By 1970, Sea World Incorpated had purchased the Seattle Marine Aquarium, which was previously owned by Ted Griffin. Under Sea World's ownership, the aquarium became little more than a temporary holding facility for captured orcas bound for

Sea World pools in Florida and California. That year, 1970, was the peak year for killer whale capture activities in the combined Northwest--British Columbia and Washington State--waters. The many deaths brought about by the captures induced the Canadian government to ban the harassment, capture, and killing of orcas except for under restricted permits, to Canadian captors only.

By 1970, Sea World's Don Goldsberry had captured over half of all the killer whales on display worldwide. He had attained another distinction too--that of killing more whales during capture than anyone else. In August of 1970 Goldsberry drove 80 orcas--probably the entire Puget Sound population--into Penn Cove near Seattle. Seven were taken into captivity. At least four others died. The dead whales washed up on our beaches some months after the capture. Their bellies had been slit open, their insides weighted down with stones and pieces of metal. They had then been wrapped in chains, taken out to sea, and dumped. Obviously, it was hoped that their deaths would not be discovered. It was at this time that public controversy erupted over Sea World's activities. In 1971, Washington State passed laws regulating the captures. A $1000 permit fee would be required and state game officials would have to be present to ensure humane handling of the whales.

The controversy came to a head--and to an end--in 1976. Mr. Goldsberry followed a pod of whales south in Puget Sound and herded them into Olympia Harbor, right past the State Capitol Building. Many witnesses watched as the whales were driven into shallow Budd Inlet by high-speed motorboats, explosives, and an airplane. Among the witnesses was our present Secretary of State Ralph Munro, then chief aide to Governor Dan Evans. Munro and his family and friends were amont the many people out enjoying the fine spring weather in boats. Later, affadavits from Munro and other witnesses at Budd Inlet that day would tell of terrified and confused whales trapped by speedboats, and of the horrible shrieks heard when the explosives were thrown in the water.

It just so happened that just a couple of miles away, at Evergreen State College, a conference was being held that day on the subject of killer whales. The conferees called for an end to the capture which was in progress in Budd Inlet. Over one thousand people converged on shore at the capture site, where the 6 trapped could be clearly seeing a capture at close hand sparked public sympathy for the animals. International headlines and the Washington State lawsuit referred to in your Resolution were the results.

Then Governor Dan Evans and Washington state Attorney General Slade Gorton filed suit in Federal Court on behalf of Washington State against Mr. Goldsberry, Dr.

Cornell, Sea World Incorporated, the U.S. Department of Commerce, the National Oceanic and Atmospheric Administration, and the U.S. National Marine Fisheries Service. They charged that Sea World Incorporated had violated the terms of their permit by the use of explosives and aircraft "in an inhumane manner" to get the whales into the nets. The case was settled out of court after a drawn-out legal battle. A federal judge ordered that the six whales be set free, and Sea World Incorporated agreed to give up the permit they were holding, and to never again capture killer whales in Washington State waters.

Washington then became, in effect, a sanctuary for killer whales. But as I mentioned earlier (and it bears repeating), the whales' numbers had already been reduced to half their unexploited level. Not only the individual whales, but also their potential offspring, had been removed. Today, our resident killer whale population remains depleted. All but one of the killer whales taken away by Sea World are dead.

Later in the same year, after he was forced out of the whale capture business in Washington State, Don Goldsberry moved his operations to Iceland. He captured 18 whales in his first two years there, selling nine of them to Sea World Incorporated. Five of the whales contracted frostbite while neglected in holding pens in freezing winter weather. Two died in January, 1978. Their health and thus their commercial value thrown into question, the others were released one month later, their eventual fates unknown. The zoo in Iceland with which Don Goldsberry has cooperated to the present time on the whale captures is now under serious threat of closure by the Icelandic authorities. Official inspections of the facility have turned up reports of grossly negligent treatment of various species remaining there. Dead animals were found in pens, one of them a dead "joey' (baby kangaroo) hangin g from its emaciated mother's pouch. This zoo, like the Seattle Marine Aquarium before it, has become a front for the whale capture industry. And like the Seattle Marine aquarium, it will probably be closed down when the captures cease.

Thus, I think the need to move on elsewhere again to fresh capture grounds. Which brings us to the present discussion of Sea World's permit to capture one hundred whales in <u>your</u> waters.

(By the way, I am almost sorry to have to relate such a scandalous history to you. But what I have said is firmly substantiated by facts, and it is important that you be aware of the background of the permit-holders who now come to you for your whales.)

The permit issued by National Marine Fisheries Service for the Alaska captures has come under severe criticism for its laxity and vagueness, so it is very fitting that the Alaska State Legislature is exercisin its right--and its responsibility-to see that its whales are protected. Your resolution is a very positive step. However, it needs to be strengthened some if it is to be effective. With your permission I would like to go through some major points about the permit and the resolution.

First, the permit does not adequately address the issue of capture techniques. It appears that no restrictions whatsoever have been placed on Sea World's use of the same explosive devices and herding techniques that witnesses in Washington state found so brutal and dangerous. The permit states (and I quote) that "the colelction techniques and procedures referenced in the applications are acceptable and shall be the manner in which the animals are taken." The permit application states that Don Goldsberry should be allowed to have maximum flexibility to use any of the techniques described in Goldsberry and ASper's 1978 paper titled, " "A Live Capture Technique for the Killer Whale". This document, written the year at least two of five killer whales captured by Goldsberry died as a result of negligent treatment, is less than two pages long. It recommends the now-familiar explosives speedboats, and low-flying aircraft. Remember, in 1976, Sea World Incorporated was charged with illegally using aircraft to drive the whales into the nets. The permit they then held specified they were to use aircraft for locating whales only. The present permit, since it simply rubber-stamps the capture techniques vaguely outlined in the permit application, allows use of aircraft within 50 feet of the water as an aid to capture the whales. I believe this was wrongly overlooked by the National Marine Fisheries Service. In addition,the aircraft may fly lower if it is landing. For Sea World to state the obvious fact that an airplane can fly low in order to land strikes me as an attempt to create a loophole. You would do well to amend your resolution to require that it be clearly spelled out that low-flying aircraft not be used at all.

Another grave flaw in the permit is its failure to require observation of the capture by anyone other than Sea World's employees. The permit simply sates that the captors must notify the National Marine Fisheries Service when whales are about to be captured. This means that those parts of the operation which pose the most risk of injury or death to the whales, the herding and the netting, would have occurred before Federal or State officials could arrive on the scene.

It is excellent that your resolution addresses this vital problem. I strongly recommend, though, that you amend this section to require that there be one

outside observer on board the lead vessel at each capture site. Observation should begin at the onset of efforts to locate target animals, and should continue on a 24 hour a day basis right up to the time the whales are captured and exported to their final destinations. It is well to remember that the National Marine Fisheries Service and the Washington State Game Department were sued along with Sea World Incorporated in 1976. They were charged with gross negligence in failing to properly supervise the Budd Inlet capture. The National Marine Fisheries' record of enforcement of orca capture regulations is very poor, and this lax permit for captures in your waters is just one more example of this serious inadequacy. I am heartened to hear your State Game Department is expressing concern about Sea World's plans. Washington State's Game Department was more or less a victim of a lack of communication on the part of the Federal government. The current director of the Washington State Game Department came out with a strong statement in opposition to Sea World's current plans at the Federal hearings in Seattle lsat August. This statement was read by our Secretary of State Ralph Munro as part of his own testimony, which has been entered into your records on this resolution.

I suggest that you add to your resolution a paragraph referring to the serious depletion of the Washington state killer whale population as a direct result of the whale capture industry, and Sea World and Don Goldsberry in particular. This is a very important point.

Next I would like to say that Alaskans are quite right to fear that orca capture activities will discourage or prevent killer whales from returning to areas they now frequent. Even aquarium officials have remarked that this is sometimes the case. Pedder Bay in British Columbia (on Vancouver Island) is a very good example. Once a favorite feeding and playing area for killer whales, it was shunned after being the scene of several horrendous whale trappings and deaths.

Alaska's citizens, visitors, and tourist industry will certainly gain nothing by Sea World's plan. But they stand to lose a priceless part of Alaska's wild beauty. The only guaranteed profits will go to California, Florida, and Ohio, where children will have to pay some $10 each to see a tamed clown in a pitifully small pool.

I was going to address the dubious value of the research and experiments which are proposed. But since Richard Osborn from Moclips Cetological Society is testifying today, I will not take up any more of your time. Greenpeace International is aware from our dealings with the worldwide whale research and conservation movement that Rich and his colleagues are the most respected authorities on the subject of killer whales and techniques of studying them in the field.

SUBMISSION TO

THE U.S. NATIONAL MARINE FISHERIES SERVICE

COMMENTS CONCERNING SEA WORLD, INC'S

ORCA CAPTURE PERMIT APPLICATION UNDER

THE GUIDELINES OF THE U.S. MARINE

MAMMAL PROTECTION ACT

GREENPEACE,
SEATTLE

GOOD SHEPHERD
CENTER
4649 SUNNYSIDE
AVENUE NORTH
SEATTLE, WA
98103

TELEPHONE
206/632-4326

Greenpeace Northwest

Alan Reichman, Wildlife
Campaign Coordinator

June 6, 1983

A NON PROFIT
TAX EXEMPT
ORGANIZATION

SUBMISSION TO THE U.S. NATIONAL MARINE FISHERIES SERVICE

COMMENTS CONCERNING SEA WORLD, INC.'S ORCA CAPTURE PERMIT

APPLICATION UNDER THE GUIDELINES OF THE U.S. MARINE MAMMAL

PROTECTION ACT

GREENPEACE, SEATTLE

GOOD SHEPHERD CENTER
4649 SUNNYSIDE AVENUE NORTH
SEATTLE, WA 98103

TELEPHONE 206/632-4326

The Pacific Northwest regional office of Greenpeace—with approximately 20,000 members—is opposed to granting Sea World, Inc. a permit to capture killer whales (orcinus orca) from Alaska and California coastal waters under the guidelines of the U.S. Marine Mammal Protection Act.

Greenpeace Northwest has experienced Sea World orca capture operations firsthand in the past as a result of our location. Therefore, we are submitting comments in addition to those submitted by Greenpeace U.S.A., emphasizing our experience with Sea World as well as other concerns.

There are four facets of our position opposing a potential Sea World orca capture permit:

1. The biological and ethical implications of capturing orcinus orca and holding them in captivity.

2. The clear lack of scientific justification for Sea World's proposed exploitation of Alaska and California orcinus orca populations; as well as an equally clear lack of scientific justification for the scientific research they propose to conduct.

3. Sea World's interest in procuring a source of display animals for its highly profitable marine circus operations—as well as potential sale to other aquaria worldwide. Sea World's proposed research appears to possibly represent an attempt to justify its desire to provide its facilities with a resource.

4. Sea World's pitiful capture operations in the State of Washington. As citizens of Washington State, we have experienced the negligence of Sea World firsthand. In 1976, the State of Washington successfully sued Sea World and their capture operation was subsequently shut down.

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GREENPEACE,
SEATTLE

GOOD SHEPHERD
CENTER
4649 SUNNYSIDE
AVENUE NORTH
SEATTLE WA
98103

TELEPHONE
206/632-4326

I. BIOLOGICAL AND ETHICAL IMPLICATIONS

The risks of mortality to orcas during capture operations, transport, and captivity are manyfold. There is a bonafide risk of death for non-target as well as target animals during capture, and an exceptionally high risk of mortality to captive animals during transport as well as the first few months of captivity. Furthermore, the longevity of captive orcas is far below that of orcas in the wild (please see the attached table provided by Washington Secretary of State Ralph Munro concerning orcas captured in Washington State and British Columbia waters from 1961-1976). Also, no orcas have ever successfully bred in aquaria facilities anywhere in the world. Thus, captive orcas are denied an opportunity to contribute to the survival of their particular pod or the population as a whole.

Ethical considerations must also be scrutinized. For instance, we must consider the importance of the pod as the intricate social unit which orcas live within. During capure operations, entire pods are harassed: often by "California seal devices" (which are better known as seal bombs), high speed boats, and sea planes. As a result, non-target animals are adversely affected by such operations. All orcas within an affected pod are disrupted and disturbed by the removal of individual members. A trauma factor for all the whales must be considered. Furthermore, the conditions of confinement in aquaria enclosures are not acceptable by modern zoo-keeping standards Orcas can range up to one hundred miles per day in the wild. Enclosures which are not realistically much larger than backyard swimming pools simply are not adaquate. Orcas have sophisticated sonar systems for communication, hunting and navigation and live in perpetual distress in a captive environment wherein their communications reverberate off concrete walls.

II. LACK OF SCIENTIFIC JUSTIFICATION FOR PERMIT

Sea World does not provide ample evidence supporting their estimate of a world orca population of 200,000 animals. Furthermore, Sea World does not provide sufficient information concerning the stocks in Alaska and California they wish to exploit. Greenpeace Northwest supports the reasons given by the Moclips Cetalogical Society of Friday Harbor, WA. in its opposition of a potential Sea World permit for these reasons as well as the others they cite.

We agree with Moclips' critique of Sea World's plan to develop a "sustained captive breeding population." Orcas have never successfully bred in captivity. Greenpeace Northwest recommends that Sea World demonstrate that it can provide a captive environment wherein orcas that are currently in captivity can successfully breed before they are permitted to capture more orcas for the explicit purpose of breeding orcas. Until Sea World can successfully demonstrate that captive orca breeding is possible, a permit should not be granted.

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ORGANIZATION

Also, Sea World does not provide sufficient justification for the research that it wishes to conduct. They do not establish that such research could not be successfully conducted from orcas that are currently in captivity. There. especially is no justification for Sea World to transport orcas away from the capture site if they are going to be released. Sea World needs to clarify its intentions concerning the duration of time they intend to expermiment on whales. They are requesting up to three weeks to conduct experimentation yet Lanny Cornell claims the whales will be held only twenty minutes to two hours in a Seattle Post-Intellicencer article of June 2, 1983 (which is enclosed). Sea World only concedes that it will "attempt" to release orcas near other orcas. Furthermore, they could never insure that orcas would be released at locations where they could reintegrate themselves into their pods. Given the intricacy and dynamacy of the relationship between an individual orca and its pod this could cause an inhumane level of pain and suffering.

GREENPEACE, SEATTLE

GOOD SHEPHERD CENTER
4649 SUNNYSIDE AVENUE NORTH
SEATTLE, WA
98103

TELEPHONE
206/632-4326

In summation, Greenpeace Northwest is in agreement with the Mo[illegible]clips Cetalogical Society's comments concerning Sea World's lack of evidence regarding orca population sizes; the lack of credibility for their proposed "sustained breeding population"; and the lack of justification for the validity as well as methodology of the research they propose to conduct.

III. SEA WORLD'S OVERRIDING INTEREST IN PROCURING DISPLAY ANIMALS

When one traces the history of the orca capture industry, one realizes that Sea World may be more interested in procuring a source of display animals for its highly profitable marine circuses than it hopes to increase scientific knowledge of orcinus orca.

As I will further explain in section IV of these comments, Sea World conducted its capture operations in Washington State waters until it was successfully sued by the State of Washington in 1976. As a result, Sea World's "orca capture expert" Donald Goldsberry travelled to Iceland where he helped start a similar capture operation based at the Saedryasafned Zoo (see accompanying portion of Erich Hoyt's The Whale Called Killer, New York, E.P. Dutton, 1981). Iceland has been Sea World's source of orcas since 1977.

Since the National Marine Fisheries Service has temporarily stopped issuing permits allowing the importation of orcas from Iceland, Sea World is wondering where its display animals will be obtained from. The National Marine Fisheries Service should consider the possibility that Sea World is submitting this application because its Icelandic source has dried up.

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GREENPEACE, SEATTLE

GOOD SHEPHERD CENTER
4649 SUNNYSIDE AVENUE NORTH
SEATTLE, WA
98103

TELEPHONE
206/632-4326

IV. SEA WORLD'S RECORD IN WASHINGTON STATE

Until March of 1976, Sea World regularly attempted—many times successfully—to capture orcas in Washington State coastal waters. Their capture operations raised considerable public concern. One such occasion is described by Sheldon Campbell in his Lifeboats to Ararat (New York: Times Books, 1978):

"A year before this time (Campbell has described a confrontation between Goldsberry and Don McGaffin, a columnist with Seattle's KING-TV which is an NBC affiliate, in the preceding paragraph) a tragedy had occurred which stirred many of the residents around Penn Cove to anger, for by 1970 killer whales were a welcome addition to the local scenery, coming as they did around the same time every year, generally in August, remaining awhile, and then departing on what happened to be an annual migration. In 1970 some of the visiting whales had been left behind dead, their corpses washing up along the shore. Several had their bellies slit and rocks, concrete, and old chunks of iron placed inside. Because whale collectors had been in the vicinity before the deaths, some residents blamed them. (Footnote at bottom of page: "Nothing was proved but accidents do occur in animal collecting, particularly in the earlier stages of developing capture techniques.")."

While it has never been proven that Sea World's orca capture operation under the direction of Donald Goldsberry killed the orcas, it has never been proven otherwise.

In early March of 1976, Sea World attempted its last ever capture attempt in Puget Sound waters. Sea World utilized seal bombs, high speed boats, and sea planes to herd whales from north of the Tacoma-Narrows Bridge to Budd Inlet, just outside of Olympia. A heated public outcry ensued. On Wednesday, March 10, Governor Dan Evans asked Attorney General Slade Gorton to file suit in District Court at Seattle to block the removal of orcas that were trapped at Budd Inlet.

The lawsuit questioned whether Sea World was authorized to use the seal bombs, etc. within the terms of the permit that had been issued by the U.S. National Marine Fisheries Service. I have enclosed some of the transcripts of Sea World's appeal that was dismissed by the U.S. District Court. Many of the transcripts from the successful suit are not included in the file that is held in archives in Seattle, WA.

Judge Morell Sharpe's verdict ruled that the defendents illegally pursued orcas in a prohibited zone north of the Tacoma-Narrows Bridge. Moreover, Sea World's permit stipulated that the allowed method of capture would be as follows:

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"Methods of capture will be allowing the animals to enter a bay or harbor and then closing off the mouth or entrance with a specially designed mesh net which keeps the animals inside the bay but allows the passage of fish back and forth. From this point another net is placed inside the original net to herd the animal into a working area and from there the animals are divided into smaller groups and put in floating pens large enough to accommodate two or three animals as necessary. Some animals which are to be taken are then seperated, placed in floating pens, and the remaining animals are freed. The size of the pens would be adjusted so that individual animals accommodated would have at least twice their body length in depth within the pen. This method allows the collector to evaluate the animals and pick out the most likely specimens, while not placing undue stress on the animals."

GREENPEACE, SEATTLE

GOOD SHEPHERD CENTER
4649 SUNNYSIDE AVENUE NORTH
SEATTLE, WA
98103

TELEPHONE
206/632-4326

Clearly, these terms do not permit the usage of explosives, high speed boats, and sea planes for herding. Sea World broke the terms of its agreement.

While Sea World is not asking for authority to capture orcas from Puget Sound waters in this application, we must consider that they have not followed National Marine Fisheries Service regulations in the past. I have enclosed a copy of the 1976 Washington State Senate Resolution that bans capture and harassment of orcas in Washington State coastal waters.

Interestingly enough, the text that Sea World cites as its description of the techniques it plans to utilize in proposed capture operations is co-authored by none other than Donald Goldsberry.

V. SUMMATION

Greenpeace Northwest agrees with the recommendations of the Moclips Cetological Society of Friday Harbor, WA. and further recommends that:

1) Sea World, Inc. conducts any scientific research it deems necessary on orcas that are currently in captivity at its facilities in San Diego, CA., Aurora, OH., and Orlando, FL., as well as other aquaria worldwide.

2) Sea World, Inc. demonstrate that it can successfully develop a captive environment where orcas that are currently in captivity can breed successfully. Orcas that are currently in captivity at their facilities as well as other aquaria could be transferred to the new enclosure system.

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3) Public hearings be conducted to further scrutinize Sea World, Inc.'s application. Citizens should be invited to voice their opinions con-

cerning this proposal. A hearing should be held in the Puget Sound region of Washington State as the citizens of Washington State have had experience with Sea World, Inc.'s capture operations in the past and should be allowed to participate in the decision-making process.

Yours Sincerely,

Alan Reichman

Alan Reichman
Wildlife Campaign Coordinator
Greenpeace Northwest

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ENCLOSURES

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A Scientific Review of the SeaWorld Permit Application of March 7,1983 for Public Display and Scientific Research Under the Marine Mammal Protection Act

16 - August - 1983

by Richard Ferraro and Dr. Merrill Spencer

Seattle, Washington

abstract:

On March 7,1983 SeaWorld requested a five year permit to confine and capture Orca Orcinus (killer whale) for the reasons of public display and scientific experimentation.

This review addresses all scientific aspects of this permit request and is presented by two concerned research scientists. The SeaWorld permit request should not be approved. We request that this written review be entered into the record.

authors:

Richard Ferraro is a research scientist specializing in computer applications of medical electronics. He has a masters degree in Electrical Engineering, and acts as a consultant to electronics corporations, hospitals, Universities and the National Institutes of Health. He has focused his attention, in the past 18 months, to the Orca of the Puget Sound.

Dr. Merrill Spencer is a physiologist specializing in the field of Cardiovascular research. He has published over 160 scientific papers including comparative Physiology subjects, and 7 papers on Orca and Grey Whale physiology. He has served on many National panels reviewing scientific research proposals. He has participated in the capture of wild Orca inthe San Juan Islands as well as Grey Whales of Laguna OjoDelebrie Baja California and thus has first hand experience with the logistical and stress related problems involved in the capture and confinement process.

review and risk assessment:

The general criticisms we have of the SeaWorld permit request are that it is poorly organized, omits important information, and lacks consideration for scientific hypothesis and protocol. The consultants listed have no defined roles nor is the five year plan clearly outlined.

The risks to Orcus Orcinus, both individuals and pods, are not clearly identified in either the capture and handling techniques nor in the medical procedures. Subsequently the methods for minimizing obvious risks are missing.

For example the risk of infection due to the tooth extraction process is not dealt with. No mention is made to the use of antibiotics in minimizing this infection potential. Nor is it suggested that the Orca whose teeth are to be extracted could be the animals that SeaWorld currently holds or plans to keep. Their standard animal husbandry program would further minimize the risk of infection.

The specific criticisms of the SeaWorld permit application follow. We have reorganized each of the experiments and proceedures into the following five categories:

1. Breeding

There is no hypothesis stated as to how SeaWorld plans to sucessfully breed Orca when they have been unsuccessfull in the past. The procedural changes such as larger pools, hormone levels, Karyotyping, vaginal swabs, and increased numbers of whales proposed could be tested on the 8 existing captive SeaWorld Orca. If a larger population of captive whales or a larger tank are believed to be the solutions to the unsuccessfull breeding problem then the 8 current captive Orca owned by SeaWorld could be put into one of SeaWorlds larger tanks to prove the hypothesis. It is also not proposed that the freshly captured animals will be held in the larger tanks.

No where is it mentioned in this proposal whether any or all of the proposed Orca to be kept by SeaWorld for breeding purposes will be required to perform and how this performance schedule would effect the whales ability to breed.

2. Animal Husbandry

Tests involving the health care of the captured Orca including blood chemistry, liver biopsy, hemotology, and nasal swabs are important for animal husbandry to protect the dollar investment. This is health care of captured animals and therefore provide no scientific justification for this proposal any more than these procedures are considered scientific research projects when applied to human health care.

3. Gastric Lavage

The reviewers believe that the gastric lavage has scientific merit in the analysis of the stomach contents of free ranging Orca. Gastric lavage could provide valuable information comparing stomachs contents of the free ranging Orca with the sacrificed Orca data from Rice. The only comparisons discussed however relate to adult male/non adult males however, and no mention is made regarding stress related changes caused by the capture process preceeding the stomach lavage.

4. Population Dynamics, Vocalizations, Body Dimension, and Growth Rates

Census data obtained in the population dynamics studies could be of scientific merit yet we feel the success others are having with visual and photographic techniques merit further consideration.

Certain data from vocalizations, radio telemetry, spaghetti streamers cryogenic marking, and tagging desired could be acquired using less invasive techniques currently being successfully employed with free ranging Orca. The highly invasive techniques proposed could damage the very data they are trying to obtain by capturing, taging with various markers, releasing and recapturing the Orca.

The mensural data made available through the original capture could be of scientific value however the plan to recapture the same whales up to 3 times involves serious risk to the individual Orc and to the pod. It is unclear as to how SeaWorld plans on using this mensural data. Again we feel that more extensive use of less invasive techniques should be explored before resorting to the proposed invasive techniques.

5. Respiratory Gas Analysis, Hearing and Aging

Certain data related to respitory gas analysis, hearing thresholds and tooth extraction desired in this experiment could be obtained using already existing captive Orca . No justification is given for performing the hearing threshold tests or the respitory gas analysis on Orca under captive conditions, what information is being looked for with these tests, or why they couldn't be performed on existing captive Orca.

conclusion:

In conclusion this 5 year massive invasion of Orca enviornment in the Alaskan waters is not justified on the basis of the scientific aspects of this proposal. The benefits proposed in this permit application are far outweighted by the risks of such an aggressive invasive disturbance of the free ranging Orca of the Alaskan and California waters.

98TH CONGRESS
1ST SESSION

H. R. 4457

To prohibit the taking and importation of killer whales for public display purposes.

IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 17, 1983

Mr. CHANDLER (for himself, Mr. FOLEY, Mr. DICKS, Mr. MORRISON of Washington, Mr. LOWRY of Washington, and Mr. SWIFT) introduced the following bill; which was referred to the Committee on Merchant Marine and Fisheries

---

A BILL

To prohibit the taking and importation of killer whales for public display purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 101(a)(1) of the Marine Mammal Protection Act of 1972 (16 U.S.C. 1371(a)(1)) is amended by adding at the end thereof the following new sentence: "After the effective date of this sentence, no permit may be issued for the taking and importation of killer whales (Ornicus orca) for public display purposes.".

SEC. 2. The amendment made by the first section of this Act shall take effect on the date of the enactment of this Act

Grand Camp

Alaska Native Brotherhood

71ST, ANNUAL ANB-ANS GRAND CAMP CONVENTION
JUNEAU, ALASKA
NOVEMBER 14-19, 1983

RESOLUTION NO. 92

WHEREAS, Sea World of San Diego, California has been issued a permit by the Federal government to capture 100 killer whales in a period of five years, and

WHEREAS, The state of Washington and the government of Canada have both opposed and stopped the capture of killer whales within their water boundaries in the past, and

WHEREAS, Sea World has promised safe capture of these mammals, but has caused many deaths in past captures because of their use of seal bombs, high speed boats, sea planes, and methods of capture, and

WHEREAS, These offenses during the capture of killer whales influenced the state of Washington to file a law suit against Sea World in 1976, putting an end to their operations and cancelling their permit, and

WHEREAS, The state of Alaska has no mammal protection laws to protect killer whales, or to prevent this type of operation within the water boundaries of Alaska, NOW

THEREFORE BE IT RESOLVED that the 71st Annual Grand Camp Convention of the Alaska Native Brotherhood and Sisterhood assembled in Juneau, Alaska strongly urge the State of Alaska to enact legislation banning the capture of killer whales within the boundaries of Alaska waters, and

BE IT FURTHER RESOLVED that an intense investigation be conducted by the Dept. of Fish and Game on the methods used by Sea World in their capturing methods in Puget Sound. Copies of this resolution to be sent to the Assistant Administrator for Fisheries, Washington, D.C., to Alaska Legislature, and the U. S. Delegation from Alaska.

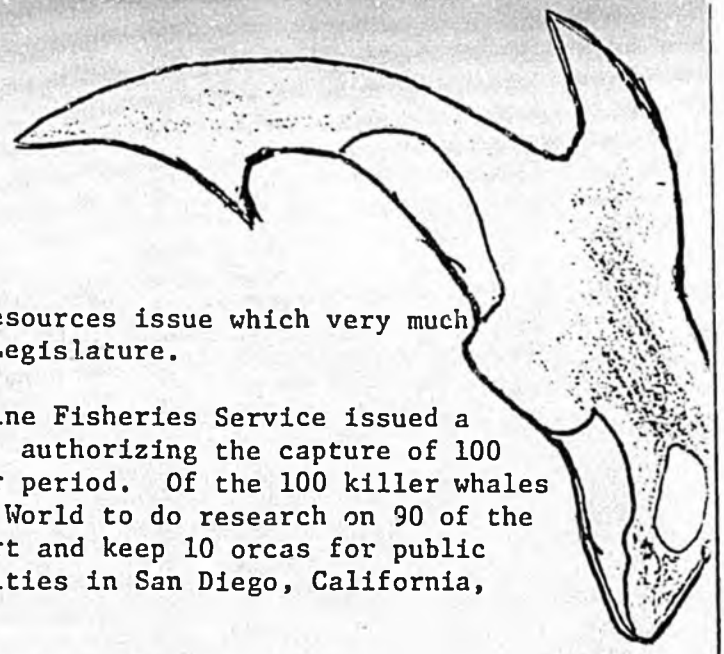
ATTEST:
I certify that this resolution was adopted by the ANB ANS Grand Camp in Convention at Juneau during the week of Nov. 14-19, 1983.

Ronald Williams, Grand President

Albert Kookesh, Grand Secretary

Past ANB Grand Presidents
Roy Peratrovich
Alfred Williams
Frank Peratrovich
Patrick J. Paul
Thomas Jackson
Frank Sea
Walter Soboleff
Richard Stitt
Nelson D. Frank
Frank O. Williams
Herbert Hope

ORCA NEWS



Dear Friend:

I wish to bring to your attention a resources issue which very much concerns me and others in the Alaska Legislature.

On November 1, 1983, the National Marine Fisheries Service issued a permit to Sea World Inc. of San Diego, authorizing the capture of 100 killer whales (orcas) over a five year period. Of the 100 killer whales to be captured, the permit allows Sea World to do research on 90 of the and then release them, and to transport and keep 10 orcas for public display in Sea World's aquarium facilities in San Diego, California, Aurora, Ohio, and Orlando, Florida.

Several facts have surfaced on this issue which concern me:

BACKGROUND

1. No public hearings have ever been held on this issue in Alaska. In August 1983 a hearing was held in Seattle on this permit but no one representing the State of Alaska attended.

2. Sea World readily admits that its primary objective is to capture 10 whales for inclusion in their captive breeding program and that the research they are proposing is of secondary interest.

3. The methods which have been utilized by Sea World and its associates in the past have been controversial in nature. In 1976, during a Puget Sound capture operation conducted by Sea World, many witnesses saw orcas being harassed by underwater explosives and herded into nets by low-flying aircraft, obviously putting the whales into a frenzy. The State of Washington filed suit against Sea World for violation of its permit. Before the case was heard in court, Sea World offered to settle out of court; Sea World promised to never again seek a permit to capture orcas in Washington waters, if the State of Washington would drop its suit, which it did. Subsequently, a resolution was passed by the Washington State Legislature banning the capture of orcas from state waters.

4. Since 1976 and until recently, Sea World imported its orcas from Iceland. However, the National Marine Fisheries Service has now banned the further export of whales from Iceland. California and British Columbia do not permit orca captures. According to Dr, Cornell of Sea World, other than the Antarctic, Alaska is the only remaining place for such capture activities to take place.

5. There is a question of how well the orca,a sensitive and very intelligent mammal,will adapt in captivity. Testimony has been presented that the life span of the orca is considerably shortened in captivity, that the whale ceases to emit sounds, that the structure of the dorsal fin changes, that the whales do not reproduce in captivity. Orcas have not adapted well to life in captivity.

6.There have been no definitive studies done on the population dynamics of the orca in Alaskan waters; we have no more than an ESTIMATE of how

many whales there are. We know nothing of pod distribution, pod composition, breeding habits, feeding habits, resident vs. transient pods. Such studies have been done in Puget Sound and in British Columbia through photography and observation and have proved invaluable and thorough--and benign. While it is true that Sea World must provide a "minimal estimate" of the number of orcas in Alaska before beginning capture activities, scientists who have been involved in the Puget Sound and British Columbia studies feel that much more must be known about population dynamics in Alaska before any intrusive activity takes place

7. Finally, Sea World has said that it would not proceed with this operation unless the Alaska Department of Fish and Game issues them a state permit. The permit is now in the process of negotiation and the Department has not yet made a committment as to what it intends to do.

As a result of these concerns, two identical resolutions have been introduced in the Legislature to protect the interests of Alaskans and its resource, the orca. HJR 58, which I sponsored with 25 House cosponsors, and SCR 31. introduced by Senator Vic Fischer, with 9 cosponsors request the National Marine Fisheries Service to admend the permit to include stricter requirements with regard to the proposed activities and their enforcement.

It is my hope that the resolutions will increase the public's awareness of what is happening and to allow public participation for the first time in what is happening. House Hearings have been scheduled for February 29 on House legislation and Representative John Ringstad of Fairbanks has indicated that it is his intention to hold a teleconferenc at this time so that people may hear and debate both sides of the issue. I URGE YOU TO LEARN ABOUT THIS ISSUE, TO CHECK THE FACTS AND LISTEN TO THE TESTIMONY BEFORE YOU COME TO ANY CONCLUSIONS. Alaskans have several options:

1) Support the Sea World permit as it now stands. Capture activities will probably start in July 1984;

2) Support that intensive, non-harmful population dynamics research be done on the Alaska orca population PRIOR to any capture activities taking place, in order to insure that no harm is done to the orca population and that if capture does take place, it is done in a manner that has the least adverse effect on the orcas and their family and social structure;

3) Or, like Washington, request a ban on any orca capture activities within Alaska's waters.

Please feel free to contact my office for any further information or back-up material which you would like. You may also contact Representative Niilo Koponen or Representative Mike Davis both of whom are cosponsors on the House resolution. By calling the Anchorage Legislative Information Office(278-3668) you may send a free public opinion message to legislators expressing your feelings and at this same office you may also obtain copies of the proposed legislation.

Rep. Mike Szymanski

Alaska State Legislature

FEB 27 1984

House of Representatives

Representative Mike Szymanski

SR-A-Box 1304B
Anchorage, Alaska 99502
Phone (907) 349-3373

While in Session
Pouch V
State Capitol
Juneau, Alaska 99811

Official Business

February 27, 1984

TO: All Representatives

FROM: Representative Mike Szymanski

SUBJECT: HJR 38 - relating to the capture of killer whales in Alaskan waters

I am enclosing a copy of several petitions which were signed during the Fur Rendezvous in Anchorage. The people who signed the petitions were under the impression that the list could be taken to the Legislative Information Office and public opinion messages sent out individually. However, this is not procedurally possible.

I have sent letters to all the petitioners informing them of the teleconferenced hearing. on HJR 38 which is to be held in House Resources on February 29

I thought you might wish to know of the increasing interest that is being shown in this issue.

PETITION:

ISSUE: ALASKA'S KILLER WHALES
TO: ALASKA'S SENATORS AND REPRESENTATIVES (STATE AND FEDERAL)

We the undersigned would like to see the following:

1. the holding of public hearings in Alaska on the capture of killer whales by Sea World or any other organization;
2. the approval (or disapproval) by the Alaska Dept. of Fish and Game of any permits to capture killer whales in Alaskan waters.

NAME	ADDRESS:
Anch	
Alfreda Keyes	PO Box 111212 Anch AK 99511
Aaron Wallingford	2121 Isabel Anc 99502
[illegible] Wallace	PO Box 1003 Eagle River, AK 99577
[illegible] Pichler	3301 E Tudor Rd Anch AK 99507
[illegible] Robinson	1545 ~~3553~~ So Hoyt Sp 63 Anch 99508
Virginia R. Howe	1601 ATKINSON ANCHORAGE 99504
[illegible] Dufresne	" " " "
Doris Lett	8422 Lake otis Anch AK 99508
Mitch White	4220 Baxter Anch AK
[illegible]	George LeMay - 2715 Aspin Dr. Anch.
Mary [illegible]	BOX 2083 KENAI 99603
Tom Eckles	3801 E 20th Anchorage AK 99504
MIKE KOTIK	3920 MARQUIS ANCHORAGE AK. 99502
Gloria Masaric	3341 W. 84th Anch. AK. 99502
[illegible]	7800 DeBarr Rd. #36 Anch. AK 99504

PETITION:

ISSUE: ALASKA'S KILLER WHALES
TO: ALASKA'S SENATORS AND REPRESENTATIVES (STATE AND FEDERAL)

We the undersigned being registered voters in the State of Alaska would like to see the following:

1. the holding of public hearings in Alaska on the capture of killer whales by Sea World or any other organization;
2. the approval (or disapproval) by the Alaska Dept. of Fish and Game of any permits to capture killer whales in Alaskan waters.

NAME	ADDRESS:	
James Lethcoe	Box 1313	Valdez Alaska 99686
Jan Clemens	Box 1345	Seward, Alaska 99664
Tom Wilk	2641 Goodpaster Cir.	Eagle River, AK 99577
Lanette Williams	Box 873323	Wasilla AK 99687
[illegible] Scott	1831 Bunker	Anch AK 99503.
[illegible] Lock	2900 Bonfield	Anc. 99504
Naomi J Porter	3338 Wesleyan Dr.	Anch. 99508
Eleanor Reiter	3343 Wesleyan	Anch. 99508
Sandy Fryar	2656 Lovejoy	Anch 99508
Kelly Fryar	"	"
Stanley R. Dennis	423 W. 22 Ave. #206	Anchorage 99503
Joan Cleveland	5401 Harlequin.	Anch. 99507
Elmer J. Kagnoyo	3030 Seawind Dr	Anchorage 99516
Rob Gill	3441 W [illegible]	Anchorage 99503
R Cawin	PO Box 4429	ANC 99502
John Gassman	12541 Sander #1	Anc. 99516
Lois Gassman	12541 Sander #1	Anch 99516
Jan Vrsalovic	1175 Oceanview Dr	Anch. Ak 99515

PETITION:

ISSUE: ALASKA'S KILLER WHALES
TO: ALASKA'S SENATORS AND REPRESENTATIVES (STATE AND FEDERAL)

We the undersigned being registered voters in the State of Alaska would like to see the following:

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NAME	ADDRESS:
Joshua Stanley	SR 5711 Eagle River Lane ER, AK 99577
Gillian T Bruce	4306 Delong Dr. Anch. AK 99502
Catherine S. Maxwell	10260 Jamestown Dr #6A Anch 9950
John B Talbot	SR1 Box 3527, Chugiak, Ak
[illegible]	8031 Brink Court Anchorage AK 99504
Barbara J. Fielder	SRA Box 13.B 11100 Magnolia St. Anchorage AK 99516
(James C. Bender)	4383 Rendezvous Cir. Anch 99507
Virginia Betty Thelen	Box 4-744 Anchorage AK 99509
Hughene B. Light	1304 Nunaka Dr. Anchorage AK 99504
Diane Ingraham	Star Route D Box 9300 Palmer 99645
Anna Lotze	" " "
Lisa Kemp	" " " "
Dana Pyne	333 Wyoe #11 Anc AK 995
Julie Cook	3627 Airport W Fairb
Marilyn Lunney	1421 Maryann St FBKS
Carl Scott	P.O. Box 111711 Anch AK 99511

TO ALASKA'S SENATORS AND REPRESENTATIVES

We the undersigned would like to see all capturing of killer whales banned in Alaskan waters.

Name	Address
[illegible] R. Lethiere	P.O. Box 701, Whittier, AK. 99686
[illegible]	3605 Arctic Blvd. #353 Anc. AK 99503
Carol Clouse	3210 Lark Ct Anchorage AK 99507
Pierre H. Authier	8441 Ryoaks Pl. Anchorage 99504
PIERRE H. AUTHIER	
~~Sharon Hastingfield~~	2121 Dashka Anchorage 99502
~~[illegible] Keyes~~	PO Box 111212 And. 99511
Allen T. Jones	Box 106 Anchorage Alaska 99510
James Lethiere	Box 73 B Valdez Alaska 99686
~~Ellen Gallear~~	Box 1003 Eagle River, AK 99577
~~Norman Pichler~~	3301 E Tudor Rd Anch. Ak 99504
Norman Wiswell	6716 Eileen Cr Anch Ak 99507
Edith O. Barrowclough	P.O. Box 110243 Anchorage, AK. 99511
Stephen B Cozier	P.O. Box 156IN ANCHORAGE, AK 99507
Joyce Cozier	SRA Box 156IN Anch. AK 99507
Jan Vrsaloric	1175 Oceanview Dr. Anch. AK 99515
~~Jan Vrsaloric~~	
~~Wayne R. Howe~~	1601 ATKINSON - ANCHORAGE 99504
~~Jerry Dufresne~~	" " " "
~~[illegible]~~	6010 STAGDEM DR., ANCHORAGE, AK 99504
HERBERT C. DOUP JR	Ron Kenworthy 7800 DeBarr Rd. #36 Anch. AK. 99504
Lori Grabowski	7800 DeBARR #36 ANCH AK 99504

PETITION:

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NAME	ADDRESS:	
Joyce M Murphy	8070 OLD SEWARD Hwy	ANCHORAGE, AK. 99502
Virginia Johnson	8050 Old Seward Hwy	Anchorage, AK 99502
Alma Murphy	Box 4-1702	Anchorage AK 99509
David Compton	1201 W 43rd	Anch. Ak 99502
Margaret A. Ford	6327 High Place	Anchorage AK 99505
Mary Lou Hiale	6327 High Place	Anchorage, 99502
Patti Gerasch	3712 Alexander Ave.	Anch. 99504
Judy Richards	2205 N. Boniface	Anch. AK. 99504
Jack O. Hakkila	4360 Spenard Rd #22	Anch Ak 99502
Thomas M Leonard	P.O. Box 642	WHITTIER AK 99693
David Stepanovich	SR3 Box 7613	Chugiak Alaska 99567
Linda Stepanovich	SR3 Box 7613	Chugiak AK 99567
~~Alan T. Jones~~	Box 106	Anchorage Alaska 99510
Chris B Bass	Box 16	Willow, AK 99688
John L Thorpe	P.O. Box 1092	Palmer AK 99645.
Mike Zanoth	P.O. Box 17-748	Big Lake, AK. 99687

To: Alaska's Senators and Representatives

We the undersigned would like to see all capturing of Killer Whales banned in Alaskan waters.

Signature:	Printed name:	Address
John C. Nelson	JOHN C NELSON	P.O. Box 773468 Eagle River, AK 99577
Raymond Royce	Raymond Royce	1527 F Anchorage 99501
Janice K. Royce	JANICE ROYCE	1527 F St. Anchorage 99501
P. A. Larkins	P. A LARKINS	3439 McKenzie Anchorage 99503
Jean E. Larkins	JEAN E LARKINS	3439 McKenzie Anchorage 99503
Gary A. Mayer	Gary A. Mayer	8220 Montra ST Anchorage 99504
Randi Gross	Randi Gross	3443 Bobbie Cir. Anch. 99502
Harold Gross	HAROLD GROSS	3443 BOBBIE ANCH. 99502
start here → Gregg L. Ashwill	GREGG ASHWILL	603 W. 42nd ANCH 99503 99503
Steve White	Steve White	Box 988, Cordova, AK 99950
JB Bennison	JB BENNISON	SRA 1024-A Anch, AK 99615
Karen E. Brett	KAREN E. BRETT	BOX 205 Ninilchik, AK. 99639
Bruce Vadla	BRUCE VADLA	BOX 294 Girdwood, AK. 99587
Jules Tileston	JULES V. TILESTON	4780 CAMBRIDGE WAY ANC. 99503
Peg Tileston	PEG TILESTON	4780 Cambridge Way Anch 99503
Jim Curran	JIM CURRAN	4114 Reka #2 99508
Kathy Purintun	KATHY PURINTUN	4831 Wesleyan Dr 99508
Linda C. Dwyer	LINDA C. DWYER	8851 Pioneer Dr. 99504
Dennis L. Dwyer	Dennis L. Dwyer	8851 Pioneer Dr. 99504
Chin Chung	CHIN CHUNG	P.O. Box 1356 Valdez AK
Mai Chung	MAI CHUNG	14589 DRAKE, EBK'S, AK
Nancy Wreggit	NANCY WREGGIT	6415 Tolhurst Anch, AK.

PETITION:

ISSUE: ALASKA'S KILLER WHALES
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NAME	ADDRESS:
[illegible]	21-443 #E Citrus Elmendorf AFB AK 99506
[illegible] de l'Etoile	21-443 H Citrus Ave Elmendorf AFB, AK 99506
Stephen J Burg	POBox 665 Eagle River AK 99577
[illegible] O. Eason	SEA BOX 97-D Anchorage AK 99507
Raymond Royce	1527 F Anchorage AK 99501
Janice K. Royce	1527 F St Anchorage AK 99501

We the undersigned would like to see ~~all~~ all capturing of Killer whales banned in Alaskan waters.

NAME	ADDRESS
[illegible] MANINGER	P.O. BOX 1021, FBKS., AK. 99707
~~Chris Lett~~	~~8422 Lake Otis~~ Anch AK. 99508
~~[illegible] White~~	~~4220 Baxter~~ Anch AK 99508
Rod Fraser	P.O. Box 241 Clam Gulch Ak. 99568
~~[illegible]~~ - George LeMay -	2715 Aspin Dr., Anch. AK 99503
~~[illegible] Hoodikka~~	~~Box 2083~~ Kenai 99603
~~[illegible] Cochlin~~	~~7801 E 80th~~ Anch AK 99507
Ruth Arcand	4530 O'Malley Rd " 99516
Ruth Arcand	4530 O'Malley Rd
George Arcand George P. Arcand	4530 O'Malley Rd. Anchorage 99516
Steve Masovic	3341 W. 84th Anch AK. 99502
[illegible]	7800 Debarr Rd. #36 Anch. AK. 99504
~~Lori Dabowski~~	~~7800 Debarr #36~~ ANCH. AK 99504
W. M. Kaile	Box 111134 Anchorage AK 99511
John Connolly	6839 Stella Pl. Anch. Ak. 99507
Mary Kate Smith	6839 Stella Pl. Anch ak. 99507
Rio A. Schmitt	3407 Spenard Anchorage 99503
Eric B Johnson	931 W 71st Anch AK 99502
Elaine M. Jameson	1336 W 23 #212 Anch, AK. 99503
~~Gayle R Easton~~	~~SRA Box 97-D~~ Anch. AK 99507
[illegible] J Anderson	5316 Tonsina Ct. Eagle River 99577
Alex Jane Wennekens	2110 Dawnlight Ct Anchorage, 99501
Charles A Peters	SRA Box 5477-Q Anchorage AK 99576

the undersigned, would like to see a total ban on the capture of killer whales in Alaska waters.

Signature	Printed name	address:
Anne Streit	Anne Streit	3000 W 34th #5 Anch., AK
Jeff Sheetzer	JEFF SHEETZER	3070 BETTLES BAY LP Anch AK
Dave E. Coker	DAVE COKER	308A BUNNELL ST ANCHORAGE, AK.
Lisa Mahan	LISA MAHAN	PO Box 110857 Anch. AK
Ellen Evans	Ellen Evans	Box 18, Twenty Grand Eagle River AK.
Caroline Karwoski	CAROLINE KARWOSKI	272 E. DYEA Ft. Rich. AK
Stephen J. Bouchard	STEPHEN J. BOUCHARD	2406 W. 34th Anch. AK
Lerin Blakely	LERIN BLAKELY	3941-B CHECKMATE DR. ANCH. AK.
Gretchen L. Wise	GRETCHEN L. WISE	3605 S. ARCTIC #166 Anch. 99503
Maureen E. Wise	MAUREEN E. WISE	410 E. 45th Ave #2 99503
Deborah Fields	Deborah Fields	6825 Timothy St Anch. 99502
Robert Grossnickle	Robert Grossnickle	7331 Augustine Cir. Anch. 99504
Roland N. Silverio	Roland N. Silverio	8610 E 17th Anch AK. 99504
Deborah Winter		10505 Thimbleberry Dr Anch AK 99515
Kathryn Reiman	Kathryn Reiman	3605 arctic #1329 Anch AK 99503
Rebecca J. Marshall	Rebecca J. MARSHALL	5901 E. 6th, Sp. 116, Anc. Ak. 99504
Sandra C. Ryan	Sandra C. Ryan	1023 W. 26th Ave. #302 Anchorage, Ak 9950-

PETITION

SUBJECT: ALASKA'S KILLER WHALES
TO: ALASKA'S SENATORS AND REPRESENTATIVES (STATE AND FEDERAL)

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NAME	ADDRESS:
Shirl Bost Shirl Bost	3501 Heartwood Pl. Anch. AK 99504
~~Diane Jameson~~ Diane Jameson	1326 W23 Anch. AK 99503
Ferrie McEvoy (Ferrie McEvoy)	4751 Mars Dr. Anch. AK 99507
~~Susan Burg~~	~~PO Box 665, Eagle River, AK 99577~~
~~Eason~~	~~SRA Box 47-D, Anchorage, AK 99507~~
[illegible]	SRA 2517-A, Anchorage, AK 99516
Charles R. Lewis	Box 1972 Soldotna AK 99669
Annie M. Lewis	P.O. Box 1972 Soldotna, AK 99669
~~Jane Dunckeno~~	~~2110 Darwinleigh Ct, Anchorage 99507~~
~~Charles J Atin~~	~~SRA Box 5477-Q~~ Anchorage AK 99516

We, the undersigned, would like to see a total ban on the capture of killer whales in Alaska waters.

GAIL SOMERVILLE	Gail Somerville	7301 DURENDA CT, ANCHORAGE, 99507
PAUL STEER	Paul Steer	SRA Box 24M anchorage 99507
Bonnie Steer (Priscilla)	Priscilla Steer	SRA Box 24M Anch 99507
Will Knoppe	Will Knoppe	Box 2095-G SR Anch AK 99516
Susan Clough	Susan Clough	9700 Prospect Dr. Anch 99516
Diane Crawford	Diane Crawford	1718 SRA Anch. Ak. 99507
Ruth Schmidt	Ruth Schmidt	1040-C-St, Anch. AK 99501
LINDA GOODRICH	Linda Goodrich	830 E 7B Anch 99502
CONNIE VAN HORN	Connie Van Horn	6830 OAKWOOD DR, ANCH. 99507
Walter A. Van Horn	Walter A. Van Horn	6830 Oakwood Dr. Anch 99507
KEN PENDLETON	Ken Pendleton	8631 VIGOR CIR. ANCH. 99504.
BRUCE STACKY	Bruce Stacky	6515 Colgate Anchorage 99504
DAVID A. ALBERN	David A. Albern	10550 OUR Rd. Anch. AK 99507
[illegible] Cassell		4238 Charing Cross Anch 99504
Betty Boudart	BETTY BOUDART	Box 110101 Anch. AK 99511
Bo Boudart	Bo Boudart	" " "
Jim Berry	Jim Berry	Box 8704 INDIAN AK 99540
~~Shirl Bost~~	~~Shirl Bost~~	~~3501 Heartwood Pl. Anch. AK 99504~~
SHANTI ELDER	Shanti Elder	3921 BRYANT RIDGE Pl, #2, Anch. 99504
William J. Deen	W. J. Deen	11776 Wilderness Dr. Anch. AK 99516
Ruth J. Deen	Ruth J Deen	PO. Box 110618 Anch 99511
[illegible]	TIMOTHY G. KONKUS	804 P St. #7, Anch. 99501
	[illegible]	Box 387 Cordova 99574
WALTER B. WOOD	Walter B. Wood	705 MULDOON Rd. Sp. 158 99504

PETITION:

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NAME	ADDRESS:
Diane E. Massin (Massin)	3900 W. 72nd Ct. Anch. Ak. 99502
Carol Ann Gullory	1644-B Juneau Dr. Anch. Ak. 99501
Dick Erickson	PO Box 112113 ANC Ak 99511
Robert Meier	Box 10157 Juneau Ak 99510
Maureen Richmond	Box 4-079 Anch 99509
BANTON PENNY	4581 Sandy Beach Dr. 99502
James O Ehrell	P.O. Box 279 Nenana 99760
Kenneth L. Kuhns	Po. B 11-1843 99511
Kenneth L. Kuhns	P.O. Box 1561N ANCHORAGE. AK 99507
Stephen B Crozier	SRA Box 156 IN Anch. AK 99507
Joyce Crozier	SRA 1459G. Anch. AK 99515
[illegible]	705 Muldoon Rd. Sp. 158 Anch 99504
Mary Lynne Kadletz	1525 Alder Dr. Anch. AK 99503

Official Business

Alaska State Legislature
House Resources Committee
SIGN-IN

FEB 29, 1984

HJR 58
ORCAS

NAME	ADDRESS	PHONE	REPRESENTING
REP. MIKE SZYMANSKI			SPONSOR
LANNY CORNELL	1720 South Shores San Diego CA 92102	619 222-6363	SEA WORLD
Dr. PAUL SPONG	Box 258, Alert Bay, B.C. V0N 1A0		Orcalab, Alert Bay B.C.
Richelle Osborne	P.O. Box 945, FRIDAY HBR. WA.		Moclips Cetological Institute
FEG→ DICK FARNELL	P.O. BOX 2633, JUNEAU, AK 99803		JUNEAU GROUP - SIERRA CLUB
Austin Hammond	Haines	766-2606	self - A.N.B. - A.N.S. - Camp #5
* Stephen Leatherwood	2225 Etiwanda St. San Diego, Calif.	619-2228591	Hubbs Sea World Research Institute
Guy OLIVER	421 Judy Lane Juneau	586-4042	SELF
Linda Corder	P.O. BOX 1811 Juneau, Ak.	no home 465-2875 W	ORCA
John Monnington	Box 2562 Juneau, Ak 99803	789-5068	

PAGE 2

Alaska State Legislature

House Resources Committee

Official Business

SIGN-IN

FEB 29, 1984

HJR 58
ORCAS

NAME	ADDRESS	PHONE	REPRESENTING
Dennis Kelso/ Lew Pamplin	Box 3-2000 Juneau	4100	ADF+G
Jude Simpson Paul Simpson, M.D.	8313 Gladstone Juneau	9-1863	O.R.C.A.
Ron Williams	8131 Dogwood Cove, Juneau	9-0209	Grand Camp, ANB

Institute of Marine Science

UNIVERSITY OF ALASKA, FAIRBANKS
Fairbanks, Alaska 99701

FEB 28 1984

24 February 1984

Representative John Ringstad
Chairman, House Resources Committee
Alaska State Legislature
Pouch V (MS 3100)
Juneau, AK 99811

Dear Representative Ringstad:

I understand that the House Resources Committee will conduct a hearing on 29 February 1984 on the issue of capture of killer whales in Alaskan near-shore seas. I gave testimony concerning this matter before the Senate Resources Committee on 31 January, but I will be unable to attend the meeting of your committee next week. The purpose of this letter is to enter my written testimony into the record, and I should be very grateful if it can be accepted in this manner.

My comments are directed to two parts of this issue: my experience of collaborative work with Sea World and the related autonomous Hubbs-Sea World Research Institute in San Diego and my knowledge of the background and prospects for the research program which is planned in conjunction with the killer whale capture. It is my opinion that much of the discussion of these issues has resulted in exaggeration and inflammation of the purposes and likely outcome of these activities.

From 1961 until 1970 I was a member of the research staff and from 1970 to 1973 a faculty member at Scripps Institution of Oceanography. Stimulated by earlier Alaskan experience, I had embarked on a program of study of marine mammal physiology expecting to explore the mechanisms whereby these animals can experience long and deep dives underwater and can protect themselves from the effects of life-long immersion in polar seas. The nearby Sea World oceanarium was just getting started in the early 1960's, and their activities naturally attracted the attention of persons involved in marine mammal studies. From the beginning, Sea World has shown an interest in providing opportunities for qualified scientists to study their captive animals in ways that would not harm them. Sea World management was and continues to be, of course, especially interested in new knowledge which contributes to the healthy condition of their marine mammals, but their enlightened attitude toward research has extended well beyond those concerns. It is fair to say that Sea World has supported investigations of physiology, behavior and animal welfare by many reputable scientists which would not otherwise be possible. That dedication to understanding these remarkable animals has steadily gained in strength and effectiveness as Sea World has grown and initiated new and improved technology for husbandry of marine mammals. That organization and its research arm - Hubbs-Sea World Research Institute - are today world leaders in this field.

Sea World research into the care of captive dolphins, for example, has progressed to such a level that it is no long[illegible]y for them to capture those animals in the wild. In recent [illegible]ve births of dolphins have taken place at Sea World. It is [illegible]lar purpose, among others, that the presently debated killer [illegible]ture is proposed. If any organization is to succeed in the captive [illegible] of killer whales, it is likely to be Sea World. I believe that we [illegible] applaud these efforts. Sea World proposes to take 10 killer whales into captivity over a period of 5 years. In that process more whales would be temporarily held for a few hours in order to evaluate which animals would be taken into captivity. For this reason Sea World has sought to "take" up to 100 killer whales. News reports sometimes fail to make this distinction clear, and the public then may be left with the inaccurate impression that a total of 100 Alaskan killer whales are destined for removal to California.

The proposed research program will provide an unprecedented opportunity to expand our knowledge of killer whales in the Alaskan environment. Seventeen scientists from several institutions will take part in more than a dozen research projects. These are not trivial activities, and they are not hobbies. They are part of the long-term, step-by-step process by which reliable and useful scientific information is acquired.

Since I joined the faculty of the University of Alaska in 1973 I have continued research investigations of marine mammals. I have also continued collaborative studies with colleagues in other places, including Sea World. Much of our research success depends upon team work to realize the most productive means for acquiring new information and understanding of marine mammals. As a result of such studies we know more about the biology of those animals and, incidentally, about our own physiological processes. Adaptations to long underwater diving, for instance, were originally identified in mammals and birds which live in aquatic habitats. We know today that those adaptations can also be traced in other species, including humans, as a defense against the threats of asphyxia. Studies of aquatic animals have lead directly to new appreciation of the importance of these reactions in medical problems. The possible implications extend to protection of newborn infants against asphyxia, survival of victims of near-drowning and hypothermia, prevention of sudden infant death syndrome and new perspectives on heart disease.

Quite apart from these examples of contributions to human health, there is a great need to learn more about marine mammal populations, distribution and ecology in these days when rapid and possibly irreversible changes are taking place in our marine environments. I cannot think of a location where such knowledge can be more usefully gained and put into practice than here in Alaska. In my view the State of Alaska can gain considerable benefits while making adequate safeguards for a rational and considered approach to this issue.

There is clearly a basis for difference of opinion regarding the ethics of keeping animals in captivity for purposes of public display. Many millions of Americans accept that premise as reasonable, and they have

gained enormously by the educational and aesthetic values which have been derived from appreciation of Nature gained through learning about animals in this way. Sea World, its profit motives notwithstanding, has made an essential and lasting contribution to that public knowledge and appreciation. There is also a basis for disagreement about the use of animals for scientific research. Certainly, every thoughtful and humane person would accept the idea that such animals should be well cared for and not subjected to unkind treatment. Such conditions are accepted as the responsibility of scientists and form the basis upon which new knowledge is founded. I have confidence that the proposed killer whale research will adhere strictly to these policies.

There have been recent news reports suggesting that the Greenpeace organization intends to use its ship to physically interfere with the killer whale captures if they are undertaken in Alaskan seas. In my opinion such an activity would constitute a most unfortunate and uninformed misplacement of that group's priorities. An otherwise well-meaning and sincere concern for animal welfare would be dissipated in an irrational effort. How much more useful a contribution to Alaskan interests and to our society could be made if we would join forces to make certain that the resources available to the State of Alaska could be brought to bear in such a way as to assure maximum sensible use and beneficial results from this unique opportunity.

Respectfully,

Robert Elsner

Robert Elsner
Professor of Marine Science

RE/rmh

cc: Chancellor O'Rourke
Representative Mike Davis
Senator Vic Fischer
Senator Bettye Fahrenkamp
Editor, Fairbanks Daily News-Miner
John Burns, ADF&G
National Marine Fisheries Service

UNITED STATES DEPARTMENT OF COMMERCE
National Oceanic and Atmospheric Administration
NATIONAL MARINE FISHERIES SERVICE
Washington, D.C. 20235

FEB 22 1984

F/M411:PM

Mr. Don W. Collinsworth
Commissioner
Alaska Department of Fish and Game
P.O. Box 3-2000
Juneau, Alaska 99802

MAR 12 1984

Dear Mr. Collinsworth:

This is in regard to your letter of January 16, 1984, concerning Permit No. 439 issued to Sea World, Inc. which authorizes the taking of killer whales in waters off Alaska.

I appreciate your concerns over the taking of killer whales in areas which conflict with State sanctuaries and viewing areas or religious and social systems in Alaska. Factors such as these are considered by the National Marine Fisheries Service (NMFS) Regional Offices, who make a final determination on the specific dates and locations of takings under permit. Special Condition B-10 of Permit No. 439 requires Sea World to receive approval from the NMFS Alaska Region prior to any takings in the Alaska area. As indicated in our letter to you of November 1, 1983, the Alaska Region will consult with the Alaska Department of Fish and Game prior to allowing any takings in State waters. I will also encourage Sea World to consult directly with your department well in advance to discuss and determine those State areas which would be unacceptable for capture operations, and understand that Sea World has already been in contact with your staff.

The requirement for observers to accompany activities under permit is also determined by the Regional Office. The NMFS intends to require observers for both the temporary capture of animals for research and the capture of animals for display. The arrangements for observers will also be coordinated with your Department and, at your request, the Alaska Region will require Sea World to accommodate State of Alaska observers.

Concerning your last request, I will send you copies of all reports received from Sea World as well as all authorizations or modifications made by NMFS to Permit No. 439. I believe that these provisions address your concerns.

Sincerely yours,

for Richard B. Roe
Director
Office of Protected Species
and Habitat Conservation

bcc: Cornell and Heffernan-Sea World

Alaska Princess
CHARTERS inc.
SRA 647 Anchorage, AK 99507 (907) 345-5583

MAR 5 1984

March 1, 1984

Representative John Ringstad
House Resources Committee
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Representative Ringstad

I attended the Alaska State Legislature Teleconference Hearings in Anchorage today on the subject of HJR 58. Because of the high number of people wanting to testify and the limited amount of time available for testimony, I was unable to testify as I had intended. Enclosed is a copy of the text that I had intended to read. I hope that you will find it useful in your consideration of this resolution and I hope that you will conclude, as I have, that this resolution should not be passed. Let's get on with the research!

Sincerely,

Rachael D. Meeks

Rachael D. Meeks
President

RDM:ajh
Attachment

Alaska Princess
CHARTERS inc.

RACHAEL MEEKS
President

3320 Seawind Drive · Anchorage, Ak 99516 (907) 345 5583

"DISCOVER Prince William Sound With Us."

I appreciate the opportunity to provide input to your consideration of House Joint Resolution 58. I do not support it.

My name is Rachael Meeks and I am the President of Alaska Princess Charters, Inc., a charter operation which derives its entire income from cruises in Prince William Sound.

Sea World's request for a permit to remove ten killer whales and study up to 90 more during the next five years caught my interest in May 1983 when I read an article about it in the ANCHORAGE TIMES. It was at a time when we were gearing up for our summer season. During the winter of 1982-83, we had requested information on the killer whales in Prince William Sound from various governmental agencies. The only information that was provided was the most recent report of the Marine Mammal Protection Act of 1972 published by the US Department of Commerce. It stated that killer whale populations are unknown, although they are large enough to not be considered an endangered species.

After further researching Sea World's application for the permit, I sent letters of support to the National Marine Fisheries Service, Governor Bill Sheffield, Representative Don Young and Senators Murkowski and Stevens. Additionally, I personally spoke with Senator Murkowski about this issue and indicated my support. During this time, the press did a good job of covering the issue on TV, radio and in the Alaska newspapers.

Public hearings were held during August 1983 in Seattle, Washington, despite the fact that Sea World had previously suggested to National Marine Fisheries Service (NMFS) that public hearings be held in Alaska. I contacted NMFS in Juneau and voiced opposition to hearings outside the state, but all they could recommend was to send in my public comment, which I did.

At the hearing, reknowned scientists, veterinarians, the general public and even politicians testified both for and against granting Sea World this permit.

After evaluation of all the input, the National Marine Fisheries Service apparently believed that the advantages of this research outweighed the disadvantages and they granted Sea World its permit to capture killer whales in Alaskan waters. I believe that there has been adequate input to have made a rational decision and that that decision has been made. With this in mind, I do not understand why the legislature in Juneau is practically starting the process all over again; unless it is to get more publicity for what has become an emotional issue. Where were Mike Syzmanski and Vic Fischer last year when the hearings were in progress? And why didn't they make their comment during the public comment period just like the rest of us?

I have been to Sea World's San Diego Park as a tourist and I am impressed with its educational programs. Of course, seeing a whale in the wild is incomparable to seeing one in an aquarium, yet, marine parks such as Sea World are the only place where most people can acquire the sense of wonder that comes from exposure to these magnificent animals. Anyone who sees the orcas perform is unlikely to ever be indifferent about harm done to whales. Therefore, marine parks not only expand our knowledge and understanding of the whales, but I believe they also mass—produce opposition to commericial whaling. I base this on the fact that the countries that have extensive commercial whaling operations such as Russia and Japan, do not have marine mammal parks like Sea World. From my research, I have learned that over 75 million visitors have attended Sea World Parks. Sea World has a formal education program that has reached over 1½million students since its inception in 1972. A program coordinator for the Orange County Public School System in Florida wrote that they depend on Sea World to provide marine biological programs. During May 1983 alone, over 20,000 students were involved from that state's educational institutions. I understand that continuing education programs are provided, a veterinary program for medical students is conducted and a range of programs are available for the mentally, visually and severly handicapped. Sea World has been the recipient of numerous educational awards and was rated by the Stanford Research Institute as "the world standard, against which all others of its kind are measured."

To make allegations that Sea World would jeopardize this permit by abusing it is absurd. There is no reason to believe that the captured whales from Alaska will not

receive as good of care as the whales that Sea World currently has. These whales range in age from 8 to 25 years old and have been in captivity for from 6 to 15 years.

We support this research on the killer whales particularly in Prince William Sound because whales are a prime attraction in our charter business. While the capture of a few whales may make the whales skittish for a while, I believe that the benefits of establishing a baseline of population and migratory patterns will be lasting, especially in view of the increased numbers of cruise ships coming into Prince William Sound. We do not need another fiasco like Glacier Bay where small operators like myself were denied permits to enter the bay due to the fact that whale population research was incomplete.

Instead of rehashing the permit process at the state level, I believe we would be far better off to do everything possible to support Sea World in their research and benefit from that research as well as capitalize on the advertising aspect of offering OUR killer whales to the people of the less fortunate states. Particularly at a time of dwindling oil revenues, we are wise to invest in renewable resources; namely tourism. Providing a few killer whales to the lower 48 could stimulate interest in the state and supplement the Division of Tourism's advertising campaign. Who knows? Sea World may even name one of the whales after a famous Alaskan!

FROM: North Pacific Fishermen's Federation

TO: Senate Resources
House Resources

SUB: Sea World proposed capture of Killer whales.

Madam Chairman
Mr. Chairman

As I am frequently around killer whales, I am intensely appreciative of and respect the magnificence of these mammals. It is hard to visualize these mammals in captivity. I have met with representatives of Sea World and discussed their proposal to capture a few killer whales. After consideration of some important reasons for the whales capture, we would appreciate being put on record as supportive of Sea Worlds' proposal.

The educational benefits to the public, the scientific benefits to the deeper and better understanding of the killer whales, the expression of seemingly ease of the whales to adapt to captivity, the quality personel and facilities as expressed by many who have visited Sea World as well as representative documents and personnel, seem to give credibility to Sea World's proposal.

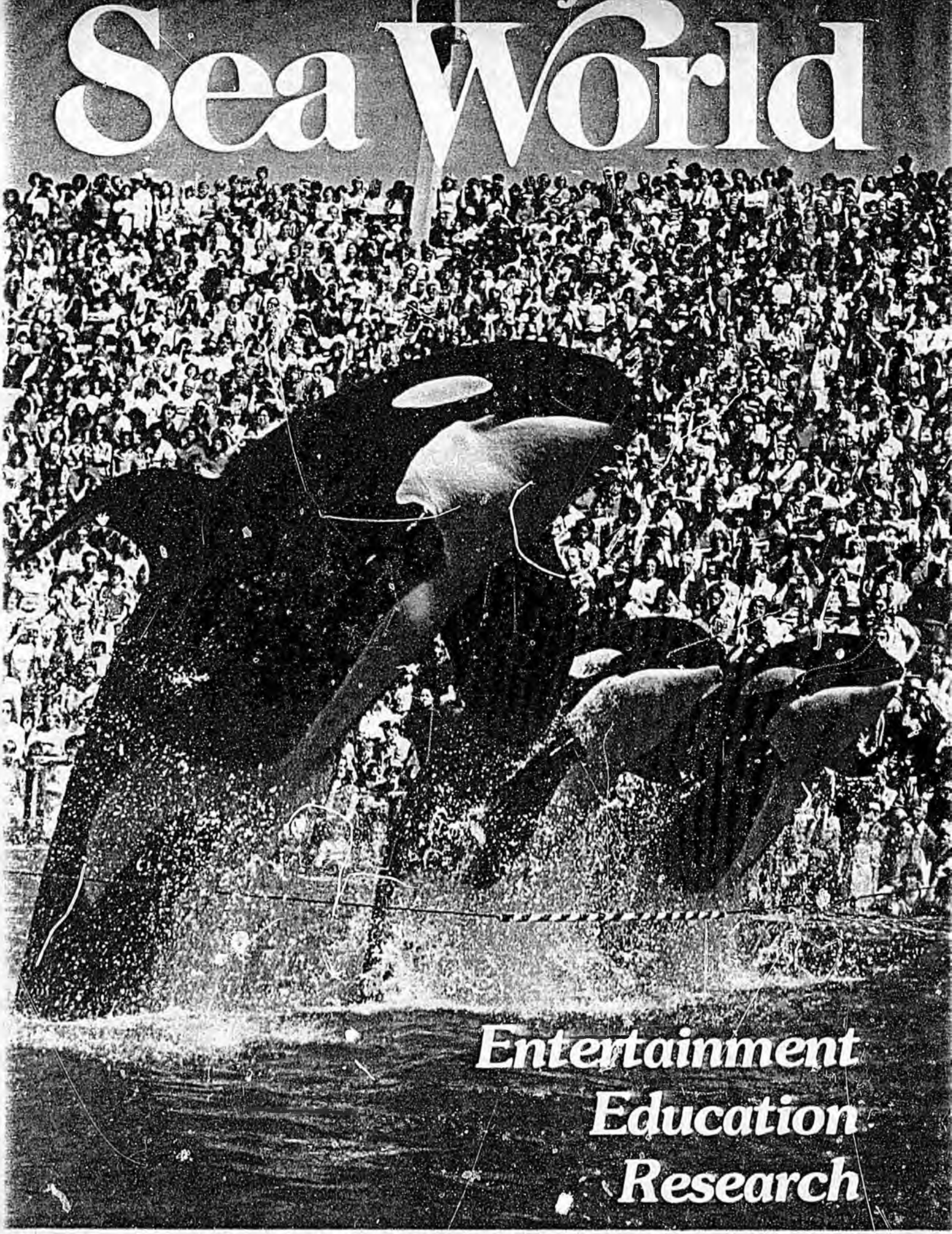
We believe the killer whales are going to

be studied to a great extent, anyway. We would definitely appreciate these types of projects done in the private sector rather than by governmental agencies. The results will be thorough, the care will be the best, and the costs and investment be protected. This, as past experience shows, is not the case with governmental involvement.

These capturing activities should, as can be worked out with Sea World representatives, be done in a manner as to not hinder fishing activities in Southeast Alaska.

Larry Smith
Chairman NPFF
Box 3020
Juneau, Ak. 99803
907-789-9923

Sea World



Entertainment
Education
Research

HJR

73

Alaska State Legislature
HOUSE OF REPRESENTATIVES
COMMITTEE ON RESOURCES

JOHN RINGSTAD, CO-CHAIRMAN
RICHARD SHULTZ, CO-CHAIRMAN
POUCH V
JUNEAU, ALASKA 99811
(907) 465-3715

MEMORANDUM

TO: House Resource Committee members

FROM: Committee Staff

DATE: May 14, 1984

RE: HJR 73, Relating to the licensing of commercial halibut vessels

---

WHAT THE RESOLUTION DOES

Requests the International Pacific Halibut Commission to appoint the Alaska Commercial Fisheries Entry Commission as its agent to process halibut vessel license applications and to issue licenses on the behalf of the IPHC.

The reason for doing this: currently to fish halibut in Alaska a person must obtain both a IPHC's vessel license and a license from the Alaska Commercial Fisheries Entry Commission. The effect of this Resolution is to require fishermen to only apply for one license. This action provides the fishermen one less license form to fill out and send in.

HJR

75

Official Business

Alaska State Legislature
House Resources Committee

SIGN-IN

APR 2, 1984

HJR 75
OIL EXPORT

NAME	ADDRESS	PHONE	REPRESENTING
Bob Betisworth			

AGO 786815

Introduced: 3/28/84
Referred: Resources

1 IN THE HOUSE BY THE RESOURCES COMMITTEE

2 HOUSE JOINT RESOLUTION NO. 75

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - SECOND SESSION

5 Relating to crude oil exports.

6 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

7 WHEREAS the United States Congress has extended the life of the Export
8 Administration Act (EAA) prohibiting the export of North Slope crude oil;
9 and

10 WHEREAS the right of Alaska to freely enter the international trade in
11 hydrocarbons enjoyed by the other 49 states is impaired by the action of
12 the United States Congress extending the EAA; and

13 WHEREAS the export of Alaska crude oil could result in a large in-
14 crease in federal and state revenue; and

15 WHEREAS the balance of trade deficit that the United States has with
16 its Pacific Rim trading partners could be significantly decreased by the
17 export of Alaskan crude oil to those nations; and

18 WHEREAS a majority of the Alaska Legislature's Joint Oil and Gas
19 Committee endorsed on May 17, 1983, exporting Alaskan oil and natural gas;
20 and

21 WHEREAS the current oversupply of hydrocarbons on the West Coast will
22 be further increased when the off-shore Santa Barbara oil field comes into
23 production forcing Alaskan crude oil products to even more distant and less
24 profitable markets on the Gulf Coast;

25 BE IT RESOLVED that the Alaska State Legislature requests the Governor
26 to formally announce an intention by the state to challenge the constitu-
27 tionality of the EAA by declaring Alaska's right to export on a one-time
28 basis 200,000 barrels of North Slope crude oil to a buyer in a Pacific Rim
29 nation for the purpose of asserting Alaska's right to freely enter the

AGO 786316

1 international trade in hydrocarbons that the other 49 states enjoy; and be
2 it

3 FURTHER RESOLVED that the Governor enter into contract negotiations
4 with a United States ocean shipper for the purpose of transporting the
5 200,000 barrels of crude oil from Valdez to a buyer in a Pacific Rim
6 nation; and be it

7 FURTHER RESOLVED that the Governor notify North Slope producers that
8 on a date certain the state will take delivery of 200,000 barrels of the
9 state's royalty oil for the one-time shipment to a buyer in a Pacific Rim
10 nation.

11 COPIES of this resolution shall be sent to the Honorable Ronald
12 Reagan, President of the United States; the Honorable George Bush, Vice-
13 President of the United States and President of the U.S. Senate; the Honor-
14 able Thomas P. O'Neill, Jr., Speaker of the U.S. House of Representatives;
15 the honorable Dante Fascell, chairman of the House Foreign Affairs
16 Committee; the Honorable John Heinz, the Honorable William Proxmire, the
17 Honorable John Tower, the Honorable Alan Cranston, members of the Export
18 Administration Act Conference Committee; and to the following United States
19 Congressmen, members of the U.S. House Conference Committee on the Export
20 Administration Act: the Honorables Don Bonker, Dante Fascell, Lee
21 Hamilton, Gus Yatron, Steve Solarz, Andy Ireland, Dan Mika, Michael Barnes,
22 Howard Wolpe, Sam Gejdenson, Howard Berman, Toby Roth, Olympia Snowe,
23 Gerald Solomon, Douglas Bereuter, Ed Zschau, Sam Gibbons, Jim Jones, Bill
24 Frenzel, Beverly Byron, Earl Hutto, and Jim Courter; and to the Honorable
25 Ted Stevens and the Honorable Frank Murkowski, U.S. Senators, and the
26 Honorable Don Young, U.S. Representative, members of the Alaska delegation
27 in Congress.

AGO 786817

HJR 75

Testimony of

Rep. Bob Bettisworth

Before the House Resources Committee

April 2, 1984

I support House Joint Resolution 75. I seek your approval of the resolution.

Twice I have suggested to the Governor that he could, and should, very effectively test our STATE'S RIGHT to export crude oil to Pacific Rim nations. The Governor has ignored my suggestion. HJR 75 would re-issue the suggestion from the Legislative body. This action would be a test of Article X of the United States Constitution.

That Article, the "States' Rights Amendment", reads: POWERS RESERVED TO STATES OR PEOPLE. The powers not delegated to the United States by the Constitution, nor prohibited by it to the states, are reserved to the states respectively, or to the people."

Alaska is the only state in America that is prohibited from exporting crude oil. That is unfair. It is an infringement of our basic State's Rights concept. Eastern seaboard Congressmen and Senators and special interest maritime forces have successfully extended the life of the Export Administration Act which prohibits Alaska from exporting its crude.

AGO 786818

This resolution before you simply asks the Governor of Alaska to step out boldly and test Alaska's right to sell and transport 200,000 bbl of North Slope crude oil to a willing buyer in Japan, Korea or Taiwan.

The resolution asks the governor to notify the producers that on a date certain he expects to take delivery of 200,000 barrels of crude at Valdez. It also asks the governor to enter into netotiations with a competent American shipper to transport the 200,000 barrels to the willing buyer in one of the Pacific Rim nations.

This enterprise is one time only. A test, if you will.

Admittedly, this would be a bold move. However, it would be a message that the Congress and the constitutional adherents would receive with clarity. That message is simply: It is unconstitutional to prohibit Alaska from entering the free market of the world.

It is ironic that North Slope oil and gas come up out of the same holes in the ground, and we are allowed to export gas but we are not allowed to export oil.

ARTICLE X.

Powers reserved to states or people. The powers not delegated to the United States by the Constitution, nor prohibited by it to the states, are reserved to the states respectively, or to the people.[18]

ARTICLE XI.

Restriction of judicial power. The judicial power of the United States shall not be construed to extend to any suit in law or equity, commenced or prosecuted against one of the United States by citizens of another state, or by citizens or subjects of any foreign state.[19]

ARTICLE XII.

Election of President and Vice President. The electors shall meet in their respective states, and vote by ballot for President and Vice President, one of whom, at least, shall not be an inhabitant of the same state with themselves; they shall name in their ballots the person voted for as President, and in distinct ballots the person voted for as Vice President, and they shall make distinct lists of all persons voted for as President, and of all persons voted for as Vice President, and of the number of votes for each, which lists they shall sign and certify, and transmit sealed to the seat of the government of the United States, directed to the President of the Senate; — The President of the Senate shall, in presence of the Senate and House of Representatives, open all the certificates and the votes shall then be counted; — The person having the greatest number of votes for President, shall be the President, if such number be a majority of the whole number of electors appointed; and if no person have such majority, then from the persons having the highest numbers not exceeding three on the list of those voted for as President, the House of Representatives shall choose immediately, by ballot, the President. But in choosing the President, the votes shall be taken by states, the representation from each state having one vote; a quorum for this purpose shall consist of a member or members from two thirds of the states, and a majority of all the states shall be necessary to a choice. And if the House of Representatives shall not choose a President whenever the right of choice shall devolve upon them, before the fourth day of March next following, then the Vice President shall act as President, as in the case of the death or other constitutional disability of the President. The

18. Proposed by Congress on September 25, 1789, and declared ratified on December 15, 1791.

19. Proposed by Congress on March 4, 1794, and declared ratified on January 8, 1798.

AGO 786820

Alaska State Legislature

Sen. Bettye Fahrenkamp,
Co-Chairman
Sen. Vic Fischer
Sen. Don Bennett

Rep. John J. Cowdery,
Co-Chairman
Rep. Mike Davis
Rep. Joe Hayes
Rep. John Ringstad
Rep. Mike Szymanski
Rep. Rick Uehling
Rep. Anthony N. Vaska

Joint Committee on Oil and Gas

REVIEW & COMMENT

ON RESOLUTIONS IN SUPPORT OF EXPORTING ALASKAN NATURAL RESOURCES

DATE: 17 May, 1983

The Joint Committee on Oil & Gas has reviewed the issue of exporting Alaskan crude oil and natural gas, and unanimously supports the adopting of joint resolutions encouraging enactment of such provisions of law that will permit the export of Alaska's natural resources, and improve relations with our Pacific Rim Allies.

Sen. Bettye Fahrenkamp Co-Chairman

John J. Cowdery Co-Chairman

Sen. Vic Fischer

Rep. Joe Hayes

Sen. Don Bennett

Rep. John Ringstad

Rep. Rick Uehling

Rep. Anthony N. Vaska

Rep. Mike Davis

Rep. Mike Szymanski

Pouch V, Juneau, Alaska 99811

AGO 786821

Moslems feel the Christians have disproportionate representation.

• Assurance of the security of southern Lebanon, the Saudi formulation for insuring the security of northern Israel through controls against guerrilla infiltration.

• Replacement of the multinational peacekeeping force of American, French, Italian and British troops by a United Nations force.

Conference

Continued from Page A 1

such as the cruise are subject to change, Lyon said.

The conference is viewed as a follow-up to Sheffield's trip to Korea and Japan in October. The administration will focus the participants' attention on Alaska's fish, timber, mining, tourism, oil, natural gas and agricultural resources, Lyon said.

"One of the things this will say to our Asian neighbors is that Governor Sheffield and the State of Alaska want them here," Lyon said.

To hold part of the conference on a cruise ship the administration will have to get federal permission to board the passengers in Alaska, Lyon said. The federal Jones Act prohibits ships registered in foreign countries from such activities without permission.

If a Jones Act waiver can't be obtained the administration may explore the possibility of holding the conference on a state ferry, Lyon said.

PRICE 25 CENTS

State cruise sought

2/12/84

By JOHN LINDBACK
Daily News reporter

JUNEAU — Gov. Bill Sheffield is asking the legislature for as much as $750,000 for a Pacific Rim trade conference slated to include a cruise through Alaska waters.

The governor would like to hold at least part of the conference in an "enclosed environment" — possibly on a cruise ship — where the participants' attention would be exclusively focused on Alaska trade, said Pete Spivey, Sheffield's press secretary.

The conference is intended to "encourage participation of key industry and government leaders from Korea, Taiwan, the Philippines and the Lower 48," according to an administration budget request.

Commissioner of Commerce and Economic Development Dick Lyon said Wednesday the state would ask conference participants to pay most of the costs of items such as the cruise, which would stop at Alaska ports that hold investment potential. Stops may include Ketchikan, Sitka, Whittier, Seward and Valdez, he said.

"We'd like to find some way to expose the participants of the conference to several places in Alaska," Lyon said. Plans call for conference participants to visit other regions of the state such as Prudhoe Bay and the Red Dog zinc mine near Kotzebue, he said.

The public funds are needed to pay the costs of setting up the conference and to help defray some costs to the participants, Lyon said.

The conference is in the planning stages, so the budget and portions of the conference

See Back Page, CONFERENCE

AGO 786822

Washington Watch

Robert D. Hershey Jr.

Reviving Plan To Export Oil

WASHINGTON

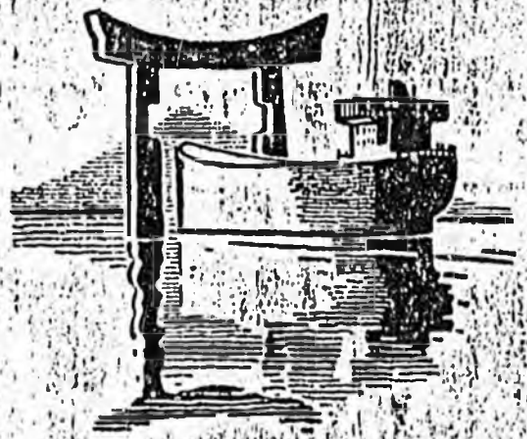
SENATOR Frank H. Murkowski, a Republican from Alaska who sits on the Energy Committee, has dusted off and modified a long-dormant plan to authorize the export of Alaskan oil to Japan. He plans to offer it as an amendment to the Export Administration Act when it comes up for renewal later this month.

Some Capitol aides think the measure could pass this time around. But the maritime industry, which has been the biggest stumbling block, says that it remains adamantly opposed to the plan. The export of American crude, except for barrel-for-barrel swaps with Canada, is forbidden by law.

According to Senator Murkowski, Alaska's output could increase as much as 200,000 barrels a day, an increment that he would make available for export. He contends that the plan would reduce the nation's trade deficit with Japan by $2 billion a year and raise $133 million for the Treasury in "windfall profits" taxes.

The Senator has attempted to overcome the opposition of the American marine industry, which now transports Alaskan oil to West Coast and Gulf of Mexico ports, by stipulating that all vessels carrying exports would be repaired only in United States shipyards. In addition, the amendment provides that the President could cancel export contracts for reasons of a national emergency.

Vice President George Bush has told Senator Murkowski that the changes should make it acceptable to the opponents. However, Jesse M. Calhoun, president of the National Marine Engineers' Beneficial Association, wrote to all Senators last week to insist that the union "firmly and unequivocably" opposes the plan.



David Suter

A Congressman Starts Over

After 20 years in Congress and eight years as minority leader on the House Ways and Means Committee, Representative Barber B. Conable Jr., a New York Republican, has decided it is time to do something else. But what?

According to Mr. Conable's longtime chief of staff, Harry Nicholas, the Congressman is thinking about teaching a course in government, writing and practicing law — perhaps back home in Rochester.

But there is speculation on Capitol Hill that Mr. Conable, who will be 64 on Election Day, might be Secretary of the Treasury in a second Reagan Administration and manage the tax-revision proposals the President has promised for 1985.

When asked the other day if he might accept a job in the Administration, Mr. Nicholas said, Mr. Conable replied that it would have to be "a very attractive offer." In Washington, that kind of maybe is heard as a yes.

Making Noise at the Fed

Preston Martin, vice chairman of the Federal Reserve Board, has raised eyebrows by calling attention to the lone dissenting vote he cast at the December meeting of the Federal Open Market Committee.

Mr. Martin, appointed by President Reagan as heir-apparent to Paul A. Volcker, the chairman, last week distributed a copy of the F.O.M.C. policy actions at the session, with a note directing attention to page 14, where his dissent to the 11-1 majority was described. The dissent stated that Mr. Martin was concerned that "any tightening of reserve conditions" would raise interest rates and thereby threaten the economic recovery.

One analyst, terming it "highly unusual" for a board member to call attention to himself in such fashion, noted that the Fed official was evidently "trying to keep his reputation with the Administration intact."

Briefcases:

¶The Transportation Department proposes for security reasons to bar helicopter flights over the nation's nine nuclear weapons facilities. Flights by fixed-wing craft would be prohibited below specified altitudes, generally 3,000 feet.

¶The International Monetary Fund's policy-making Interim Committee, which had thought about skipping its regular spring meeting this year has decided to hold it on April 12.

¶New Jersey's Democratic Senators, Bill Bradley and Frank R. Lautenberg, seek an investigation into why the price of home heating oil in the state has risen 20 cents a gallon.

AGO 786827

RECEIVED
BUDGET/AUDIT COMMITTEE

Bill Sheffield

Free Alaska's Oil

American energy consumers have a large stake in the existing federal restrictions on the export of Alaska crude oil. Because Congress must soon act on an extension of the ban, its rationale and costs deserve scrutiny. I share the considered opinion of most economists and of the federal Department of Energy that the United States would produce more oil at lower prices if the export restrictions were lifted.

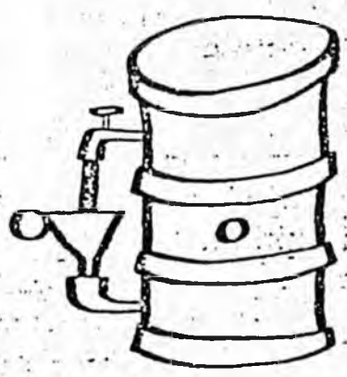
The origins of the oil export ban lie in the December 1973 authorization for construction of the Trans-Alaska Pipeline System, a project that currently carries some 20 percent of U.S. oil production. Energy security concerns became paramount in the wake of the October 1973 OPEC embargo, and Congress chose to restrict the destination of oil shipped through the pipeline. At that time, when U.S. ability to obtain any imported oil was in question, the restrictions made political sense.

The energy supply picture for the United States has changed during the past 10 years, however. About half of Alaska's oil production of 1.6 million barrels a day is in excess of West Coast needs. As a result, this oil must move to the larger market of the Gulf of Mexico and the East Coast. Unfortunately, this journey is an expensive one, costing four times as much as the tanker run to California. This additional transportation cost means reduced federal tax revenues and reduced incentives for expanding Alaska oil production. Higher trade deficits and diminished national security also result from the ban on our allies.

America's Pacific Rim allies, in close proximity to Alaska, would very much like to purchase this surplus oil to diversify their sources away from the Middle East, but are prohibited from doing so by federal law. The ban is particularly unfair because no other U.S. oil production is barred from export, and the United States currently ships overseas in excess of 700,000 barrels a day of domestically produced refined petroleum products.

Along with Alaska's congressional delegation, I have proposed that Congress relax the existing export ban on Alaska oil to allow 200,000 barrels a day to be shipped to Japan on U.S.-flag tankers. Most knowledgeable observers agree that the federal government and energy consumers in the United States would experience significant benefits from the adoption of this proposal:

- The federal Treasury would realize almost $200 million per year in increased tax revenues as a result of the higher value of oil shipped to the Pacific Rim.
- The oil industry would have a greater incentive to develop currently marginal fields on Alaska's high-cost North Slope and to explore for additional oil and gas in northern Alaska.
- The pricing power of OPEC would be moderated by the entry of Alaskan oil into Asian markets.
- U.S. national security interests would be protected by diversifying the energy supply of key U.S. allies who currently must seek energy from OPEC and Russia.
- The existing trade deficit with Japan would be reduced while the United States would gain a bargaining tool to use on other trade issues.



By Zarko Karabatic

- Opportunities for financially troubled countries, such as Venezuela and Mexico, to sell oil to the United States would be expanded by providing possibilities for cost-efficient oil exchanges.

In light of these convincing arguments, why does the export ban remain in effect? The Alaska oil trade currently supports a substantial portion of the U.S. merchant marine fleet. Any action that reduces the amount of time Alaska oil must spend in U.S. tankers is therefore fiercely opposed by the owners and workers supported by these ships. To accommodate their concerns, the proposal I am making would sharply limit exports, and would require the use of U.S.-flag tankers manned by American seamen and maintained in American shipyards.

Those of us who live in Alaska strongly believe in the importance of a healthy merchant marine, given our heavy reliance on waterborne commerce. Nevertheless, the Alaska oil export ban is an expensive and ineffective means of achieving it. In a recent draft report, the U.S. Department of Energy said most of the problems likely to confront the U.S. tanker fleet in the future will occur whether or not export restrictions are eased. To forgo substantial federal tax revenues, national trade benefits, improved national security and increased oil production primarily to protect narrow merchant marine interests is not sound public policy.

The writer is governor of Alaska.

AGO 786828

Washington Watch

Robert D. Hershey Jr.

Reviving Plan To Export Oil

WASHINGTON

SENATOR Frank H. Murkowski, a Republican from Alaska who sits on the Energy Committee, has dusted off and modified a long-dormant plan to authorize the export of Alaskan oil to Japan. He plans to offer it as an amendment to the Export Administration Act when it comes up for renewal later this month.

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AGO 786829

THE FOLLOWING DOCUMENT(S) MAY NOT FILM LEGIBLY BECAUSE OF POOR QUALITY OF THE ORIGINAL.

New York Times 2/22

Let Alaska's Oil Flow Naturally

By law — indeed, five laws — the United States prohibits exports of Alaskan oil. The nominal reason is national security. The controlling reason is protectionist politics. The ban should be repealed.

Alaska's Senators, Frank Murkowski and Ted Stevens, want to amend the Export Administration Act to authorize at least some sales abroad. To win votes, they've conceded too much to protectionism. Nonetheless, because the House has already voted to extend this senseless embargo, their amendment offers the only hope for reducing its harm.

•

Alaska currently pumps out 1.8 million barrels a day. The idea behind the ban was that it's more efficient — and serves the national interest — to direct that oil to West Coast refineries, a short run down the coast. In fact, those refineries have been able to use only half of it. The rest goes through the Panama Canal and a Panama pipeline to refineries on the Gulf of Mexico, or all the way around South America to the Virgin Islands. What a waste, and discouragement, to Alaska's oil development.

The cost of the long-distance transportation runs as high as $5.25 a barrel. Shipment to the logical buyers in the Pacific basin — Japan, South Korea and Taiwan — would cost $1 or less.

The benefit would be twofold. Gulf and Caribbean refineries could get their crude oil at lesser cost from Mexico, Venezuela and Nigeria. And Alaskan oil across the Pacific would become more competitive, and thus stimulate more exploration.

What about national security? It is said that the Arab oil embargo and resulting escalation of oil prices proved the value of holding on to every drop of American oil. So why let others buy it?

The question turns the issue upside down. Exporting Alaska's oil would enhance national security, not hurt it. The countries that would buy this oil are important allies whose access to oil is vital to American security interests. They have no oil of their own. An assured supply is especially necessary for Japan. By reducing Japanese dependence on the Middle East and also stimulating more production in Alaska, two important interests would be served.

The Murkowski-Stevens amendment would permit exports of 200,000 barrels a day and let the President stop all exports if ever the oil is needed in the United States. That's a reasonable concession to get the amendment approved but of no realistic consequence. If cut off by the Persian Gulf, Japan is not likely to be cut off also by America.

What is objectionable is the Murkowski-Stevens requirement that all exports be shipped in American vessels and that the vessels be maintained and repaired in American shipyards. These concessions, to win over the maritime unions, would increase the cost of shifting transportation patterns and reduce their value. But the ban offends economics in larger ways and violates security. Even at that price, it's worth relaxing.

NY Times 2/23/84

AGO 786830

THE PRECEDING DOCUMENT(S) MAY NOT FILM LEGIBLY BECAUSE OF POOR QUALITY OF THE ORIGINAL.

Bill Sheffield

Free Alaska's Oil

American energy consumers have a large stake in the existing federal restrictions on the export of Alaska crude oil. Because Congress must soon act on an extension of the ban, its rationale and costs deserve scrutiny. I share the considered opinion of most economists and of the federal Department of Energy that the United States would produce more oil at lower prices if the export restrictions were lifted.

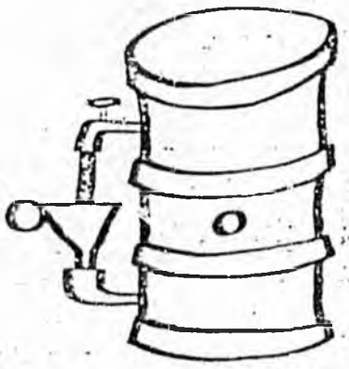
The origins of the oil export ban lie in the December 1973 authorization for construction of the Trans-Alaska Pipeline System, a project that currently carries some 20 percent of U.S. oil production. Energy security concerns became paramount in the wake of the October 1973 OPEC embargo, and Congress chose to restrict the destination of oil shipped through the pipeline. At that time, when U.S. ability to obtain any imported oil was in question, the restrictions made political sense.

The energy supply picture for the United States has changed during the past 10 years, however. About half of Alaska's oil production of 1.6 million barrels a day is in excess of West Coast needs. As a result, this oil must move to the larger market of the Gulf of Mexico and the East Coast. Unfortunately, this journey is an expensive one, costing four times as much as the tanker run to California. This additional transportation cost means reduced federal tax revenues and reduced incentives for expanding Alaska oil production. Higher trade deficits and diminished national security also result from the ban on our allies.

America's Pacific Rim allies, in close proximity to Alaska, would very much like to purchase this surplus oil to diversify their sources away from the Middle East, but are prohibited from doing so by federal law. The ban is particularly unfair because no other U.S. oil production is barred from export, and the United States currently ships overseas in excess of 700,000 barrels a day of domestically produced refined petroleum products.

Along with Alaska's congressional delegation, I have proposed that Congress relax the existing export ban on Alaska oil to allow 200,000 barrels a day to be shipped to Japan on U.S.-flag tankers. Most knowledgeable observers agree that the federal government and energy consumers in the United States would experience significant benefits from the adoption of this proposal:

- The federal Treasury would realize almost $200 million per year in increased tax revenues as a result of the higher value of oil shipped to the Pacific Rim.
- The oil industry would have a greater incentive to develop currently tional oil and gas in northern Alaska.
- The pricing power of OPEC would be moderated by the entry of Alaskan oil into Asian markets.
- U.S. national security interests would be protected by diversifying the energy supply of key U.S. allies who currently must seek energy from OPEC and Russia.
- The existing trade deficit with Japan would be reduced while the United States



By Zarko Karabatic

would gain a bargaining tool to use on other trade issues.
- Opportunities for financially troubled countries, such as Venezuela and Mexico, to sell oil to the United States would be expanded by providing possibilities for cost-efficient oil exchanges.

In light of these convincing arguments, why does the export ban remain in effect? The Alaska oil trade currently supports a substantial portion of the U.S. merchant marine fleet. Any action that reduces the amount of time Alaska oil must spend in U.S. tankers is therefore fiercely opposed by the owners and workers supported by these ships. To accommodate their concerns, the proposal I am making would sharply limit exports, and would require the use of U.S.-flag tankers manned by American seamen and maintained in American shipyards.

Those of us who live in Alaska strongly believe in the importance of a healthy merchant marine, given our heavy reliance on waterborne commerce. Nevertheless, the Alaska oil export ban is an expensive and ineffective means of achieving it. In a recent draft report, the U.S. Department of Energy said most of the problems likely to confront the U.S. tanker fleet in the future will occur whether or not export restrictions are eased. To forgo substantial federal tax revenues, national trade benefits, improved national security and increased oil production primarily to protect narrow merchant marine interests is not sound public policy.

AGO 786831

Foes cite expense and time

Oil export study panel runs into trouble

by DAVID RAMSEUR
News-Miner Bureau

WASHINGTON—A presidential study commission Alaska lawmakers managed to salvage from their overwhelming defeat early this month on efforts to lift the ban on Alaska oil exports appears in trouble.

The maritime industry is gearing up for a lobbying campaign to delete the study and the majority of House and Senate members selected to put final touches on the measure are firmly against Alaska oil exports.

In the meantime, Gov. Bill Sheffield has stepped up his lobbying on the issue. He has sent a packet of materials to the lawmakers involved and a state-hired lobbyist is making the rounds to convince congressmen in person.

Although Alaska Sen. Frank Murkowski remains optimistic the commission will eventually become law, others aren't so sure.

"So far there is certainly support for deleting the study altogether or delaying the due date," said Howard Marlowe, head of the Coalition to Keep Alaska Oil.

Admits a state official: "It's going to be an uphill battle to keep it in,"

At issue is a seven-member presidential commission Murkowski attached to the Export Administration Act after the Senate defeated 70-20 his proposal to permit the export of some types of Alaska oil.

The study commission, charged with reviewing the merits of Alaska oil exports, was the best Murkowski could do in the face of overwhelming Senate opposition to selling Alaska oil abroad.

The commission, which was given an open budget, is to report its findings next January. Proponents of Alaska oil exports hope those findings will strengthen their case for lifting the federal ban on exporting Alaska oil.

But opponents point to a handful of government and private studies on the issue conducted in the last year alone and say the time and expense of another is hard to justify.

"We're not hysterically opposed like the administration is to some of our projects but we're going to fight it," said an aide to Rep. Don Bonker, a Washington Democrat heading up the House opposition.

A panel of members of both the House and Senate have been appointed to work out the differences in the two versions of the bill. The Senate version contains the Alaska oil export study but the House version does not.

Of the 16 House conferees, nine are co-sponsors of a measure to permanently ban Alaska oil exports. On the five-member Senate panel, only Sen. John Tower, R-Texas, voted to permit Alaska oil exports.

Town chiefs cite state threats over hydro project

By MARK BAUMGARTNER
Associated Press Writer

JUNEAU—Gov. Bill Sheffield, two of his cabinent members and a state senator have threatened to withold capital projects from a Southeast Alaska town in efforts to coerce its municipal officials in a signing contracts to buy power from a state hydroelectric plant, according to participants in the negotiations.

Sheffield in November told negotiators from Petersburg that their town could be deprived of state dollars, particularly money the community wants so it can repair and improve its high school, if they didn't agree to buy power from the Tyee Lake hydro project, said Mayor Don Koenigs.

Commerce and Economic Development Commissioner Dick Lyon, Office of Management and Budget Director Peter [illegible] board of directors, and Faiks sits on the Senate Finance Committee.

Petersburg City Manager Rich Underkofler and Lin Wilson, a consultant hired to help the town in negotiations with the Alaska Power Authority, said they are aware of the threats.

But a spokesman for Sheffield said what Petersburg officials perceive as threats are in reality blunt warnings of likely legislative reaction to the extended deadlock.

"I suppose there's a thin line between a threat and a warning," said Sheffield Press Secretary Pete Spivey.

"All I've heard is the governor saying good luck getting the Legislature to act on your projects if the state has to eat" the money it has sunk into the Tyee project, Spivey said. "I don't think that's far off base."

Legislators could be faced with which he says depends on signed power sales agreements.

A legislator who has followed the negotiations, Rep. Ron Wendte of Ketchikan, said he heard Lyon make some "off the wall" comments to representatives from Petersburg, hinting that they would pay a price if they held out on signing contracts to buy Tyee power.

At one point, Lyon suggested ferry service in Southeast Alaska could suffer if representatives of the municipal utilities didn't cooperate, Wendte said.

Sheffield overheard Lyon's comments and told the commissioner he was out of line, Koenigs said.

"I've never threatened Petersburg," Lyon said. It's Koenig's "paranoia" that causes him to see threats in the commissioner's explanation of political realities, Lyon said.

deal possible, Lyon said.

Threating to withold capital project money is just one negotiating tactic employed against representatives of utilities in the four dam pool, according to Koenigs.

A memorandum written by Wilson, a consultant hired from a Bellevue, Wash., engineering firm to help Petersburg in its negotiations with APA, outlines the frustrations and pressures felt by Petersburg officials, Koenings said.

"APA's conduct of the negotiations, whether deliberately manipulative, politically motivated, or merely heavy-handed through inexperience, tends to color any evaluation of the merits of what is offered," Wilson said.

In his critique of APA's negotiating style, Wilson said the state power authority has tried to

Looking Back

AGO 786832

SB

2

STATE OF ALASKA
FISCAL NOTE

Revision Date 3-23, 1983

I. REQUEST

Bill/Resolution No.: CSSB-2
Title: Vessel License Exemption
Sponsor: Senator Ferguson
Requestor: Senator Mulcahy

II. FISCAL DETAIL

Agency Affected: ADF&G
Program Category Affected: EPC
BRU, Program of Subprogram(s) Affected: Commercial Fisheries Entry Commission

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE REDUCTION	-0-	39.6	39.6	39.6	39.6	39.6

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

IV. ANALYSIS: Attach a separate page for any Analysis (Please see reverse side)

Prepared By: Derrill L. Johnson
Phone: 465-4081
Division: Commercial Fisheries Entry Commission
Date: 3-23-83

Approved by Commissioner: John Williams, Chairman
Date: 3-23-83
Department: Commercial Fisheries Entry Commission

Distribution:
Original to Legislative Finance
Copy to Office of Management and Budget (for Legislature introduced bills)
Copy to Department (for Governor introduced bills)
Copy to Sponsor
Copy to Requestor (if different from Sponsor)

3/8/8

ANALYSIS:

The licensing revenue from commercial vessels would be reduced by approximately $39.6 annually by the bill. It will exempt all vessels used inclusively for the commercial harvesting of salmon in the administrative areas known as Arctic-Yukon-Kuskokwim (A-Y-K).

The number of vessels licensed annually is relatively stable, hence future year fiscal impacts are projected as constant.

STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

COMMERCIAL FISHERIES ENTRY COMMISSION

POUCH KS
JUNEAU, ALASKA 99811

February 7, 1983

Senator Mulcahy
State Capitol
Pouch U (MS3100)
Juneau, AK 99811

RE: SB-2 Vessels 24' & Under Exempt from Licensing Requirement

Dear Senator Mulcahy:

As per your request I have attached the copies of correspondence outlining the Commission's in-house response to the above referenced bill.

Sincerely,

Derrill L. Johnson
Director, Admin. and Operations

DLJ:dan
Attachment

01-A6LH

MEMORANDUM State of Alaska

TO: John Williams
Chairman

DATE: January 27, 1983

FILE NO:

TELEPHONE NO:

FROM: Derrill L. Johnson
Director, Administration
& Operations

SUBJECT: SB-2 Vessels 24' & Under Exempt from Licensing Requirement

Kurt, Roger, Beth, Larry, Chris and I met to discuss the effects of the passage of the proposed legislation referenced above.

We concluded that if the bill were to pass in its present state, the following concerns would need to be addressed:

1. The majority of the vessels in the herring gill net and salmon hand troll fisheries are 24' and under. This bill would complicate and possibly defeat regulations promulgated by the Board of Fisheries for exclusive registration in the Cape Romanzof and Norton Sound herring gill net fisheries and the troll vessel registration system in Southeast. Both regulations are viewed by the Board as part of the overall management strategies for these respective fisheries.

The total number of vessels falling in the 24' and under category is equal to 45% of the total vessels licensed in the entire fishing fleet statewide. (See memo of January 20, 1982 24' and under exemption.)

2. Vessel licensing is the main criterion establishing vessel ownership for point classification in limited entry schemes. Loss of such information would result in inability to properly rank applicants.

3. Marking requirement regulations for buoys in the small vessel long line, gill net, and herring fisheries would need to be changed.

4. It would make it almost impossible to determine who is sport fishing or commercial fishing in the troll fishery.

5. Research data for historical profiles of vessel activity would be lost. There would be a direct impact on any further modeling for halibut, hand troll (and to some extent power troll),

and herring gill net fisheries because each have a high percentage of vessels 24' and under. Research suggests that these impacts could be minimized by lowering the exempt size to 18' or 20' but there is some concern about the reliability of vessel-length reporting.

If the intent is to remove vessel licensing requirements for salmon set netters, then two suggestions are offered:

1. All vessels used in conjunction with salmon set net operations are exempt from licensing requirements.

2. If the primary concern is for those fishermen using stationary salmon gear in the AYK and Yakutat freshwater river fisheries, then exempt all vessels used in conjunction with stationary salmon gear from commercial licensing requirements.

DLJ/dw

MEMORANDUM State of Alaska

TO: John Williams
Chairman

DATE: January 20, 1983

FILE NO:

TELEPHONE NO:

FROM: Derrill L. Johnson
Director, Administration & Operations

SUBJECT: 24' and under vessel exemption

In answer to your inquiry regarding the number of vessels licensed annually and their length, I have compiled the following:

# of vessels statewide ≤ 24 feet	7,573
# of vessels statewide ≥ 25 feet	9,061
Total vessels licensed in 1982	16,634

If all vessels 24 feet and under were exempted from state licensing requirements, it would represent 7,573 or 45% of the total fleet. This would mean a loss of $151,460 (7573 X $20 license fee - 151,460) in license revenues.

If on the other hand you were to exempt only AYK vessels 24 feet or under it would only affect 88% of the total AYK vessels; 12% would still have to license annually.

# of vessels in AYK ≤ 24 feet	1,751	X $20 license fee = $35,020
# of vessels in AYK ≥ 25 feet	231	X $20 license fee = $ 4,620
Total AYK vessels	1,982	

* All data compiled from 1982 year-end computer file.

DLJ:nlg

STATE OF ALASKA

Bill Sheffield, Governor

DEPARTMENT OF FISH AND GAME

OFFICE OF THE COMMISSIONER

P.O. BOX 3-2000
JUNEAU, ALASKA 99802
PHONE: 465-4100

February 2, 1983

The Honorable Bob Mulcahy
Senate
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Senator Mulcahy:

This letter is in response to a telephone inquiry from Troy Henley of your staff requesting the position of the Department of Fish and Game on Senate Bill 2, an act providing for a license exemption for commercial fishing vessels 24 feet or less.

The Department of Fish and Game is opposed to the provision of Senate Bill 2. Many of the State's statutes and regulations governing commercial fishing address licensed vessels as a means of enforcing those regulations and controlling the harvest of our fishery resources. Not requiring all vessels to be licensed could result in a chaotic fishery that would be of no benefit to the State and its fishermen. If it is the intent of the sponsor to eliminate or reduce the fee for licensing of commercial fishing vessels of 24 feet or less, we would propose amending AS 16.05.530 to reduce or eliminate the license fee for vessels 24 feet or less. Whether a fee is charged or the amount is immaterial to the Department of Fish and Game we do need to retain a licensing mechanism for adequate resources management. Our suggested amendment may address the concerns of the sponsor. If not, I am sure other less drastic means can be suggested to address the problem.

You may also wish to contact the Commercial Fisheries Entry Commission for its position on this legislation.

Please let us know whenever we can be of further assistance.

Sincerely,

Don W. Collinsworth

Don W. Collinsworth
Acting Commissioner

PROPOSED HCS FOR SCS SENATE BILL NO. 2 (Resources)

A BILL

For an Act entitled: "An Act providing for a vessel license exemption in certain commercial fisheries."

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

* Section 1. AS 16.05 is amended by adding a new section to read:

Sec. 16.05.495. VESSEL LICENSE EXEMPTION. A vessel used exclusively for the commercial capture of salmon in the drainage systems of the Yukon and Kuskokwim Rivers, or at a salmon set net site is exempt from the licensing requirements of AS 16.05.490.

* Section 2. This Act takes effect January 1, 1984.

HOUSE RESOURCES COMMITTEE

JUN 20 RECD

STATE OF ALASKA
FISCAL NOTE

Revision Date 6/20 , 1983

I. REQUEST

Bill/Resolution No.: CSSB-2
Title: Vessel License Exemption
Sponsor: Senator Ferguson
Requestor: Senator Mulcahy

II. FISCAL DETAIL

Agency Affected: ADF&G
Program Category Affected: FRC
BRU, Program of Subprogram(s) Affected:
Commercial Fisheries Entry Commission

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE REDUCTION	-0-	83.1	83.1	83.1	83.1	83.1

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

See reverse

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: John Williams
Phone: 465-4081
Division: Commercial Fisheries Entry Commission
Date: 6/20/83

Approved by Commissioner: John Williams
Date: 6/20/83
Department: Commercial Fisheries Entry Commission

Distribution:
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Copy to Department (for Governor introduced bills)
Copy to Sponsor
Copy to Requestor (if different from Sponsor)

3/8/83

ANALYSIS:

The analysis assumes that no adjustment in permit renewal fees charged under AS 16.43.160 is attempted to offset the negative fiscal impact of this legislation.

The licensing revenue from commercial vessels would be reduced by approximately $79.8 annually by the bill. It will exempt all vessels used inclusively for the commercial harvesting of salmon in the administrative areas known as Arctic-Yukon-Kuskokwim (A-Y-K) and at salmon set net sites in Yakutat, Prince William Sound, Cook Inlet, Kodiak, Alaska Peninsula and Bristol Bay.

The number of vessels licensed annually is relatively stable, hence future year fiscal impacts are projected as constant.

SB

45

Sectional Analysis
of 2ndSSSB 45am: "An Act relating to reimbursement for the cost of land clearing; and providing for an effective date."

Section 1. AS 38.05.065 is amended by adding a new section under which the commissioner of DNR may declare a moratorium of up to five years on principal payments if:

(1) it is in the best interest of the state;

(2) the purchaser performs farm development, crop production, and harvesting requiring expenditures equivalent to the payments that would otherwise be due;

(3) the sale of the land takes place after July 1, 1979;

(4) the purchaser is in compliance with the development plan specified in the purchase contract at the time of application for the moratorium and continues to remain in compliance during the moratorium.

Section 2. Provides that the Act is effective immediately.

IMPORTANT POINTS ON 2nd SSSB45

There are no significant changes in the terms of payments proposed by this legislation.

This legislation will help those who are actually working and investing money in their farm development.

The land sale payments will be paid in full. This legislation seeks only a postponement of payments to allow a few more years to develop the farms.

COMPARISON OF 2ndSSSB 45 and CSSSSB 47(Res)

2ndSSSB 45 "An Act establishing an agricultural land sale payment moratorium; and providing for an effective date."

CSSSSB 47(Res) "An Act relating to reimbursement for the cost of land clearing; and providing for an effective date."

2nd SSSB 45 LAND PAYMENT MORATORIUM	CSSB 47 (Res) CLEARING PAYMENT MORATORIUM
Amends AS 38.05.065 (Title 38: Public Lands, Ch.5: Alaska Land Act, Art.2: Sale of Lands)	Relates to AS 44.33.470(8) (Title 44: State Government, Ch.33: DCED, Art.10:AAAC)
Terms of Contract of Sale	Powers and Duties of the Council
Up to <u>five</u> year moratorium on principal payments on the sale of agricultural land sold after July 1, 1979.	Up to <u>three</u> year moratorium on principal payments on reimbursement due to the state for land clearing activities contracted before Jan. 1, 1984 with the AK Ag Action Council.
Application is to the Department of Natural Resources.	Application is to Agricultural Revolving Loan Fund Board.
INVESTMENT CREDIT: The purchaser must perform farm development requiring expenditure equivalent to the payments which would otherwise be due.	PRODUCTION CREDIT: The land owner must have 1,000 acres, or 50 percent of their tillable acres in production at the time of application and for the duration of the moratorium.
Must be in compliance with their development plan.	Must be in compliance with their development plan.

NOTE: The Department of Natural Resources supports both of these bills.

Department of Commerce & Economic Development / POSITION PAPER

2d SS for SB 45: "An Act relating to an emergency farm relief program; and providing for an effective date."

The Department of Commerce and Economic Development finds that this bill brings the land purchase contracts into a logical parallel with similar agriculture loan programs.

3/30/84

Richard A. Lyon, Commissioner

RAL/wfs5/2
32984a

CHAIRMAN
SENATE TRANSPORTATION COMMITTEE
SENATE SPECIAL AGRICULTURE COMMITTEE

MEMBER
HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE
LEGISLATIVE COUNCIL
REAA BUDGET OVERSIGHT COMMITTEE

Alaska State Legislature

State Senate

SENATOR
H. PAPPY MOSS
P.O. BOX 182
DELTA JUNCTION, ALASKA 99737
(907) 895-4384

JUNEAU OFFICE:
POUCH V
JUNEAU, ALASKA 99811
(907) 465-4921

SENATE SPECIAL COMMITTEE ON AGRICULTURE

M E M O R A N D U M March 20, 1984

TO: Senator Bettye Fahrenkamp, Chair
Senate Resources Committee

FROM: Senator H. Pappy Moss, Chair
Senate Special Committee on Agriculture

RE: 2nd Sponsor Substitute for Senate Bill 45

This sponsor substitute for Senate Bill 45 provides relief to farmers of the State of Alaska who are actually working on developing their farms. This legislation makes no significant changes in the terms of the original contract for land payments, and makes no difference in the amount of the total payment. The state is paid in full by the farmers for the amount specified at the time of the land sale.

The 2nd sponsor substitute for SB 45 provides for the postponement of principal payments and the ceasing of interest accrual, for a period not to exceed five years, if the commissioner determines it to be in the best interest of the state, and if the following conditions are met:

The farmer must have invested an amount equal to his payment which would otherwise be due in farm development, crop production, and harvesting expenses. Expenses involved in land clearing or related activities would not be considered in the application for this moratorium.

The expenses must be certified by the commissioner.

The sales of agricultural land were made after the repeal of AS 38.05.325 Homestead Entry which occured in 1979.

The contract purchaser must be in compliance with the development plan as specified in the contract before applying for this postponement of payments.

This legislation was developed with help from the Division of Forest, Land and Water Management, who administer the sale of these lands and is supported by the Department of Natural Resources. This bill does not ask for money—only for time to enable Alaska's farmers to develop their farms.

This legislation is not offered to assist poor business managers in the area of farming to continue where they are failing. This legislation is offered to support the successful, producing farmer wo is contributing to agricultural development in the state of Alaska.

N O T E S : 2nd Sponsor Substitute for SB 45 March, 1984

On March 19th, a delegation of farmers from the Delta II project came to Juneau to seek assistance from the legislature and the Sheffield Administration. Each had received forclosure notices on their land from the Division of Land and Water Management. Land payments had been due at the end of February, but because of the grain market situation in the state, none had been able to sell their crops to come up with the money.

They brought with them proposed legislation which had they had been assisted in preparing by the Division of Land and Water Management. This legislation allowed for a postponement of principal payment and interest accrual where the contract purchaser put an equal amount of money as would have otherwize been due into farm development, crop production and harvesting.

The Delta delegation discussed this legislation with the Governor, Commissioners Lyon (DCED), and Wunnike (DNR), and made a presentation to the Senate Resources Committee. Their proposed legislation was incorporated into a Sponsor Substitute for SB 45 by Senator H. Pappy Moss. For three days, the Delta group met with senators and representatives explaining their request for more time, and all in all, making a favorable impression in lobbying for thier needs.

51345

NRN

March 22, 1984

Senator Bettye Fahrenkamp
Pouch V
Juneau, Alaska 99811

Dear Senator Fahrenkamp;

This week you were so kind in sharing your precious time with our farm group from Delta II. We want to take this opportunity to thank you for lending your support to our cause.

We need more time to develop our farms and markets, and having the payments and interest on our land payments tolled for a few years will help us get this accomplished. The sponsor substitute for Senate Bill 45 will give us that opportunity without reducing the purchase price or changing the terms of our original contracts.

We are actively involved in promoting the dairy industry and beef and hog production, and are working to supply grain to these groups at a lower cost so our agriculture base will expand and as it grows we all hope to become successfully self-supporting.

There is a real future for Agriculture here in Alaska and we feel that it makes a valuable contribution to our way of life here. We are excited about farming here and are engaged in making Alaska a better place to live and raise our families. Isn't this really what life is all about?

Thank you again, our visit with you was delightful.

Yours very truly,

Charles Trowbridge

Dick Jensen

Tom Krause

Mike Schultz

Scott Schultz

MAR 28 1984

Alaska State Legislature

BETTYE FAHRENKAMP, Chairman
ROBERT H. ZIEGLER, SR., Vice Chairman
DICK ELIASON
PAUL FISCHER
VIC FISCHER
BOB MULCAHY
ARLISS STURGULEWSKI

POUCH V
STATE CAPITAL
JUNEAU, ALASKA 99811
(907) 465-3834
(907) 465-3835

Senate

Committee on Resources

MINUTES

March 30, 1984
3:55 pm

Beltz Room
Room 211, Capitol

MEMBERS PRESENT

Senator Fahrenkamp, Chairman
Senator Ziegler, Vice Chairman
Senator Paul Fischer
Senator Mulcahy
Senator Sturgulewski

CALENDAR

SB 225, Creating the Matanuska Valley Moose Range.

2dSSSB 45, Establishing an agricultural land sale payment moratorium.

SB 369, An Act relating to the planning, designing, and construction of agriculture and forestry facilities by the Department of Natural Resources.

SCR 42, Relating to sport fishing of salmon and underutilized species.

SB 225

Ned Farquhar, Special Assistant to the Commissioner of the Department of Natural Resources, testified in support of the Committee Substitute, and proposed an amendment that would clarify that coal and mineral entry and development would be allowed within the Range.

Deborah Heidecker, Aide to Senator Kerttula, explained that the Committee Substitute, a result of negotiations with the Department of Natural Resources and the Department of Fish and Game, contains specifics on management responsibility, multiple use definitions, and boundaries.

Senator Kerttula explained why the proposed Chickaloon Bench subdivision should remain within the Moose Range and not be disposed.

John Clark, Habitat Division, Department of Fish and Game, spoke in support of the Committee Substitute.

Senator Mulcahy moved to adopt DNR's proposed amendment. There was no objection.

Ron Sommerville, Alaska Outdoor Council, spoke in support of the Committee Substitute.

Jay Nelson, Alaska Environmental Lobby, spoke in support of the Committee Substitute and recommended that a timetable for implementing the management plan be included in the bill.

Senator Sturgulewski moved to adopt the proposed amendment regarding the timetable for a management plan. There was no objection.

Senator Mulcahy moved CS SB 225 from Committee with individual recommendations. There was no objection.

2dSSSB 45

Senator Moss explained that this bill would authorize the Department of Natural Resources to declare a moratorium of up to five years on agricultural land purchase payments if certain conditions are met.

Senator Mulcahy moved 2dSSSB 45 from Committee with individual recommendations. There was no objection.

SB 369

Senator Kerttula reviewed the history of construction cost overruns at the Department of Natural Resources plant materials center. SB 369 would begin to solve those problems by transferring construction responsibilities from the Department of Transportation and Public Facilities to DNR.

Senator Mulcahy moved SB 369 from Committee with individual recommendations. There was no objection.

SCR 42

Phil Daniel, United Fishermen of Alaska (UFA), spoke in support of the resolution, recommending aquaculture as a way of guaranteeing sportsfishermen an adequate supply of fish, and resolving user group conflicts.

Ron Sommerville, Alaska Outdoor Council offered no formal position on the bill, but supported enhancement of sportfishing stocks as a way of resolving user group conflicts.

Senator Mulcahy moved SCR 42 from Committee with individual recommendations. There was no objection.

The meeting adjourned at 4:40 pm.

SB 45

SENATE SPECIAL COMMITTEE ON AGRICULTURE
Senator H. Pappy Moss, Chairman
May 4, 1984

EARLIER THIS YEAR, MANY OF YOU WERE VISITED BY ONE OR MORE OF THE FARMERS THAT CAME DOWN FROM DELTA JUNCTION. THEY SPOKE TO YOU INDIVIDUALY AND ALSO ADDRESSED THE SENATE RESOURCES COMMITTEE. MANY OF YOU ARE KEENLY AWARE OF THE PROBLEMS THEY ARE FACING, BECAUSE THEY REPRESENT FARMERS FROM ALL OVER THE STATE.

THEIR MESSAGE WAS PLAIN AND SIMPLE. THEY NEED MORE TIME TO DEVELOP THEIR FARMS AND THEIR MARKETS. RESTING IN THE BALANCE IS ALL THE EFFORT, TIME AND MONEY THEY HAVE INVESTED IN THEIR FARMS. MANY FACE FORCLOSURE ON THEIR PROPERTIES. WE ARE NOT SPEAKING OF SPECULATORS OR PART-TIME FARMERS. WE'RE TALKING ABOUT FAMILIES THAT HAVE CLEARED THEIR LAND AND PRODUCED CROPS, BUT WHO ARE FACED WITH LIMITED MARKETS FOR THEIR HARVEST.

THE SPONSOR SUBSTITUTE FOR SENATE BILL 45 WILL HELP ALASKA'S FARMERS ACCOMPLISH A GOAL THAT IS BOTH THEIRS AND THE STATE'S. THAT IS, TO HELP ALASKA'S AGRICULTURAL INDUSTRY TO GET TO THE POINT WHERE IT WILL SUPPORT ITSELF AND BE ABLE TO BECOME INDEPENDENT OF HELP FROM THE STATE.

ALASKAN FARMERS ARE ACTIVELY INVOLVED IN PROMOTING THE DAIRY INDUSTRY AND BEEF AND HOG PRODUCTION AND IN WORKING TO SUPPLY THESE ALASKAN MARKETS WITH ALASKAN-GROWN GRAIN. THEY ARE WORKING TO EXPAND ALASKA'S AGRICULTURAL BASE, BUT ITS GOING TO TAKE MORE TIME.

SENATE BILL 45 PROVIDES FOR A FIVE YEAR MORATORIAUM ON LAND PAYMENTS AND INTEREST DUE ON AGRICULTURAL LAND PURCHASED FROM THE STATE. NO SIGNIFICANT CHANGES IN THE ORIGINAL TERMS OF PAYMENT ARE PROPOSED. THE LAND SALE PAYMENTS WILL BE PAID IN FULL. PAYMENTS ARE SIMPLY POSTPONED. FARMERS WILL HAVE THE TIME TO DEVELOP THEIR FARMS TO THE POINT WHERE THEY PROVIDE AN INCOME WITH WHICH THEY CAN REPAY THEIR DEBTS TO THE STATE.

TO QUALIFY FOR A MORATORIUM UNDER SENATE BILL 45, FARMERS MUST BE IN COMPLIANCE WITH THEIR ORIGINAL DEVELOPMENT PLAN AND, FOR EACH YEAR, MUST HAVE INVESTED AN AMOUNT EQUAL TO THE PAYMENT WHICH WOULD OTHERWISE BE DUE INTO FARM DEVELOPMENT, CROP PRODUCTION AND HARVESTING EXPENSES.

THE FARMERS ARE NOT ASKING FOR MONEY--ONLY FOR TIME. THIS LEGISLATION WILL NOT ASSIST POOR BUSINESS MANAGERS IN THE AREA OF FARMING TO CONTINUE WHERE THEY ARE FAILING. THIS LEGISLATION IS OFFERED TO SUPPORT THE SUCCESSFUL, PRODUCING FARMER WHO IS CONTRIBUTING TO AGRICULTURAL DEVELOPMENT IN THE STATE OF ALASKA.

SENATE BILL 45 WILL PROVIDE EMERGENCY RELIEF TO HELP THOSE FARMERS SAVE THEIR LAND, AND TO PROTECT THEIR, AND THE STATE'S, INVESTMENT IN ALASKA'S DEVELOPING AGRICULTURE INDUSTRY.

I URGE YOU TO VOTE FOR THE PASSAGE OF THE SPONSOR SUBSTITUTE FOR SENATE BILL 45.

Alaska State Legislature
HOUSE OF REPRESENTATIVES
COMMITTEE ON RESOURCES

JOHN RINGSTAD, CO-CHAIRMAN
RICHARD BHULTZ, CO-CHAIRMAN
POUCH V
JUNEAU, ALASKA 99811
(907) 465-3715

LETTER OF INTENT
2ndSSSC 45 am

"An Act relating to reimbursement for the cost of land clearing; and providing for an effecitve date."

It is the intent of the House Resources Committee that the morortorium on payments to the state for the sale of agricultural land be a moritorium on principal and interest, though interest shall continue to accrue.

Representative John Ringstad
Co-Chairman, House Resource Committee

COMMITTEE REPORT

HOUSE

(9) FURTHER:

5/3/84 Date: MAY 14 1984

The Committee on RESOURCES has had 2d SSSB 45am

"An Act establishing an agricultural land sale payment moratorium; and providing for an effective date."

under consideration and recommends:

[X] do pass [ ] do not pass

[ ] do pass with attached amendments(s)

[ ] replace with CS for _____ [ ] same title [ ] new title

and recommends _____

[X] AND attaches a "Letter of Intent" [ ] New Fiscal Note [ ] Zero Fiscal Note Attached

[X] reports it back without recommendation

[ ] referred to the _____ Committee

MEMBERS SIGNING DO PASS		MEMBERS HAVING OTHER RECOMMENDATIONS:	
SHULTZ	Dick Shultz	VASKA	
GULL		LARSON	
KINGSTAD		LISKA	Not Vote
		VEHLUWE	Not Vote

CHAIRMAN

COMMITTEE REPORT

HOUSE

(9) FURTHER:

(Returned to Resources 5/19/84)

5/19/84 Date: MAY 21, 1984

The Committee on RESOURCES has had 2d SSSB 45am

"An Act establishing an agricultural land sale payment moratorium; and providing for an effective date."

under consideration and recommends:

[ ] do pass [ ] do not pass

[ ] do pass with attached amendments(s)

[X] replace with CS for 2d SSSB 45 (RESOURCES [X] same title [ ] new title

and recommends GIVES INDIVIDUAL RECOMMENDATIONS

[ ] AND attaches a "Letter of Intent" [ ] New Fiscal Note [ ] Zero Fiscal Note Attached

[ ] reports it back without recommendation

[ ] referred to the _____ Committee

MEMBERS SIGNING DO PASS		MEMBERS HAVING OTHER RECOMMENDATIONS:
	CAUDERY	
SMITZ	LARSON	
RINGSTAD	BUSSELL	
	COLL	
	VASKA	
	LISKA	
	UEHLING	

CHAIRMAN

Introduced: 3/22/84
Referred: Resources and Finance

1 IN THE SENATE BY MOSS

2 2d SPONSOR SUBSTITUTE FOR SENATE BILL NO. 45 am

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act establishing an agricultural land sale
7 payment moratorium; and providing for an effective
8 date."

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

10 * Section 1. AS 38.05.065 is amended by adding a new subsection to
11 read:

12 (d) The commissioner may declare a moratorium of up to five
13 years on principal payments on a sale of agricultural land under this
14 section if

15 (1) the commissioner determines that the moratorium is in
16 the best interest of the state;

17 (2) the commissioner certifies and the contract purchaser
18 agrees to perform farm development, crop production, and harvesting,
19 not including land clearing or related activity, requiring the expen-
20 diture of amounts equivalent to the payments that would otherwise be
21 made during the moratorium;

22 (3) the sale of the agricultural land takes place after
23 July 1, 1979; and

24 (4) the contract purchaser is in compliance with the devel-
25 opment plan specified in the purchase contract at the time the pur-
26 chaser applies for a moratorium under this subsection and continues to
27 remain in compliance with the development plan during the moratorium
28 granted under this subsection.

29 * Sec. 2. This Act takes effect immediately in accordance with

Asper
5/21/84

Original sponsor: Moss

IN THE SENATE BY THE RESOURCES COMMITTEE

HOUSE CS FOR 2d SPONSOR SUBSTITUTE FOR SENATE BILL NO. 45 (Resources)

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTEENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act establishing an agricultural land sale payment moratorium; and providing for an effective date."

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

* Section 1. AS 38.05.065 is amended by adding a new subsection to read:

(d) The commissioner may declare a moratorium of up to five years on payments on a sale of agricultural land under this section if (1) the commissioner determines that the moratorium is in the best interest of the state; (2) the commissioner certifies and the contract purchaser agrees to perform farm development, crop production, and harvesting, not including land clearing or related activity, requiring the expenditure of amounts equivalent to the payments that would otherwise be made during the moratorium; (3) the sale of the agricultural land takes place after July 1, 1979, and (4) the contract purchaser is in compliance with the development plan specified in the purchase contract at the time the purchaser applies for a moratorium under this subsection and remains in compliance with the development plan during the moratorium. Interest payments are subject to the moratorium but interest continues to accrue during the moratorium.

* Sec. 2. This Act takes effect immediately in accordance with AS 01.-10.070(c).

Offered: 5/7/84
Referred: Rules

Original sponsor: Moss

1 IN THE SENATE BY THE FINANCE COMMITTEE

2 CS FOR SPONSOR SUBSTITUTE FOR SENATE BILL NO. 47 (Finance) am

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to reimbursement for the cost of
7 land clearing; and providing for an effective date."

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

9 * Section 1. LAND CLEARING REIMBURSEMENT MORATORIUM. (a) A land owner
10 who has contracted before January 1, 1984, with the Alaska Agricultural
11 Action Council under AS 44.33.470(8) for reimbursement to the state of the
12 cost of clearing, draining, and breaking of land, may be granted a mora-
13 torium up to three years on the payment of principal on the reimbursement
14 by applying to the agriculture revolving loan fund board.

15 (b) A land owner may not qualify for a moratorium under (a) of this
16 section unless at least 1,000 acres or 50 percent of the land owner's till-
17 able acreage, whichever is less, is in production at the time of applica-
18 tion for the moratorium and continues to remain in production during the
19 moratorium granted under this subsection.

20 (c) In order to qualify for a moratorium under (a) of this section a
21 land owner must, at the time of application for the moratorium, be in
22 compliance with the development plan set out in the owner's contract and
23 continue to remain in compliance with the development plan during the
24 moratorium granted under this subsection.

25 (d) A moratorium under (a) of this section may not be granted after
26 July 1, 1987.

27 * Sec. 2. This Act takes effect immediately in accordance with AS 01.-
28 10.070(c).

SB

47

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: 4/16/84

REQUEST
Bill/Resolution No.: SSSB 47
Title: Reimbursement for land clearing
Sponsor: Sen. Moss
Requestor:
Date of Request:

FISCAL DETAIL
Agency Affected: Natural Resources
Program Category Affected: NRMEC
BRU, Program or Subprogram(s) Affected: Agriculture Management

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

The delay in payments will reduce revenues in near term but all loans will remain payable in full.

ANALYSIS: Attach a separate page for analysis

Prepared By: Ed Kern Phone: 745-7200
Division: Agriculture Date: 4/16/84

MH Approved by Commissioner: [illegible], Deputy Date: 4/16/84
Agency: Natural Resources

Distribution (by Agency preparing fiscal note):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)

12/1/83

Sectional Analysis
of CSSSSB 47(Res)am: "An Act relating to reimbursement for the cost of land clearing; and providing for an effective date."

Section 1. Describes the conditions which must be met for a land owner to be granted a moratorium up to three years on the principal payments for reimbursement to the state of the cost of land clearing activities.

(a) A land owner must have contracted before January 1, 1984 with the Alaska Agricultural Action Council under AS 44.33.470(8) and must apply to the agriculture revolving loan fund board.

(b) The land owner must have 1,000 acres of 50 percent of their tillable acres, whichever is less, in production at the time of application forand during the moratorium granted.

(c) The land owner must be in compliance with the development plan set out in the owners contract at the time of application for and during the moratorium granted.

(d) A moratorium may not be granted after July 1, 1987.

Section 2. Provides that the Act is effective immediately.

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: 4/16/84

REQUEST
Bill/Resolution No.: SSSB 47
Title: Reimbursement for land clearing
Sponsor: Sen. Moss
Requestor:
Date of Request:

FISCAL DETAIL
Agency Affected: Natural Resources
Program Category Affected: NRMEC
BRU, Program or Subprogram(s) Affected: Agriculture Management

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

The delay in payments will reduce revenues in near term but all loans will remain payable in full.

ANALYSIS: Attach a separate page for analysis

Prepared By: Ed Kern Phone: 745-7200
Division: Agriculture Date: 4/16/84

MH Approved by Commissioner: [illegible] Deputy Date: 4/16/84
Agency: Natural Resources

Distribution (by Agency preparing fiscal note):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)

12/1/83

SENATE SPECIAL COMMITTEE ON AGRICULTURE
Senator H. Pappy Moss, Chairman

SENATE BILL 47 "An Act relating to reimbursement for the cost of land clearing; and providing for an effective date."

This bill provides for a three year moratorium on the principal payments for reimbursement to the state of the cost of land clearing activities contracted through the Alaska Agricultural Action Council.

The first section of the bill describes the following conditions which must be met for a land owner to be granted the moratorium:

(a) A land owner must have entered their contract with the AAAC before January 1, 1984 and must apply to the agriculture revolving loan fund board for the moratorium.

(b) The land owner must have 1,000 acres or 50 percent of their tillable acres, whichever is less, in production at the time of application for and throughout the moratorium.

(c) The land owner must be in compliance with the development plan set out in the original contract at the time of application for and throughout the moratorium.

(d) The moratorium may not be granted after July 1, 1987.

These conditions ensure that only those who are working their land and, by doing so, improving both their, and the state's, investment in Alaska's agricultural industry, will be eligible.

This legislation will cover the Ag Action Council's land clearing contracts on the Delta and Point McKenzie projects as they become due this year and in 1986. By the July 1, 1987 deadline, all land owners meeting the requirements will have had the opportunity to take advantage of the moratorium, and the program will be ended.

The fiscal note for this bill is zero. The three year moratorium will not extend the original 40 year payback period. The entire land clearing reimbursement and interest due will still have to be paid back but over a period of 37 years.

The three more years granted to the farmers by this moratorium will give Alaskan markets for Alaskan agricultural products time to grow. Original repayment schedules were based on a market for grain which has not yet been realized, but which, through increased hog and dairy operations, is growing fast. The moratorium increases the chances for Alaska's agricultural projects' success, through which farmers will be able to repay their debts to the state.

What is the original schedule for repayment on the land clearing?

The first land clearing reimbursements are due to the state on May 31st, 1984. These payments would be from the 22 Delta I farmers, who entered their contracts with the state in 1978. There are 15 Delta II farmers and 31 Pt. McKenzie farmers that entered their contracts in 1982, whose first payments will not be due until 1986.

There is 40 year payback period from the date the contracts were signed. The three year moratorium does not extend that 40 year period. The entire amount will still have to be paid back by the end of forty years from the signing of the contract. In effect, the moratorium makes the land clearing reimbursement due over a 37 year payback period by pushing back the starting date for repayment. The yearly payments will be slightly increased, while the amount of interest paid will be slightly reduced.

Is 40 years an excessively long loan period?

No. In the lower 48, most agricultural land loans have a term of 30 years. On Delta I and II, the buyers were given an 20 year term on their land payments. To balance their payments to equal the 30 year national average, the Agricultural Action Council decided on a 40 year term for their land clearing payments.

How will a three more moratorium help?

Three more years will give the farmers more time to get their land into good condition, and to get their farms into production. Their have been unanticipated problems in getting the land cleared. Among them is the difficulty in obtaining burning permits to remove the berms of logs and organic matter that is piled up in the clearing process. This problem is now being worked out. More effective controls and new burning processes are being developed which will allow more efficient burning in the summer season, rather than in winter as is now required.

Another problem where improvement can be foreseen in the next few years is the area of marketing. Last year the establishment of the Grain Reserve Loan Program created a back-up market for grain producers. The state, through that program, can accept grain as collateral for a loan for $100 per ton of grain. If the farmer has not been able to find a better price than that within three years, the state becomes the owner of the grain, and the farmer has in effect sold his grain to the state.

Meanwhile, the increase in hog farms and dairy farming within the

state is creating an increased in-state market. Within three years the in-state demand for grain will have increased to reflect, for example, the fact that where there is one dairy farm at Pt. McKenzie in production today, by 1985 it is estimated that there will be 19 in production.

Meanwhile, the foreign market is also available for Alaskan grain marketing as soon as a marketing system is in place. The legislature has previously provided for a grain transfer facility at North Pole and a grain terminal as Seward. While these projects are currently on hold, their completion seems to be just a matter of time.

How does SB 47 fit into the original plan for the Ag projects?

The intent of the original legislation funding the Alaska Agricultural Action Council was for the purpose of administering the agricultural projects in the best possible way to develop an agricultural industry in Alaska while at the same time protecting the state's investment. An extension of three years before land clearing payments become due does not deviate from the intent of that legislation.

This legislation is designed to assist the working farmers who are actually producing crops on their land. A high level of production is required for the farmer to be eligible for this moratorium. Senate Bill 47 will provide no assistance to farmers who are not working their land, and by doing so, improving both their, and the state's, investment in Alaska's developing agriculture industry.

Sponsor Substitute for Senate Bill 47

"An Act relating to reimbursement for the cost of land clearing; and providing for an effective date."

The Sponsor Substitute for SB 47 provides relief to farmers who have contracted, before January 1, 1984, with the Alaska Agricultural Action Council for reimbursement to the state of the cost of clearing, draining, and breaking of land. This legislation would allow for a moratorium of up to three years on the payment of principal and interest on the reimbursement by application to the Alaska Agricultural Action Council.

SSB 47 requires that a land owner must have at least 1,000 acres or 50 percent of the land owner's tillable acreage, whichever is less, in production at the time of application for the moratorium. This legislation would go into effect immediately upon passage and would make this moratorium available until July 1, 1987.

This legislation was developed with the aid of the Director of the Division of Agriculture and the Executive Director of the Alaska Agricultural Action Council. It was first dealt with as an amendment to Senate Bill 298, and was introduced as SSSB 47 on the Senate Floor on April 2, 1984.

The original schedule of payment on land clearing was based on the premise that there would be an adequate market for the barley produced

on the projects by 1984, when the first payments become due. This prediction was based on a plan which assumed large-scale export production of the grain. However, in the absense of the marketing, transfer and export facilities that had been promised by the state, project farmers have not been able to move into large-scale crop production, and are now unable to make their payments. It has since been seen that there is not adequate in-state demand for the barley to support the planting of the amount of acreage that is necessary for economical farm operation.

Delta I was a test project, and as a learning experience, it has shown that more time is required to clear and prepare land for production and for farmers to get mobilized than was orignially considered. It has also shown that the state's original plans to develop a marketing infrastructure may have been overly ambitious for such a young industry. In any case, the state has been unable to meet its end of the bargain, and SSSB 47 responds to that situation by allowing the farmers to have more time to find a solution to their dilemma.

CHAIRMAN
SENATE TRANSPORTATION COMMITTEE
SENATE SPECIAL AGRICULTURE COMMITTEE

MEMBER
HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE
LEGISLATIVE COUNCIL
REAA BUDGET OVERSIGHT COMMITTEE

Alaska State Legislature

State Senate

SENATOR
H PAPPY MOSS
P.O. BOX 182
DELTA JUNCTION, ALASKA 99737
(907) 895-4384

JUNEAU OFFICE
POUCH V
JUNEAU, ALASKA 99811
(907) 465-4921

SENATE SPECIAL COMMITTEE ON AGRICULTURE

M E M O R A N D U M April 12, 1984

TO: Senator Bettye Fahrenkamp, Chair
Senate Resources Committee

FROM: Senator H. Pappy Moss, Chair
Senate Special Committee on Agriculture

RE: Sponsor Substitute for Senate Bill 47

Sponsor Substitute for Senate Bill 47 is offered to assist those farmers who have actually gotten their farms into production to preserve their, and the state's, investment in time, money, and energy in Alaska's developing agricultural industry.

SSSB 47 provides for a three year moratorium on payments of principal and interest to the state on the cost of land clearing activities as contracted by the Alaska Agricultural Action Council. The land owners must have entered contracts before January 1st, 1984.

In order to qualify for the moratorium, the land owner must have at least 1,000 acres, or 50 percent of the land owner's tillable acreage, whichever is less, in production at the time of application.

The original schedule of payment on land clearing was based on the premise that there would be an adequate market for the barley produced on the projects by 1984, when the first payments became due. This prediction was based on a plan which assumed large-scale export production of the grain. However, in the absence of the marketing, transfer and export facilities that had been promised by the state, project farmers have not been able to move into large-scale crop production, and are now unable to make their payments. It has since been seen that there is not adequate in-state demand for the barley to support the planting of the amount of acreage that is necessary for economical farm operation.

Delta I was a test project, and as a learning experience, it has shown that more time is required to clear and prepare land for production and for farmers to get mobilized than was originally considered. It has also shown that the state's original plans to develop a marketing infrastructure may have been overly ambitious for such a young industry. In any case, the state has been unable to meet its end of the bargain, and SSSB 47 is in response to that situation. A three year moratorium on payments will allow the farmers more time to find a solution to their dilemma.

The attached amendment to SSSB 47 proposes that the land owner shall be granted a moratorium provided the specified qualifications are met, and specifies that the application for the moratorium would be made to the Department of Natural Resources Agricultural Revolving Loan Board rather than the Alaska Agricultural Action Council.

MEMORANDUM State of Alaska

TO: The Honorable Bettye Fahrenkamp
Alaska State Senate

DATE: March 21, 1984

FILE NO:

TELEPHONE NO:

FROM:

Sharon L. Barton
Special Assistant
Department of Natural Resources

SUBJECT: SB 297 and SB 298 Requested Information

The following is a summary of the AAAC loans made to date:

Delta I - 22 tracts with 21 loans made to date, 5-year moratorium on payments, 40-year contract, 6% interest on loans from the original appropriation and 8% on the 1983 supplemental, first payments due in July 1984.

Delta II - 15 tracts with 15 loans to date, 4-year moratorium on payments, 40-year contract, 8% interest, first payments due in 1986.

Pt. MacKenzie - 31 tracts with 30 loans made to date, 4-year moratorium on payments, 40-year contract, 8% interest, first payments due in 1986.

During 1984 a total of $25,000 is scheduled for repayment. DNR does not have a breakdown of payment schedules beyond 1984. That information is available through the AAAC.

Financial summary of AAAC loans:

	Funds encumbered	Drawn to date
Total Clearing Funds	$16,048,154.00	$11,837,980.00
Delta I Original Loan	8,964,170.00	8,547,716.00
Delta I Supplemental	370,168.00	68,609.00
Delta II	4,125,600.00	2,241,207.00
Pt. MacKenzie	2,958,384.00	1,049,054.00

If you have further questions, please let me know.

Editor's note. — Section 2, ch. 75, SLA 1979, terminating July 1, 1984, provides: "Notwithstanding the terms of office specified for members of the Alaska Agricultural Action Council in AS 44.33.450(c), enacted in sec. 1 of this Act, the terms of the first appointees shall be one member serving a term ending June 30, 1980, one member serving a term ending June 30, 1981, one member serving a term ending June 30, 1982, one member serving a term ending June 30, 1983, and one member serving a term ending June 30, 1984."

Section 4 of ch. 75 provides that this article terminates July 1, 1984.

Legislative history report. — For adoption of the Free Conference Committee letter of intent on Senate Bill No. 14 (ch. 75, SLA 1979), see 1979 Senate Journal, p. 2138; 1979 House Journal, p. 1373.

Sec. 44.33.455. Compensation of members. (a) Members of the council who are not state officers or employees are entitled to per diem and travel expenses provided for boards and commissions under AS 39.20.

(b) State officers or employees appointed as members of the council serve without compensation but are entitled to receive per diem and travel expenses from council funds. (§ 1 ch 75 SLA 1979)

Editor's note. — Section 4 of ch. 75 provides that this article terminates July 1, 1984.

Sec. 44.33.460. Meetings. The council shall schedule regular meetings during the year, and may hold special meetings upon the call of the chairman or four members of the council. (§ 1 ch 75 SLA 1979)

Editor's note. — Section 4 of ch. 75 provides that this article terminates July 1, 1984.

Sec. 44.33.465. Quorum. Three members of the council constitute a quorum. An affirmative vote of at least three members is necessary to approve any action of the council. (§ 1 ch 75 SLA 1979)

Editor's note. — Section 4 of ch. 75 provides that this article terminates July 1, 1984.

Sec. 44.33.470. Powers and duties of the council. (a) The council has the power to

(1) adopt and amend bylaws for the management and regulation of its affairs; and

(2) maintain an office at any place or places in the state.

(b) The council has the duty to

(1) hold public hearings in areas of the state considered for agricultural development;

(2) evaluate the need for farm conservation plans for land under agricultural production in the state;

(3) serve as coordinator for gathering information and data relating to agriculture;

(4) recommend appropriate activities for the promotion of agriculture in the state;

(5) provide technical information and make recommendations to the commissioner of natural resources regarding the classification of state land having a potential for agricultural use;

(6) act as administrator of the Delta agricultural development project and any other agricultural development project authorized under AS 44.33.475;

(7) contract for the clearing, draining and breaking of agricultural land located in the Delta agricultural development project;

(8) contract with the owners of land prepared for agricultural use under (7) of this subsection for reimbursement to the state of the cost of the clearing, draining and breaking of the land;

(9) contract for the construction of access roads in the Delta agricultural development project,

(10) conduct studies and carry out experimental and pilot projects to develop markets for agricultural products produced in the state; and

(11) recommend legislation to the governor to improve agricultural development in the state. (§ 1 ch 75 SLA 1979)

Editor's note. — Section 4 of ch. 75 provides that this article terminates July 1, 1984.

Sec. 44.33.475. Agricultural development projects. (a) Before January 15 of each year the council shall report to the governor and the legislature concerning the activities of the council during the current fiscal year. The report shall contain recommendations for the development of agriculture in the state during the next fiscal year.

(b) An agricultural development project recommended under (a) of this section may not be implemented unless authorized by law. The report required by (a) of this section shall include recommended legislation which

(1) sets out the type of agricultural development to be accomplished and, if state land is to be developed for agricultural production, describes the boundaries of the land to be developed;

(2) defines specific tasks to be performed by appropriate state agencies to the extent the tasks are identifiable at that time; and

(3) grants to the council sufficient authority to insure cooperation of all state agencies involved in the implementation of the agricultural development project. (§ 1 ch 75 SLA 1979)

Editor's note. — Section 4 of ch. 75 provides that this article terminates July 1, 1984.

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PROPOSED LETTER OF INTENT FOR CSSSSB 47(Fin) am:

CSSSSB 47 (Fin) am: "An Act relating to reimbursement for the cost of land clearing; and providing for an effective date.

It is the intent of the sponsor of this bill that land owners who have established a record of production, and have consistently maintained 1,000 acres or 50 percent of their tillable acreage in production in previous years, may be eligible for a moratorium under SB 47 in 1984 even if they have not planted in the 1984 season.

H Pappy Moss

Senator H. Pappy Moss

COMMITTEE REPORT

HOUSE

(9)

FURTHER:

Date: MAY 14 1984

5/11/84

The Committee on RESOURCES has had CS SSSB 47(Fin)am

"An Act relating to reimbursement for the cost of land clearing; and providing for an effective date."

under consideration and recommends:

[✓] do pass [ ] do not pass

[ ] do pass with attached amendments(s)

[ ] replace with CS for _____ [ ] same title [ ] new title

and recommends _____

[X] AND attaches a "Letter of Intent" [ ] New Fiscal Note [ ] Zero Fiscal Note Attached

[ ] reports it back without recommendation

[ ] referred to the _____ Committee

MEMBERS SIGNING DO PASS

SCHUTZ

LARSON

GILL

RUNSTAD

MEMBERS HAVING OTHER RECOMMENDATIONS:

VINSKA

LISKA

DELLING

CHAIRMAN

COMMITTEE REPORT

HOUSE

(9)

FURTHER:
(Returned to Resources 5/19/84)

5/19/84

Date: MAY 21, 1984

The Committee on RESOURCES has had CSSSSB 47(Fin)

"An Act relating to reimbursement for the cost of land clearing; and providing for an effective date."

under consideration and recommends:

[ ] do pass [ ] do not pass

[ ] do pass with attached amendments(s)

[X] replace with CS for CSSSSB 47 (RESOURCES) [X] same title [ ] new title

and recommends

[ ] AND attaches a "Letter of Intent" [ ] New Fiscal Note [✓] Zero Fiscal Note Attached

[ ] reports it back without recommendation

[ ] referred to the Committee

MEMBERS SIGNING DO PASS		MEMBERS HAVING OTHER RECOMMENDATIONS:
SHOLTZ	CAUDERY	
RINGSTAD	LARSON	
	BUSSELL	
	GOIL	
	VASKA	
	LISKA	
	UEHLING	

CO-CHAIRMAN

Offered: 5/7/84
Referred: Rules

Original sponsor: Moss

1 IN THE SENATE BY THE FINANCE COMMITTEE

2 CS FOR SPONSOR SUBSTITUTE FOR SENATE BILL NO. 47 (Finance) am

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to reimbursement for the cost of

7 land clearing; and providing for an effective date."

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

9 * Section 1. LAND CLEARING REIMBURSEMENT MORATORIUM. (a) A land owner

10 who has contracted before January 1, 1984, with the Alaska Agricultural

11 Action Council under AS 44.33.470(8) for reimbursement to the state of the

12 cost of clearing, draining, and breaking of land, may be granted a mora-

13 torium up to three years on the payment of principal on the reimbursement

14 by applying to the agriculture revolving loan fund board.

15 (b) A land owner may not qualify for a moratorium under (a) of this

16 section unless at least 1,000 acres or 50 percent of the land owner's till-

17 able acreage, whichever is less, is in production at the time of applica-

18 tion for the moratorium and continues to remain in production during the

19 moratorium granted under this subsection.

20 (c) In order to qualify for a moratorium under (a) of this section a

21 land owner must, at the time of application for the moratorium, be in

22 compliance with the development plan set out in the owner's contract and

23 continue to remain in compliance with the development plan during the

24 moratorium granted under this subsection.

25 (d) A moratorium under (a) of this section may not be granted after

26 July 1, 1987.

27 * Sec. 2. This Act takes effect immediately in accordance with AS 01.-

28 10.070(c).

Asper
5/21/84

Original sponsor: Moss

IN THE SENATE BY THE RESOURCES COMMITTEE

HOUSE CS FOR CS FOR SPONSOR SUBSTITUTE FOR SENATE BILL NO. 47 (Resources)

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTEENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act relating to reimbursement for the cost of land clearing; and providing for an effective date."

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

* Section 1. LAND CLEARING REIMBURSEMENT MORATORIUM. (a) A land owner who has contracted before January 1, 1984, with the Alaska Agricultural Action Council under AS 44.33.470(8) for reimbursement to the state of the cost of clearing, draining, and breaking of land, may be granted a moratorium up to three years on reimbursement payments by applying to the agriculture revolving loan fund board.

(b) A land owner may not qualify for a moratorium under (a) of this section unless at least 1,000 acres or 50 percent of the land owner's tillable acreage, whichever is less, is in production at the time of application for the moratorium and continues to remain in production during the moratorium granted under this subsection.

(c) In order to qualify for a moratorium under (a) of this section a land owner must, at the time of application for the moratorium, be in compliance with the development plan set out in the owner's contract and remain in compliance with the development plan during the moratorium.

(d) Payments of interest on a contract for reimbursement to the state of the cost of clearing, draining, and breaking of land are subject to a moratorium under (a) of this section but interest continues to accrue during the moratorium.

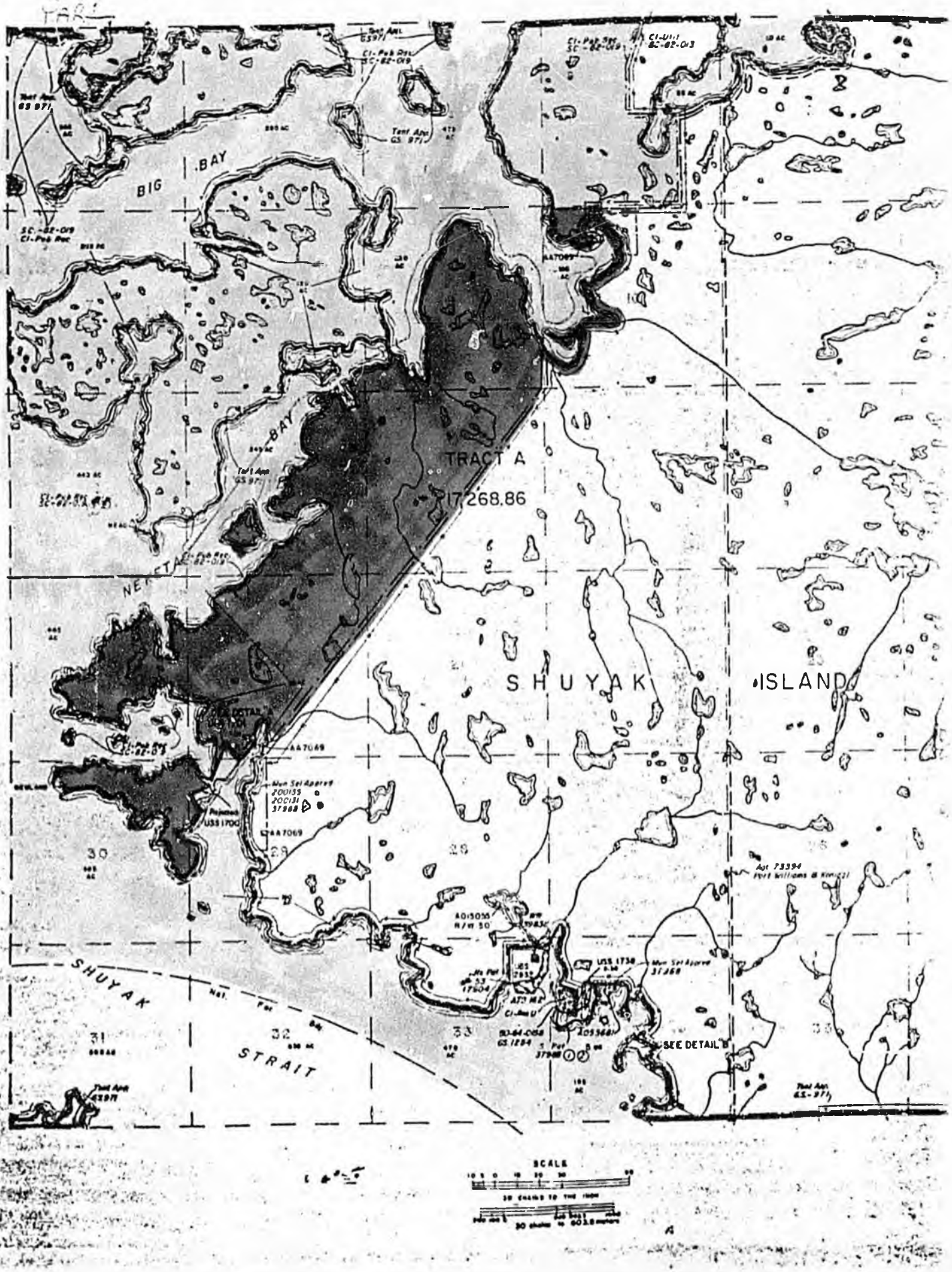
(e) A moratorium under (a) of this section may not be granted after July 1, 1987.

* Sec. 2. This Act takes effect immediately in accordance with AS 01.-10.070(c).

SB

51

TOWNSHIP 19S RANGE 20W OF THE SEWARD



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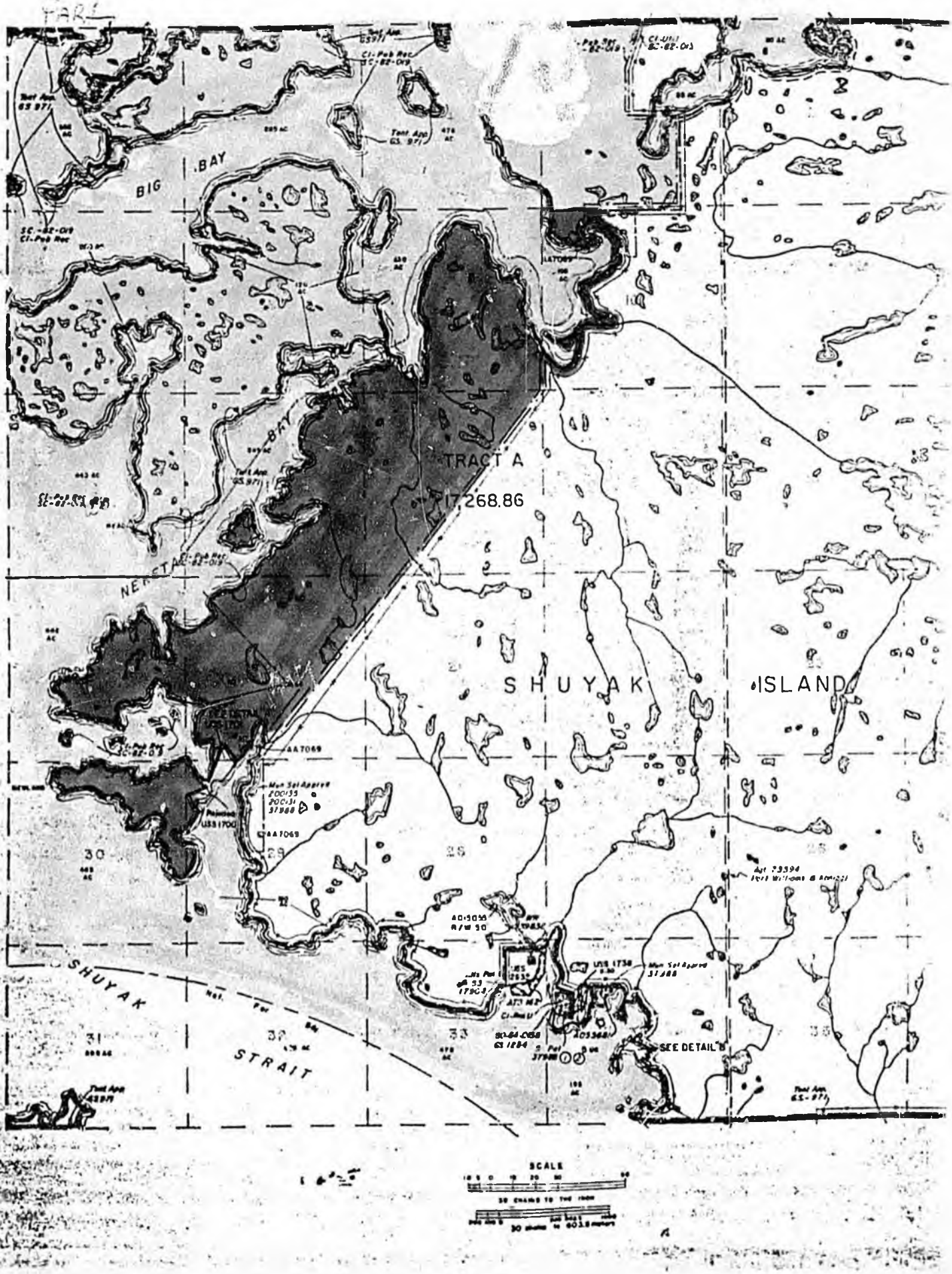

Of Shuyak Island and Fred Zharoff: My Turn

by NEIL C. JOHANNSEN

Director
Alaska State Parks

The proposed Shuyak Island State Park has attracted considerable attention over the past several months. I've endeavored to read each printed account reporting on various meetings and public hearings as well as attendant editorials. Considering the many statewide issues which my agency must deal with, the Shuyak proposal has certainly generated more than its share of letters and telegrams into my in-basket as well as phone calls – some at my personal residence late in the evening.

Perhaps this is to be expected, given the unique and outstanding meeting of ocean and shore which the west end of Shuyak Island presents. Superlatives are easily worn out in our spectacular state, but the island - dappled wilderness embayments of Shuyak, its quiet forests, its beaches, and wildlife are of truly outstanding character. Though I certainly support the private ownership of land, I also believe that such places as Shuyak Island are best held in the public trust. Places which ALL of us can call our own. Spots on the map which our children, and the generations which they leave in turn, can enjoy.

Over the past year I've worked with Kodiak Representative Fred Zharoff to see a small portion of Shuyak Island become part of the public trust. I believe Representative Zharoff and I have recently arrived at a reasonable compromise which will allow passage of a bill sponsored by Kodiak Senator Bob Mulcahy. The Senator's bill remains, in great measure, unchanged. Two thousand of the 11,000 acres is removed (the island is about 50,000 acres) and the State is required to sell 500 acres on Kodiak Island over the next five years. I support this compromise and, given the newspaper accounts of the past few weeks, also want to express my support for Representative Zharoff's efforts.

I feel that the media reporting of the issues which Fred and I have negotiated over the past few months have given your Representative an anti-park stigma. This would be an untrue conclusion. I have spent considerable time with Representative Zharoff this past year. I can honestly tell Kodiak residents that in my eyes he is an outstanding legislator and that he should not be judged on the single issue of Shuyak Island. Together with Senator Mulcahy, he deserves much of the credit for the improvements of Fort Abercrombie, the availability of the Buskin River Recreation Area and for the facilities at Pasagshak. He's worked to provide for our staff presence on the Island: Rangers Ed Apperson and Elaine Smiloff. Through his untiring efforts to resolve the Shuyak Island issue, Representative Zharoff has visited my office in Anchorage, and met with me a dozen times. He's flown to the proposed park and made a first class effort to shape the measure to best serve all of his constituents. The proposal soon to be before the House Resources Committee will provide for both land disposals (not on Shuyak Island) and for park lands. It seems to me that this offers an excellent balance of service to the citizens of Kodiak.

Representative Zharoff has been criticized by some for his position on Shuyak in recent weeks. I disagree with the complaints levied against Fred. As an appointed official of the Administration I have occasion to work frequently with all 60 members of the Legislature. Frankly, I would be proud to have Mr. Zharoff as my representative in Juneau. Don't arrive at any conclusions towards Fred on the single issue of Shuyak Island. He does a yeoman job for all of you and I look forward to working with him in future years.

Most accounts of the Russians' attempts to colonize Alaska came from the Europeans. But there are those rare viewpoints presented by the Natives.

Arsenti Aminak was a boy at the time Stephan Glottof and his men anchored their ship near Kodiak Island in 1764.

As an old man, Arsenti, through an interpretor, told the historian, Holmberg, about the islanders' first contact with white men - and ships.

When the two-masted Russian ship appeared near Cape Aliulik, the Kodiak Natives thought it was an immense whale, recalls Arsenti.

"We went out to sea in our bidarkas, but soon discovered that it was no whale, but another unknown monster of which we were afraid, and the smell of which made us sick."

"When we saw them put fire into their mouth and blow out smoke, we knew they must be devils, as we did not know tobacco then.

Arsenti related to Holmberg that the Natives were curious, but fearful of the "strange apparition." A brave warrior, named Ishinik, dared to visit the ship. He returned to his people with presents: a red shirt, an Aleut hood, and some glass beads.

Ishinik, according to Arsenti's account, told the people they had nothing to fear in the Russian invaders. But the "old and wise people held a council ...and some said, 'Who knows what sickness they may bring us...if they give us a good price for our skins we can do business afterward.' "

Arsenti's report differs considerably from Glottof's account, in saying that the Russians and their companions from the Aleutian Islands, initiated an attack on the islanders.

Many of Arsenti's people were killed by the Russians, but the boy's father, whose bidarki was pierced with arrows and began to sink, was rescued by a friend. They fled to Akhiok.

The Russians moved into a bay opposite Aiakhtalik Island. They lived in tents. When fish decreased in the lake, they moved about from village to village, abandoned by fleeing Natives.

Arsenti said that the Russians died from eating poisonous fish that even the gulls wouldn't touch.

"But we injured them also in other ways," continues his report. "They put up fox traps and we removed them for the sake of obtaining the iron material. When the Russians had examined our coast, they left our island during the following year."

The Alaska State Parks Advisory board will be holding its monthly meeting Monday, 7:30 p.m., in the Parks office at Fort Abercrombie. Items on the agenda include Shuyak update, Salonie Creek shooting range problem, and the Karluk River question.

PUBLIC NOTICE

Pioneers Auxilary Meeting

will be held at

The Senior Citizens' Center

7:00 p.m.
Thursday, March 8th

Kadiak Times
"The People Paper"

P.O. BOX 1698 KODIAK, ALASKA 99615 - (907) 486-6126

FOUNDED IN 1976 BY KARL ARMSTRONG
(1927 - 1983)

Gordon L. Pullar ..... *Publisher*
Mike Rostad ..... *Editor*
Deborah Golding ..... *Advertising*
Vanessa Longer ..... *Layout*

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	6 mo. $20.00	6 mo. $13.00
	1 yr. $39.00	1 yr. $26.00

SHUYAK ISLAND PARK AND REFUGE LEGISLATION: SB 730 AND SB 731

THE SETTLEMENT AGREEMENT TO FINALIZE THE KODIAK ISLAND BOROUGH LAND ENTITLEMENT RESULTED IN MANY ADJUSTMENTS TO THE ORIGINAL KODIAK ISLAND BOROUGH SELECTIONS. IN THE CASE OF SHUYAK ISLAND THE MOST DESIRABLE AREAS (THE WEST AND EAST COASTAL AREAS) WERE GIVEN UP AND LESS DESIRABLE LANDS WERE TAKEN IN THE CENTER OF THE ISLAND. THE STATE, THROUGH THE DEPARTMENT OF NATURAL RESOURCES, STRESSED THE WEST SIDE OF THE ISLAND WAS OF GREATER INTEREST TO THE STATE FOR STATE PARK LAND AND THE DEPARTMENT OF FISH AND GAME STRESSED THE EAST SIDE OF THE ISLAND SHOULD BE PRESERVED AS GAME HABITAT.

IN FINALIZING THE SHUYAK ISLAND SELECTIONS THE BOROUGH INCLUDED A CLAUSE IN THE SETTLEMENT AGREEMENT TO LOCK THE STATE INTO KEEPING THE RELINQUISHED BOROUGH SELECTIONS ON THE ISLAND AS PARK AND REFUGE LAND. THE CLAUSE STATES THAT IF THE STATE EVER CHANGES THE INTENDED PARK AND REFUGE USE THE BOROUGH HAS THE FIRST RIGHT TO OBTAIN THE RELINQUISHED LANDS. BOTH THE PARK AND GAME PEOPLE STATED THAT THEIR ABILITY TO HOLD TO THIS AGREEMENT WOULD BE STRENGTHENED IF LEGISLATION WAS PASSED TO DEDICATE THE LANDS. THE BOROUGH AGREED TO INTRODUCE SUCH LEGISLATION AS AT THE TIME OF NEGOTIATIONS IT WAS TOO LATE FOR THE STATE TO INTRODUCE IT.

ALSO IN THE NEGOTIATIONS OF THE OUT OF COURT SETTLEMENT, THE STATE REPRESENTATIVES DIVIDED UP THE REMAINDER OF THE ISLAND TO ABSORB ANY LANDS RELINQUISHED BY THE BOROUGH. (AS 41.20.507 (b) OF SB 731 AND AS 16.20.035 (c) OF SB 730). ALONG WITH THIS THEY INCLUDED ALL THE TIDE AND SUBMERGED LANDS OUT TO APPROXIMATELY THE THREE MILE LIMIT. AT THIS POINT THE NEGOTIATIONS WERE WEARING THIN. RATHER THAN NEGOTIATE THE ISSUE ANY FURTHER, THE BOROUGH STATED IT WOULD MAKE A REASONABLE EFFORT TO INTRODUCE THE PARK AND REFUGE LEGISLATION BUT WOULD NOT SUPPORT THE INCLUSION OF THE TIDE AND SUBMERGED LANDS.

Borough Statement

AT THIS POINT THE INTRODUCED LEGISLATION DOES NOT INCLUDE ANY TIDE AND SUBMERGED LANDS. THE KODIAK ISLAND BOROUGH ASSEMBLY VOTED TO HOLD THIS POSITION EVEN THOUGH SUBSEQUENT PROPOSALS WERE MADE TO INCLUDE THE TIDE AND SUBMERGED LANDS OUT TO THE 10 FATHOM DEPTH (60 FEET) WHICH EXTENDS UP TO ONE MILE OFFSHORE AND INCLUDES THE EXTENSIVE BAY AREAS. BOTH PARKS AND GAME WANT THE WATER INCLUDED. ONE OF THE BIGGEST CONCERNS OF THE KODIAK ISLAND BOROUGH IS THAT PRESENTLY OPEN FISHING WATERS MAY BE CLOSED OR VESSEL USE IN THESE WATERS COULD BE CLOSED BY A DIRECTORS ORDER.

IF ANY TIDE AND SUBMERGED LANDS ARE INCLUDED IN THE LEGISLATION IT WILL BE NECESSARY TO INCLUDE A COMPATABLE USE CLAUSE. WITHOUT IT THE PARKLAND REFUGE DESIGNATIONS COULD PRECLUDE THE PLACING OF WARFS, DOCKS, PILING, ETC. IN TIDE AND SUBMERGED LANDS TO UTILIZE THE ADJACENT UPLANDS. ANOTHER CLAUSE SHOULD BE ADDED TO ALLOW FISHING, (BOTH COMMERCIAL AND SPORT) WITHIN THE PARK AND REFUGE WATERS. THESE CLAUSED WERE INCLUDED IN THE FEBRUARY 6, 1982 DRAFT OF THE BILLS.

AS A BOTOM LINE ISSUE THE KODIAK ISLAND BOROUGH'S INTERESTS ARE PROTECTED BY THE AGREEMENT OF SETTLEMENT AND CONSENT DECREE APPROVED BY THE COURT. THE EFFORTS OF THE STATE AGENCIES TO EXPAND THE PROPOSED LEGISLATION TO INCLUDE TIDE AND SUBMERGED LANDS GOES BEYOND THE ORIGINAL ISSUE OF THE BOROUGH SELECTION ENTITLEMENT AND ERRODES THE KODIAK ISLAND BOROUGH'S OPPORTUNITIES TO ENHANCE ITS GENERAL WELFARE AND USE OF ITS LAND ENTITLEMENT.

SIGNED BY DALE P. TUBBS,

LAND CONSULTANT FOR THE

KODIAK ISLAND BOROUGH

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AGREEMENT OF SETTLEMENT

and

CONSENT DECREE

The parties to this agreement are the State of Alaska, Department of Natural Resources, through its Division of Forest, Land and Water Management ("the State") and the Kodiak Island Borough ("KIB").

Whereas, pursuant to AS 29.18.201-.213 KIB is entitled to select 56,500 acres from state general grant land within its boundaries, and has filed such selections in the manner provided by statute; and

Whereas, a considerable portion of the land selections filed by KIB were rejected by the State on the grounds that the lands selected had been previously classified by the State for a use or purpose which disqualified those lands for conveyance to KIB pursuant to AS 29.18.201 et seq., or had been designated as state interest lands pursuant to AS 38.05.047; and

Whereas, by reason of said selections by KIB and rejections by the State the parties are currently involved in three separate judicial appeals from administrative decisions which are now pending in the Superior Court, Third Judicial District under case numbers 3AN-80-3070 (Woody Island), 3AN-80-6710 (Land Classification); and 3AN-81-1385 (Shuyak Island); and

Whereas, both parties desire to settle finally the question of those lands which will be conveyed to KIB in satisfaction of its statutory land entitlement, and further desire to resolve this question in the near future without extended litigation, and to resolve pending litigation.

Now, therefore, the parties agree as follows:

Court Agreement

1. a. The State agrees to convey to KIB, as soon as practicable, the lands now owned by the State or hereafter acquired pursuant to Section 6 of the Alaska Statehood Act and which are described in Exhibit A (Shuyak Island) and Exhibit B (other lands). Open to Entry parcels under lease within lands described in Exhibit B which expire shall be conveyed to KIB upon expiration. All conveyances shall be completed not later than nine (9) months after execution of this agreement, except that, with respect to lands as to which the state has not yet received tenative approval, within nine (9) months after tentative approval.

b. KIB agrees that it will invoke its land regulatory powers, including zoning powers, to disallow in the west one-half of Section 10, T. 19 S., R. 20. W., S.M. fronting on Big Bay on Shuyak Island heavy industrial uses incompatible with use and enjoyment of adjacent park or public recreation lands. The Borough agrees to guarantee reasonable public access through the above described parcel for the purpose of utilizing adjacent park or public recreation lands. The State may reserve in the patent to these lands the right to re-enter and take possession upon the determination, by a court of competent jurisdiction, that KIB has breached this paragraph.

2. KIB agrees to execute a quitclaim deed to the State for the property described in Exhibit C (Pillar Creek Watershed and Woody Island).

3. In the event that at any time in the future the state-selected or state-tenatively approved lands described in Exhibit D are finally determined not to be subject to conveyance under the Alaska Native Claims Settlement Act (P.L. 92-203, 43 U.S.C. Sec. 1601 et. seq.,) as amended for any reason, the State agrees that it will convey those lands to KIB upon receipt

of written notice from KIB of its election to receive such lands.

4. In the event that all or part of the lands described in Exhibit D are conveyed to KIB, KIB agrees to reconvey to the State, (in sequence from an easterly to a westerly direction), an equal number of acres from lands on Shuyak Island previously conveyed by the State to KIB pursuant to Paragraph 1.a. of this Agreement. Such reconveyance by KIB to the State shall be made first from Area I, and then from Area II, which are described below:

> Area I. The area within protracted Sections 29, 30, 31, and 32, T. 19. S., R. 19 W.. S.M. lying west of the agreed-upon proposed Aleksandr Baranov Game Refuge described in Paragraph 6 below.
>
> Area II. Those lands lying within T. 18 S., R. 19 W. and T. 18 S., R. 20 W., S.M. which are east of Carry Inlet and west of Shangin Bay.

5. If lands described in Exhibit D and which are conveyed by the State to KIB pursuant to paragraph 3 of this Agreement exceed in acreage the lands designated as Area I and Area II in Paragraph 4 above, KIB agrees to reconvey to the State additional sections of land on Shuyak Island until such reconveyances within Area I and Area II are equal in total acreage to the acreage of the lands described in Exhibit D which have been conveyed to KIB. Such additional conveyances shall be designated by KIB from any lands on Shuyak Island then owned by KIB, or designated for transfer to KIB pursuant to this Agreement, provided that such lands are compact and contiguous with other lands on Shuyak Island which are then in state ownership.

6. KIB agrees to attempt to obtain introduction and passage of legislation in the Alaska State Legislature which

would create a state game refuge denominated the "Aleksandr Baranov State Game Refuge" consisting of the lands described in Exhibit E. KIB agrees to support introduction of such legislation beginning with the 1981 legislative session, and to support early passage of such legislation, provided that KIB is not obligated to support inclusion of tide or submerged lands except upon mutual agreement with the state with respect to the regulatory implications of such inclusion. The State agrees to support such legislation in good faith, by such oral and written testimony as may be appropriate.

7. KIB agrees to attempt to obtain introduction and passage of legislation in the Alaska State Legislature creating a state park denominated the "Shuyak Island State Park" and consisting of all lands described in Exhibit F. KIB agrees to support introduction of such legislation beginning with the 1981 legislative session, and to support early passage of such legislation, provided that KIB is not obligated to support inclusion of tide or submerged lands except upon mutual agreement with the state with respect to the regulatory implications of such inclusion. The State agrees to support such legislation in good faith, by such oral and written testimony as may be appropriate.

8. In the event that lands to be included in the proposed "Aleksandr Baranov State Game Refuge" or the proposed "Shuyak Island State Park", referred to in Paragraph 6 and 7 respectively, are not finally included by legislation in the proposed game refuge or park, such lands shall be at all times classified and managed by the State in a manner maintaining and enhancing such lands for wildlife habitat and public recreation purposes. Otherwise KIB shall be entitled to select those lands not so classified and managed, and the State shall thereupon promptly transfer the selected lands to KIB. Upon transfer of such lands to KIB, KIB shall reconvey equivalent acreage to the State from Shuyak Island in the manner provided in Paragraph 4, and thereafter in the manner provided in Paragraph 5.

9. The State will des[illegible], on lands owned by it, public easements for the benefit of KIB and the public, each of which shall be 200 feet in width, to provide public access from the line of mean high tide westerly to lands on Shuyak Island which have been conveyed to KIB pursuant to Paragraph 1 of this agreement. The easements will be in the following areas, as more specifically indicated on the attached map entitled Exhibit E, and further subject to exact location in the field:

A. Traversing Section 26. T. 18 S., R. 19 W., S.M.;

B. Traversing Sections 15 and 16, 21 and 22, of T. 19 S., R. 19 W., S.M.;

C. Traversing Section 32, T. 19 S., R. 19 W., S.M..

In the event that lands are conveyed to the State pursuant to paragraphs 4 and 5 above, those easements designated in subparagraphs A, B, and C of this paragraph shall be reserved so as to continue through such lands.

10. The State shall reserve the easements described in Exhibit G. With respect to easements reserved pursuant to AS 38.05.127 or other applicable provision of law, on all other lands conveyed to KIB, their location shall be determined by the borough, subject to approval by the [illegible]partment of Natural Resources, prior to conveyance by the bo[illegible]ugh to a private third party.

11. The State and KIB agree that this Agreement is intended by the parties to resolve all outstanding legal and factual differences between them concerning the application of the Municipal Land Selection Act (AS 29.18.201-.213), including particularly, pending Superior Court lawsuits numbered 3AN-80-3070, 3AN-80-6710, and 3AN-81-1385. To achieve this result, the parties agree to accomplish the following actions promptly upon execution of this Agreement:

a. KIB agrees to relinquish its nominations, selections, and selection approvals not designated for transfer to KIB in this Agreement and further

agrees not to litigate or otherwise challenge the retention by the State of such lands.

b. KIB agrees not to litigate or otherwise challenge retention by the State of those public easements depicted in Exhibit G.

c. The State agrees to accept from KIB the relinquishment of those nominations, selections, and approved selections required by this Agreement, and to accept future selections and reconveyances by KIB pursuant to Paragraphs 4, 5, and 8.

d. All previous transfers of land from the State to KIB are hereby affirmed. Nothing herein affects KIB's right to apply for land under AS 38.05.315 or other applicable law, including AS 29.18.201-213.

e. The State and KIB agree that the terms of this Agreement shall constitute a consent decree and judgment to be presented to the Superior Court for entry in final settlement and dismissal of all pending litigation between the parties with respect to KIB land selections under AS 29.18.201-.213, such pending litigation consisting of the following pending judicial appeals from administrative decisions:

3AN-80-3070 (Woody Island)

3AN-80-6710 (Land Classification)

3AN-81-1385 (Shuyak Island)

f. All such litigation shall be dismissed upon execution and court approval of this Agreement and Consent Decree, with each party to bear its own costs and attorney's fees.

12. The State and KIB agree that this Agreement, together with its Exhibits A through H, embodies all of the terms and conditions of the Agreement for settlement of pending litigation and for conveyance of all lands due to KIB pursuant to AS 29.18.201-.213, and that no additional enforceable agreements or commitments exist between them with regard to this subject which are not contained in the text of this Agreement and its Exhibits. The parties reserve the right, by mutual consultation and agreement, to correct if necessary any technical errors or omissions in the specific land descriptions comprising Exhibits A through H herein, so as to more nearly conform to the mutual intentions of the parties with regard to implementation of this Agreement

DATED this 19th day of June, 1981.

DEPARTMENT OF NATURAL RESOURCES

Commissioner

STATE OF ALASKA

Director, Division of Forest, Land & Water Management

Attest: Municipal Land Selections Officer

KODIAK ISLAND BOROUGH

Borough Mayor

Attest: Borough Clerk

APPROVED AS TO FORM:

Thomas E. Meacham
Assistant Attorney General
State of Alaska

Richard W. Garnett III
Attorney, Kodiak Island Borough

ORDER

IT IS ORDERED, that the foregoing Agreement of Settlement and Consent Decree is hereby adopted and approved and

shall be enforceable as a judgment of the court.

DATED this 12 day of August, 1981 at Anchorage, Alaska.

S/ Daniel A. Moore Jr.
Judge of the Superior Court

Alaska State Legislature

Senate

JUNEAU, ALASKA

TO: Senator Bettye Fahrenkamp, Chairman
Senate Resources Committee

FROM: Senator Bob Mulcahy

SUBJ: SB 730 and 731

DATE: March 3rd, 1982

During the March 1st hearing on SB 730 and 731, two questions were raised: the first question was in regards to private lands on Shuyak Island, and the second question was in regards to surveying costs being mentioned in the court settlement.

The only patented private lands on Shuyak Island lie outside of the proposed park and the proposed game refuge. These lands will not be affected by either of these bills. There are several small areas claimed under the Native Land Claims that are scattered around the island; these are at present being adjudicated.

There is nothing in the court settlement about surveying costs at all. I am informed by the Kodiak Island Borough that there is no concern about the question of survey costs at this time.

cc: Senator Gilman

I. REQUEST

Bill/Resolution No. S.B. 51

Title An Act establishing Shuyak Island State Park

Requested by Mulcahy Date 1/20/83

II. FISCAL DETAIL

Agency Affected Natural Resources - Parks

Program Category Affected Parks & Recreation

BRU, Program, Or Subprogram(s) Affected Park Operations

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	-0-	-0-	-0-			

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Source)						
	-0-	-0-	-0-			

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

The park, if established, would be placed under passive management until such time that the level of visitor use or the development of on-site facilities required visitor services or maintenance.

HW
1/24/83

IV. DATE

PREPARED BY

AGENCY Natural Resources

PHONE 465-2400

Original: Legislative Finance

cc: Budget and Management

Title An Act establishing the Shuyak Island State Park; & providing for effective date"
Requested by Senators Mulcahy and Fischer Date 2/18/83

II. FISCAL DETAIL

Agency Affected Department of Fish and Game

Program Category Affected Sport Fish and Game

BRU, Program, Or Subprogram(s) Affected

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS,CLAIMS,ETC.						
TOTAL	0	0	0	0	0	0

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

No cost in addition to normal managment program.

IV. DATE February 22, 1983 PREPARED BY Beverly Reaume

AGENCY Fish and Game

PHONE 465-4120

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

33-001 (Rev. 12/82)

STATE OF ALASKA
FINAL STATEMENT OF FISCAL IMPACT

l No: SB 5[illegible] Date on Bill: 1/18/83
le: An Act Establishing Shuyak Island State Park
onsor: Mulcahy and V. Fischer
uestor: Senate Resources

Estimated fiscal impacts on:

a. Expenditures:

(Thousands of Dollars)

			FY 83	FY 84	FY 85	FY 86		
pital			-0-	-0-	-0-	-0-		
perating			-0-	-0-	-0-	-0-		
tal			-0-	-0-	-0-	-0-		

b. Revenues:

evenue			-0-	-0-	-0-	-0-		

Source of funds to offset fiscal impact of bill:

No impact.

Assumptions:

The Park, if established, would be placed under passive management until such time as the level of visitor use or the development of onsite facilities required visitor services or maintenance. Neither situation is expected to occur within the next four years.

This statement has been reviewed by the OMB in the Office of the Governor. It may be considered to represent the policy of the Sheffield Administration and the final estimate of fiscal impact.

epared By: Hilton Wolfe Phone: 465-2421
vision: Parks Date: 2/21/83

proved by Commissioner: Robert D Amrel, Deputy Date: 2/21/83
partment: Natural Resources

viewed by OMB: Date:
one:

Distribution:
Original to Legislative Finance
Copy to Department
Copy to Sponsor

STATE OF ALASKA
PRELIMINARY STATEMENT OF FISCAL IMPACT

Bill No: SB 51 Date on Bill: 1/18/83
Title: An Act Establishing Shuyak Island State Park
Sponsor: Mulcahy and V. Fischer
Requestor: Senate Resources

1. Estimated fiscal impacts on:

a. Expenditures:

(Thousands of Dollars)

			FY 83	FY 84	FY 85	FY 86		
Capital			-0-	-0-	-0-	-0-		
Operating			-0-	-0-	-0-	-0-		
Total			-0-	-0-	-0-	-0-		

b. Revenues:

Revenue			-0-	-0-	-0-	-0-		

2. Source of funds to offset fiscal impact of bill:

No impact.

3. Assumptions:

The Park, if established, would be placed under passive management until such time as the level of visitor use or the development of onsite facilities required visitor services or maintenance. Neither situation is expected to occur within the next four years.

4. Disclaimer:
This statement has not been reviewed by the OMB in the Office of the Governor. It therefore does not represent the final estimate of fiscal impact.

Prepared By: Hilton Wolfe Phone: 465-2421
Division: Parks Date: 2/21/83

Approved by Commissioner: Wm D Arnold, Deputy Date: 2/21/83
Department: Natural Resources

5. Distribution:
Original to Legislative Finance
Copy to OMB
Copy to Sponsor
Copy to Requestor

2/15/83

Alaska State Legislature

Senate

Official Business

Pouch V
State Capitol
Juneau, Alaska 99811

Sectional Analysis of SB 51

Section one:

Sec. 41.20.530 establishes that the purpose of the Shuyak Island State Park is to protect the recreational and scenic resources, the fish and wildlife habitat, and to preserve the use of the area for hunting, fishing, trapping, and other recreational activities.

Sec. 41.20.532 (a) states that the state owned uplands and freshwater bodies in the following areas are designated as the Shuyak Island State Park. This is the area in green on the map.

(b) states that if the Kodiak Island Borough gives any of the land in the following sections back to the state, it may be added to the park by proclamation of the Governor. This is the area in blue with black cross-hatching.

Sec. 41.20.534 (a) designates the Department of Natural Resources as the agency with responsibility for management of the uplands and freshwater bodies in the park.

(b) designates the Department of Fish & Game as the agency with the responsibility for management of the fish and game resources in the park.

(c) requires the Department of Natural Resources to consult with the Department of Fish and Game before adopting regulations affecting the park.

(d) requires the Department of Fish and Game to consult with the Department of Natural Resources before adopting regulations affecting the park.

Sec. 41.20.536 (a) states that DNR will designate incompatable uses in the park.

(b) states that shooting in the park is allowed, except in areas that are closed because of public safety.

(c) allows ADF&G to engage in stream rehabilitation and enhancement.

(d) states that regulations governing public uses in the park will provide reasonable access for hunting, fishing, and trapping.

(e) requires that reasonable access be allowed to the Department of Public Safety and the Department of Fish and Game for the purposes of management and enforcement of fish and wildlife.

Sec. 41.20.538 allows the state to purchase property in the park. The state may not acquire land by eminent domain.

Section two provides for an immediate effective date.

NOTE: The proposed park on Shuyak Island is approximately 12,000 acres.

Kodiak Island Borough
Kodiak, Alaska
RECEIVED
NOV - 5 1981
A M 7 8 9 10 11 12 1 2 3 4 5 6 P M

LAND PLANNING REPORT
PROPOSED SHUYAK ISLAND STATE PARK
SHUYAK ISLAND
September 23, 1981

Existing Classification - Forestry - SC-80-037
Recommended Classification - Public Recreation
Acreage - Approximately 13,000 acres

Proposed Classification/Justification

The proposed classification is public recreation. This classification action will implement the Agreement of Settlement and Consent Decree between the State of Alaska and the Kodiak Island Borough.

Location

The subject parcel is located on the western portion of Shuyak Island and includes adjacent small islands and offshore rocks. Shuyak Island is the northernmost major island in the Kodiak archipelago. It is 50 miles north of Kodiak, Alaska and 85 miles southwest of Homer, Alaska.

Legal Description

(Unsurveyed land--All sections are protracted)

Beginning at the ¼ corner common to Sections 31 and 32, T19S, R20W, S.M., which is the Point of Beginning, and which is offshore in the vicinity of the SW corner of Shuyak Island;

Thence northeasterly, approximately 1.0 mile to the C-W-W 1/64th corner of Section 29, T19S, R20W, S.M. in Shuyak Harbor;

Thence, within Shuyak Harbor, northeasterly 0.52 miles to the W 1/16th corner common to Sections 20 and 29, T19S, R20W, S.M.;

Thence east leaving Shuyak Harbor along the section line between Sections 20 and 29 and the ¼ corner common to Sections 20 and 29, T19S, R20W, S.M.;

Thence northeasterly approximately 2.5 miles to the corner common to Sections 9, 10, 15 and 16, T19S, R20W, S.M.;

Thence north between Sections 9 and 10, T19S, R20W, S.M., approximately 0.25 miles to the point of mean high tide on the south shore of Big Bay;

(Unsurveyed land--All sections are protracted) (continued)

Thence meandering easterly and northerly in a counter-clockwise direction along the mean high tide line of Shuyak Island to a point common to the W 1/16th line in the north-half of the north-half of Section 10, T19S, R20W, S.M.;

Thence north along the W 1/16th line approximately 150 feet to the section line common to Sections 3 and 10, T19S, R20W, S.M.;

Thence, east 0.5 miles between Sections 3 and 10 to the E 1/16th corner of Sections 3 and 10, T19S, R20W, S.M.;

Thence north 0.5 miles along the E 1/16th line of Section 3 to the C-E 1/16th corner of Section 3, T19S, R20W, S.M.;

Thence west 0.25 miles along the E-W¼ line of Section 3, T19S, R20W, S.M.;

Thence north 0.25 miles along the NW¼ line of Section 3 to the C-N 1/16th corner of Section 3, T19S, R20W, S.M.;

Thence north-northeasterly approximately 1.65 miles to the C-E-W-SW 1/256th corner of Section 26, T18S, R20W, S.M.;

Thence east 0.80 miles along the S 1/16th line of Section 26 to the S 1/16th corner of Sections 25 and 26, T18S, R20W, S.M.;

Thence south 0.25 miles between Sections 25 and 26 to the corner common to Sections 25, 26, 35 and 36, T18S, R20W, S.M.;

Thence east between Sections 25 and 36, T18S, R20W, S.M., and Sections 30 and 31, T18S, R19W, S.M. approximately 1.75 miles to the intersection with the mean high tide line on the west shore of the unnamed bay that connects to Shangin Bay;

Thence meandering southerly and easterly along the mean high tide line of said unnamed bay to Shangin Bay and then continuing southerly, easterly and northerly along the mean high tide line of Shangin Bay to a point common to the N 1/16th line of Section 32, T18S, R19W, S.M.;

Thence east along the N 1/16th line of Sections 32 and 33 approximately 0.3 miles to the NW 1/16th corner of Section 33, T18S, R19W, S.M.;

(Unsurveyed land--All sections are protracted) (continued)

Thence northeasterly approximately 1.5 miles to the section corner common to Sections 22, 27, 28 and 21, T18S, R19W, S.M.;

Thence north along the west boundary of Sections 22, 15, 10, 3 and 34, 5.0 ± miles to the corner common to Sections 27, 34, 33 and 28, T17S, R19W, S.M.;

Thence, northwesterly, 4.2 miles ± to the corner common to Sections 7 and 18, T17S, R19W, S.M., and Sections 13 and 12, T17S, R20W, S.M.;

Thence southwesterly, 9 miles ± to the corner common to Sections 12, 13, 14 and 11, T18S, R21W, S.M.;

Thence southwesterly, 5.4 miles ± to the corner common to Sections 3, 10, 9 and 4, T19S, R21W, S.M.;

Thence southeasterly 4.7 miles ± to the C¼ corner of Section 35, T19S, R21W, S.M.;

Thence east along the E-W¼ line of Sections 35 and 36, T19S, R21W, S.M. to the ¼ corner common to Section 36, T19S, R20W, S.M. and Section 31, T19S, R20W, S.M.;

Thence east approximately 1.0 mile along the E-W¼ line of said Section 31 to the ¼ corner common to Sections 31 and 32, T19S, R20W, S.M., which is the Point of Beginning of this Description.

The above description encompasses State owned and subsequently acquired uplands, tidelands and submerged lands. Those lands which are uplands total approximately 13,000 acres.

Background

The Kodiak Island Borough pursuant to AS 29.18.201-.213 is entitled to select 56,500 acres from State general grant land within its boundaries and has filed such selections in the manner provided. However, a considerable portion of the land selections filed by the Kodiak Island Borough were administratively rejected by the State. As a result the Kodiak Island Borough filed three separate judicial appeals of the administrative decisions in the Superior Court, Third Judicial District under case numbers 3AN-80-3070 (Woody Island), 3AN-80-6710 (Land Classification) and 3AN-81-1385 (Shuyak Island). Both parties desired to settle the question of which lands will be conveyed to the Kodiak Island Borough without extended litigation and entered into an agreement of settlement and consent decree which was approved and adopted by the court.

Background (continued)

Section 7 of the Agreement of Settlement and consent decree provides both parties shall support legislation to create a State park denominated the "Shuyak Island State Park" on the subject parcel.

Section 8 of the Agreement of Settlement and consent decree provides that in the event the lands to be included in the proposed "Shuyak Island State Park" are not finally included by legislation such lands shall be at all times classified and managed by the State in a manner maintaining and enhancing such lands for wildlife habitat and public recreation purposes.

Physical Description

Shuyak Island is the northernmost and smallest of the major islands in the Kodiak Island Archipelago, which is formed by the Kodiak Mountains, a structural southwest continuation of the Kenai-Chugach Mountains. The area is characterized by an irregular coastline with many fiords and islands. Short, swift, clear streams, small lakes and numerous small ponds are widely scattered over the glacially sculptured topography. Unlike the larger islands of the group the topography of Shuyak Island is of rather low relief with elevations ranging from 0 to 660 feet above sea level with predominantly gently rolling slopes.

Shuyak Island is in a maritime climatic zone, however, climatic data for the area is sporadic. The only major recording station is on Kodiak Island, with supporting data from ship movement through the areas. The maritime climatic zone is strongly influenced by the marine environment and characterized by moderately heavy precipitation, cool temperatures, high cloud and fog frequency with little or no freezing weather. Temperature patterns are characterized by relatively cool summers and warm winters, as compared to interior land temperatures at similar latitudes. The mean high temperature for January is 32 to 36° F while the mean high temperature for July is only 56 to 62° F. Above freezing temperatures, which are common during all winter months, usually keep the snow depth from becoming excessive at low elevations. However, the warm temperatures at low elevations also result in wet heavy snow with high water content.

Severe storms with high winds are common in the area. Surface winds are more hazardous to human activities in the area than temperature or precipitation. Sustained extreme wind speeds during storms may range from 50 to 75 knots, with gusts as high as 100 knots. From June through September when the air contains the most moisture and is warmer than the water, fog is common and the principal cause of reduced visibility.

The vegetation on Shuyak Island is characterized by well developed extensive stands of large size, over-mature Sitka spruce, stands of pole size Sitka spruce, sedges and other water tolerant plants in the lowland areas, and alder and grasses in the non-timbered areas.

Resource Values

Timber

Extensive commercial stands of mature and over-mature timber are the primary resource value of Shuyak Island. It is estimated there are 23,518 acres of timber land and 10,250 acres of non-timber land on the island.

Wildlife/Fisheries

There is a thriving deer herd on the island. Brown bear and elk are also present but there is little information available as to numbers or concentration. There is a high density of both sea otter and harbor seals in the bays and fiords of Shuyak Island as well as sea lions along the northeasterly end of the island.

There are numerous seabird colonies along the coastline and particularly on the small islands and offshore rocks within the area.

Agriculture

The raising of field crops is not feasible due to the poor soils and cool summer temperatures. Grazing of livestock might be possible, however, there would be bear-livestock conflicts. In addition competition between livestock and deer for available food supplies would present problems.

Reasons for State Selections

Extensive commercial stands of mature timber and potential of subsurface mineral resources were prime considerations in State selections. In addition the numerous fiords and small islands along the coast provide excellent habitat for marine mammals and seabird colonies as well as an area of unsurpassed natural beauty with a nearly unlimited potential for outdoor recreation.

Socio/Economic Conditions

The economic mainstay of the Kodiak Island Archipelago is fishing and seafood precessing. The major species taken include king, tanner, and dungeness crab, salmon, halibut and shrimp. Employment in the area tends to be seasonal because of the heavy dependence on the fishing and seafood processing industry. Other employment available includes Federal, State and local government positions, trade and service industries, tourism, finance, insurance, real estate, construciton, transportaion and communications.

Socio/Economic Conditions (continued)

There are no communities on Shuyak Island. The City of Kodiak, the only major community in the archipelago, is 50 miles south of Shuyak Island and has a population of approximately 6,000.

Existing/Adjacent Land Use

Shuyak Island is uninhabited and used only to a limited extent for hunting and recreation.

Coastal Zone Consistency

Shuyak Island is within Alaska's Coastal Zone. Because no developments or new uses will result from this classification action there will be no adverse effects on the coastal resource.

Statewide Plan

The Statewide plan identifies the western portion of Shuyak Island as recreation and also the subsurface resource as minerals. This classification will support the Statewide plan.

Recommendations

The Southcentral District recommends the classification of Public Recreation for the lands within the proposed Shuyak Island State Park to implement the Agreement of Settlement and Consent Decree.

KODIAK ISLAND BOROUGH

Telephones 486-5736 - 486-5737 — Box 1246
KODIAK, ALASKA 99615

October 7, 1981

The Honorable Bob Mulcahy
The State Senate
State of Alaska
Box 246
Kodiak, Alaska 99615

Dear Senator Mulcahy:

Enclosed find a certified copy of Kodiak Island Borough Resolution No. 81-71-R requesting state legislation to create the Aleksandr Baranov State Game Refuge as well as Resolution No. 81-72-R requesting state legislation to create the Shuyak Island State Park. Both resolutions were unanimously passed at the regular Borough Assembly meeting on October 1, 1981 and are accompanied by proposed language for the text of the act. We have also enclosed a copy of a letter from Dale P. Tubbs, Land Management Consultant for the Kodiak Island Borough, dated August 17, 1981 outlining the steps necessary to effect the Agreement of Settlement and Consent Decree between the Borough and the State of Alaska.

As you can see from the letter, the Kodiak Island Borough is to use its best efforts to have legislation introduced to create the state park and state game refuge on Shuyak Island for those portions not be conveyed to the Kodiak Island Borough.

We hope that you would be able to assist in the adoption of the proposed legislation and would urge you to contact either myself or the mayor and Borough Assembly for further particulars on this matter.

Thanking you in advance for your assistance in this matter, I remain,

Respectfully yours,

Phil Shealy

Phil C. Shealy
Borough Manager

Enclosures

mdd

Borough resolutions requesting Park

KODIAK ISLAND BOROUGH
RESOLUTION NO. 81-71-R

A RESOLUTION OF THE KODIAK ISLAND BOROUGH ASSEMBLY REQUESTING STATE LEGISLATION TO CREATE THE ALEKSANDR BARANOV STATE GAME REFUGE.

WHEREAS, on August 14, 1981 the Superior Court ordered the Agreement of Consent Decree to effectively dismiss the appeals the Kodiak Island Borough brought against the Alaska Department of Natural Resources in regards to its lands selections, and

WHEREAS, a condition in the Agreement of Settlement and Consent Decree is that the Kodiak Island Borough is to use its best efforts to have legislation introduced to create a State Park and State Game Refuge on Shuyak Island for those portions not to be conveyed to the Kodiak Island Borough, and

WHEREAS, the Aleksandr Baranov State Game Refuge is established to protect fish and wildlife habitats and population of all fish and wildlife species, particularly deer and brown bear, feeding, wintering and migration areas as well as to provide public uses of fish and wildlife in their habitat for hunting, viewing, photography and general recreation in a high quality environment, and

WHEREAS, the Kodiak Island Borough has caused to be prepared a proposed bill entitled "An Act Creating the Aleksandr Baranov State Game Refuge".

NOW, THEREFORE, BE IT RESOLVED by the Kodiak Island Borough Assembly that legislation entitled "An Act Creating the Aleksandr Baranov State Game Refuge" be introduced and assigned a number providing for the creation of said state game refuge.

BE IT FURTHER RESOLVED by the Kodiak Island Borough Assembly that the Borough administration be directed to send this resolution to Senator Mulcahy and Representatives Sutcliffe and Zharoff and implore their assistance in the successful adoption of this legislation.

PASSED AND APPROVED this 1st day of October, 1981 by the Borough Assembly.

KODIAK ISLAND BOROUGH

By _____
Borough Mayor

KODIAK ISLAND BOROUGH
RESOLUTION NO. 81-72-R

A RESOLUTION OF THE KODIAK ISLAND BOROUGH ASSEMBLY REQUESTING STATE LEGISLATION TO CREATE THE SHUYAK ISLAND STATE PARK.

WHEREAS, on August 14, 1981 the Superior Court ordered the Agreement of Consent Decree to effectively dismiss the appeals the Kodiak Island Borough brought against the Alaska Department of Natural Resources in regards to its lands selections, and

WHEREAS, a condition of the Agreement of Settlement and Consent Decree is that the Kodiak Island Borough is to use its best efforts to have legislation introduced to create a State Park and State Game Refuge on Shuyak Island for those portions not to be conveyed to the Kodiak Island Borough, and

WHEREAS, the primary purpose is the creation of Shuyak Island State Park to protect and enhance the areas recreational, natural, cultural, scenic, and wildlife resources and to protect the areas natural and wild coastline, and

WHEREAS, the Kodiak Island Borough has caused to be prepared a proposed bill entitled "An Act Creating the Shuyak Island State Park".

NOW, THEREFORE, BE IT RESOLVED by the Kodiak Island Borough Assembly that legislation entitled "An Act Creating the Shuyak Island State Park" be introduced and assigned a number providing for the creation of said park.

BE IT FURTHER RESOLVED by the Kodiak Island Borough Assembly that the Borough administration be directed to send this resolution to Senator Mulcahy and Representatives Sutcliffe and Zharoff and implore their assistance in the successful adoption of this legislation.

PASSED AND APPROVED this 1st day of October, 1981 by the Borough Assembly.

KODIAK ISLAND BOROUGH

By _____
Borough Mayor

ATTEST:

SEAL

By _____
Borough Clerk

Kodiak Island Borough
Kodiak, Alaska
RECEIVED
NOV - 5 1981
AM 7 8 9 10 11 12 1 2 3 4 5 6 PM

LAND PLANNING REPORT
PROPOSED SHUYAK ISLAND STATE PARK
SHUYAK ISLAND
September 23, 1981

Existing Classification - Forestry - SC-80-037
Recommended Classification - Public Recreation
Acreage - Approximately 13,000 acres

Proposed Classification/Justification

The proposed classification is public recreation. This classification action will implement the Agreement of Settlement and Consent Decree between the State of Alaska and the Kodiak Island Borough.

Location

The subject parcel is located on the western portion of Shuyak Island and includes adjacent small islands and offshore rocks. Shuyak Island is the northernmost major island in the Kodiak archipelago. It is 50 miles north of Kodiak, Alaska and 85 miles southwest of Homer, Alaska.

Legal Description

(Unsurveyed land--All sections are protracted)

Beginning at the ¼ corner common to Sections 31 and 32, T19S, R20W, S.M., which is the Point of Beginning, and which is offshore in the vicinity of the SW corner of Shuyak Island;

Thence northeasterly, approximately 1.0 mile to the C-W-W 1/64th corner of Section 29, T19S, R20W, S.M. in Shuyak Harbor;

Thence, within Shuyak Harbor, northeasterly 0.52 miles to the W 1/16th corner common to Sections 20 and 29, T19S, R20W, S.M.;

Thence east leaving Shuyak Harbor along the section line between Sections 20 and 29 and the ¼ corner common to Sections 20 and 29, T19S, R20W, S.M.;

Thence northeasterly approximately 2.5 miles to the corner common to Sections 9, 10, 15 and 16, T19S, R20W, S.M.;

Thence north between Sections 9 and 10, T19S, R20W, S.M., approximately 0.25 miles to the point of mean high tide on the south shore of Big Bay;

Description of Shuyak Island

Carol Wilson DNR

(Unsurveyed land--All sections are protracted) (continued)

Thence meandering easterly and northerly in a counter-clockwise direction along the mean high tide line of Shuyak Island to a point common to the W 1/16th line in the north-half of the north-half of Section 10, T19S, R20W, S.M.;

Thence north along the W 1/16th line approximately 150 feet to the section line common to Sections 3 and 10, T19S, R20W, S.M.;

Thence, east 0.5 miles between Sections 3 and 10 to the E 1/16th corner of Sections 3 and 10, T19S, R20W, S.M.;

Thence north 0.5 miles along the E 1/16th line of Section 3 to the C-E 1/16th corner of Section 3, T19S, R20W, S.M.;

Thence west 0.25 miles along the E-W¼ line of Section 3, T19S, R20W, S.M.;

Thence north 0.25 miles along the NW¼ line of Section 3 to the C-N 1/16th corner of Section 3, T19S, R20W, S.M.;

Thence north-northeasterly approximately 1.65 miles to the C-E-W-SW 1/256th corner of Section 26, T18S, R20W, S.M.;

Thence east 0.80 miles along the S 1/16th line of Section 26 to the S 1/16th corner of Sections 25 and 26, T18S, R20W, S.M.;

Thence south 0.25 miles between Sections 25 and 26 to the corner common to Sections 25, 26, 35 and 36, T18S, R20W, S.M.;

Thence east between Sections 25 and 36, T18S, R20W, S.M., and Sections 30 and 31, T18S, R19W, S.M. approximately 1.75 miles to the intersection with the mean high tide line on the west shore of the unnamed bay that connects to Shangin Bay;

Thence meandering southerly and easterly along the mean high tide line of said unnamed bay to Shangin Bay and then continuing southerly, easterly and northerly along the mean high tide line of Shangin Bay to a point common to the N 1/16th line of Section 32, T18S, R19W, S.M.;

Thence east along the N 1/16th line of Sections 32 and 33 approximately 0.3 miles to the NW 1/16th corner of Section 33, T18S, R19W, S.M.;

(Unsurveyed land--All sections are protracted) (continued)

Thence northeasterly approximately 1.5 miles to the section corner common to Sections 22, 27, 28 and 21, T18S, R19W, S.M.;

Thence north along the west boundary of Sections 22, 15, 10, 3 and 34, 5.0 ± miles to the corner common to Sections 27, 34, 33 and 28, T17S, R19W, S.M.;

Thence, northwesterly, 4.2 miles ± to the corner common to Sections 7 and 18, T17S, R19W, S.M., and Sections 13 and 12, T17S, R20W, S.M.;

Thence southwesterly, 9 miles ± to the corner common to Sections 12, 13, 14 and 11, T18S, R21W, S.M.;

Thence southwesterly, 5.4 miles ± to the corner common to Sections 3, 10, 9 and 4, T19S, R21W, S.M.;

Thence southeasterly 4.7 miles ± to the C¼ corner of Section 35, T19S, R21W, S.M.;

Thence east along the E-W¼ line of Sections 35 and 36, T19S, R21W, S.M. to the ¼ corner common to Section 36, T19S, R20W, S.M. and Section 31, T19S, R20W, S.M.;

Thence east approximately 1.0 mile along the E-W¼ line of said Section 31 to the ¼ corner common to Sections 31 and 32, T19S, R20W, S.M., which is the Point of Beginning of this description.

The above description encompasses State owned and subsequently acquired uplands, tidelands and submerged lands. Those lands which are uplands total approximately 13,000 acres.

Background

The Kodiak Island Borough pursuant to AS 29.18.201-.213 is entitled to select 56,500 acres from State general grant land within its boundaries and has filed such selections in the manner provided. However, a considerable portion of the land selections filed by the Kodiak Island Borough were administratively rejected by the State. As a result the Kodiak Island Borough filed three separate judicial appeals of the administrative decisions in the Superior Court, Third Judicial District under case numbers 3AN-80-3070 (Woody Island), 3AN-80-6710 (Land Classification), and 3AN-81-1385 (Shuyak Island). Both parties desired to settle the question of which lands will be conveyed to the Kodiak Island Borough without extended litigation and entered into an agreement of settlement and consent decree which was approved and adopted by the court.

Background (continued)

Section 7 of the Agreement of Settlement and consent decree provides both parties shall support legislation to create a State park denominated the "Shuyak Island State Park" on the subject parcel.

Section 8 of the Agreement of Settlement and consent decree provides that in the event the lands to be included in the proposed "Shuyak Island State Park" are not finally included by legislation such lands shall be at all times classified and managed by the State in a manner maintaining and enhancing such lands for wildlife habitat and public recreation purposes.

Physical Description

Shuyak Island is the northernmost and smallest of the major islands in the Kodiak Island Archipelago, which is formed by the Kodiak Mountains, a structural southwest continuation of the Kenai-Chugach Mountains. The area is characterized by an irregular coastline with many fiords and islands. Short, swift, clear streams, small lakes and numerous small ponds are widely scattered over the glacially sculptured topography. Unlike the larger islands of the group the topography of Shuyak Island is of rather low relief with elevations ranging from 0 to 660 feet above sea level with predominantly gently rolling slopes.

Shuyak Island is in a maritime climatic zone, however, climatic data for the area is sporadic. The only major recording station is on Kodiak Island, with supporting data from ship movement through the areas. The maritime climatic zone is strongly influenced by the marine environment and characterized by moderately heavy precipitation, cool temperatures, high cloud and fog frequency with little or no freezing weather. Temperature patterns are characterized by relatively cool summers and warm winters, as compared to interior land temperatures at similar latitudes. The mean high temperature for January is 32 to 36° F while the mean high temperature for July is only 56 to 62° F. Above freezing temperatures, which are common during all winter months, usually keep the snow depth from becoming excessive at low elevations. However, the warm temperatures at low elevations also result in wet heavy snow with high water content.

Severe storms with high winds are common in the area. Surface winds are more hazardous to human activities in the area than temperature or precipitation. Sustained extreme wind speeds during storms may range from 50 to 75 knots, with gusts as high as 100 knots. From June through September when the air contains the most moisture and is warmer than the water, fog is common and the principal cause of reduced visibility.

The vegetation on Shuyak Island is characterized by well developed extensive stands of large size, over-mature Sitka spruce, stands of pole size Sitka spruce, sedges and other water tolerant plants in the lowland areas, and alder and grasses in the non-timbered areas.

Resource Values

Timber

Extensive commercial stands of mature and over-mature timber are the primary resource value of Shuyak Island. It is estimated there are 23,518 acres of timber land and 10.250 acres of non-timber land on the island.

Wildlife/Fisheries

There is a thriving deer herd on the island. Brown bear and elk are also present but there is little information available as to numbers or concentration. There is a high density of both sea otter and harbor seals in the bays and fiords of Shuyak Island as well as sea lions along the northeasterly end of the island.

There are numerous seabird colonies along the coastline and particularly on the small islands and offshore rocks within the area.

Agriculture

The raising of field crops is not feasible due to the poor soils and cool summer temperatures. Grazing of livestock might be possible, however, there would be bear-livestock conflicts. In addition competition between livestock and deer for available food supplies would present problems.

Reasons for State Selections

Extensive commercial stands of mature timber and potential of subsurface mineral resources were prime considerations in State selections. In addition the numerous fiords and small islands along the coast provide excellent habitat for marine mammals and seabird colonies as well as an area of unsurpassed natural beauty with a nearly unlimited potential for outdoor recreation.

Socio/Economic Conditions

The economic mainstay of the Kodiak Island Archipelago is fishing and seafood precessing. The major species taken include king, tanner, and dungeness crab, salmon, halibut and shrimp. Employment in the area tends to be seasonal because of the heavy dependence on the fishing and seafood processing industry. Other employment available includes Federal, State and local government positions, trade and service industries, tourism, finance, insurance, real estate, construciton, transportaion and communications.

Socio/Economic Conditions (continued)

There are no communities on Shuyak Island. The City of Kodiak, the only major community in the archipelago, is 50 miles south of Shuyak Island and has a population of approximately 6,000.

Existing/Adjacent Land Use

Shuyak Island is uninhabited and used only to a limited extent for hunting and recreation.

Coastal Zone Consistency

Shuyak Island is within Alaska's Coastal Zone. Because no developments or new uses will result from this classification action there will be no adverse effects on the coastal resource.

Statewide Plan

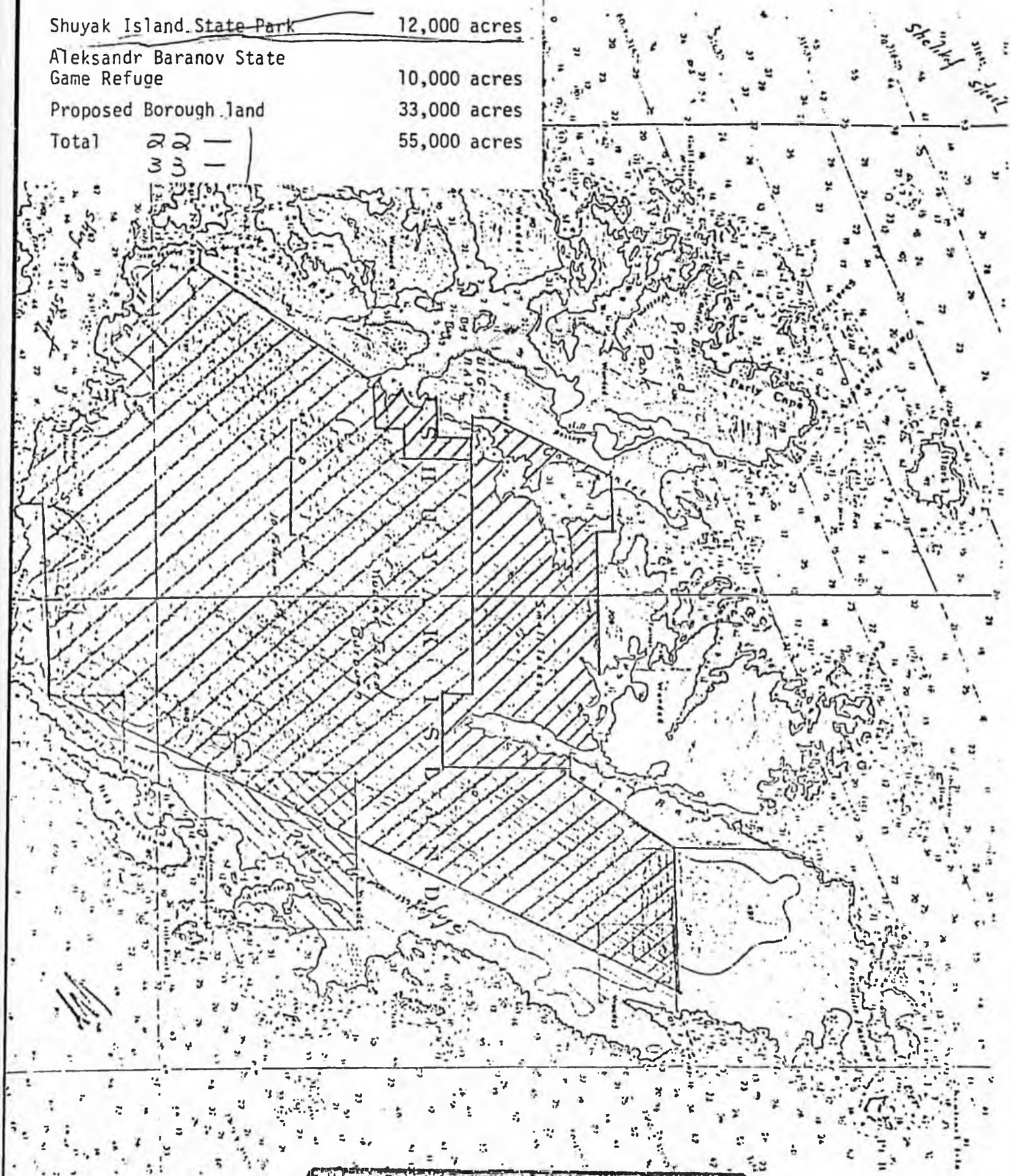
The Statewide plan identifies the western portion of Shuyak Island as recreation and also the subsurface resource as minerals. This classification will support the Statewide plan.

Recommendations

The Southcentral District recommends the classification of Public Recreation for the lands within the proposed Shuyak Island State Park to implement the Agreement of Settlement and Consent Decree.

APPROXIMATE ACREAGE OF PARK, GAME REFUGE, AND PROPOSED BOROUGH LAND ON SHUYAK ISLAND

Shuyak Island ~~State Park~~	12,000 acres
Aleksandr Baranov State Game Refuge	10,000 acres
Proposed Borough land	33,000 acres
Total 22 — 33 —	55,000 acres


Shelikof Strait
Party Cape
Pass
Park
Dangerous Cape
Dangerous Passage
Dangerous Cape
Dangerous Passage
Dangerous Cape
Dangerous Passage

Kelgin I
Cohoe
Clam Gulch
Tuxedni Bay
Chisik I
SLOPE MTN
Kinilchik
Happy Valley
Anchor Point
Anchor Pt
Homer
Kachemak Bay
Seldovia
English Bay
Point Bede
Port Graham
Portlock
Cape Elizabeth
Kennedy Entrance
CHUGACH IS
Ushagat I
W Amatuli I
E Amatuli I
BARREN ISLANDS
Shangin Bay
Point Banks
Shuyak I
Shuyak Str
Perenosa Bay
Tonki Cape
Marmot I
Marmot Cape
Marmot Bay
AFOGNAK ISLAND
Afognak
Spruce I
Uzinkie
KODIAK
Woody Island
Chiniak Bay
Cape Chiniak
Narrow Cape
Ugak I
Ugak Bay
Dangerous Cape
Aliuda Bay
Sitkalidak I
Black Point
Two Headed I
Kaguyak
Geese Is
Sitkinak Strait
Sitkinak I
Tugidak I
KODIAK ISLAND
Port O'Brien
Uganik I
Uganik Bay
Kiukpalik I
Kaguyak
(Abandoned)
Hallo Bay
Kukak
Steep C
Raspberry I
Kupreanof
Ban I
Dank I
Shaw I
Cape Douglas
Augustine I
Oil Point
Chinitna Pt
Chinitna Bay
MT CHINITNA
Iniskin Bay
Ursus Cove
Kakhonak Bay
Kakhonak
Iliamna Lake
Iliamna
Pile Bay
Old Iliamna
Pedro Bay
Seversens
Newhalen
Iliamna
Fish Vil
Nondalton
Tanalian Point
Kijiko
Kijik MTN
Mesa MTN
Tulna L
Nikabuna Lakes
Long Lake
Alworth
Kamishak Bay
Kamishak
Chenik
Amakdedori
Kukaklek Lake
Kaskanak
Igiugig
Chekok I
Battle I
Kulik Lake
Naviarluk L
SUGARLOAF MTN
Hammersly L
Lake Coville
Lake Grosvenor
FOURPEAKED MTN
MT DOUGLAS
Iliuk L
MT LAGORCE
MT KELEZ
MT DENISON
KNIFE PEAK (VOL)
YORI PASS
Crater Lake
MT MAGEE
Lake Brooks
Katmai Bay
Kejulik R
C Kubugakli
Kekurnoi
Puale Bay
Kanatak
C Uyak
Karluk
Larsen Bay
SADDLE MTN
CENTER MTN
Cape Igvak
Halibut Bay
Karluk Lake
Cape Ikolik
MT SHUMAN
Ayakulik
Old Harbor
Upper Station
Low Cape
Akhiok
Cape Alitak
Alitak Bay
Aiaktalik I
Sitkinak Dome
Providence
SHELIKOF STRAIT
Lake Iliamna

SB 51 SHUYAK STATE PARK

PROPOSED LANGUAGE CHANGES

Page 1, Line 18 - After the word "for," add subsistence and sport,

(AMENDMENT) 1

Line 18 would then read: "continued use of the area for subsistence and sport hunting, fishing and trapping purposes"

rationale: All types of hunting, fishing, and trapping should be recognized as being permitted.

****

Page 3, Line 20 - Delete the word "proclamation" and insert recommendation, and add after "governor" and legislative approval.

(AMENDMENT) 2

Line 20 would then read: by recommendation of the governor, and legislative approval.

rationale: The establishment of state parks should be subject to legislative approval.

****

Page 5, Line 21 - Delete the word "reasonable" and insert ample, and after the word "for" add subsistence and sport,

(AMENDMENT) 3

Line 21 would then read: State Parks should provide ample access for legal subsistence and sport hunting, fishing,

rationale: Ample infers sufficient access, as opposed to reasonable which is of a more limited nature.

****

Page 5, Line 24 - Delete the word "reasonable" and add the word necessary

(AMENDMENT) 4

Line 24 would then read: and Game shall be allowed necessary access for fish and game management.

rationale: The word necessary relates more directly to the needs of fish and game management than does reasonable.

Alaska State Legislature

Senate

Official Business

Pouch V
State Capitol
Juneau, Alaska 99811

Sectional Analysis of SB 51

Section one:

Sec. 41.20.530 establishes that the purpose of the Shuyak Island State Park is to protect the recreational and scenic resources, the fish and wildlife habitat, and to preserve the use of the area for hunting, fishing, trapping, and other recreational activities.

Sec. 41.20.532 (a) states that the state owned uplands and freshwater bodies in the following areas are designated as the Shuyak Island State Park. This is the area in green on the map.

(b) states that if the Kodiak Island Borough gives any of the land in the following sections back to the state, it may be added to the park by proclamation of the Governor. This is the area in blue with black cross-hatching.

Sec. 41.20.534 (a) designates the Department of Natural Resources as the agency with responsibility for management of the uplands and freshwater bodies in the park.

(b) designates the Department of Fish & Game as the agency with the responsibility for management of the fish and game resources in the park.

(c) requires the Department of Natural Resources to consult with the Department of Fish and Game before adopting regulations affecting the park.

(d) requires the Department of Fish and Game to consult with the Department of Natural Resources before adopting regulations affecting the park.

Sectional Analysis

Sec. 41.20.536 (a) states that DNR will designate incompatable uses in the park.

(b) states that shooting in the park is allowed, except in areas that are closed because of public safety.

(c) allows ADF&G to engage in stream rehabilitation and enhancement.

(d) states that regulations governing public uses in the park will provide reasonable access for hunting, fishing, and trapping.

(e) requires that reasonable access be allowed to the Department of Public Safety and the Department of Fish and Game for the purposes of management and enforcement of fish and wildlife.

Sec. 41.20.538 allows the state to purchase property in the park. The state may not acquire land by eminent domain.

Section two provides for an immediate effective date.

NOTE: The proposed park on Shuyak Island is approximately 12,000 acres.

SB 51 SHUYAK STATE PARK

PROPOSED LANGUAGE CHANGES

Page 1, Line 18 - After the word "for," add subsistence and sport,

(AMENDMENT) 1

Line 18 would then read: "continued use of the area for subsistence and sport hunting, fishing and trapping purposes"

rationale: All types of hunting, fishing, and trapping should be recognized as being permitted.

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Line 24 would then read: and Game shall be allowed necessary access for fish and game management.

rationale: The word necessary relates more directly to the needs of fish and game management than does reasonable.

Bradley
3/8/84.

Original sponsors: Mulcahy and V.Fischer

IN THE SENATE BY THE RESOURCES COMMITTEE

HOUSE CS FOR SENATE BILL NO. 51 (Resources)

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTEENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act establishing the Shuyak Island State Park; and providing for an effective date."

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

* Section 1. AS 41.21 is amended by adding new sections to read:

Sec. 41.21.170. DECLARATION OF PURPOSE. (a) The purpose of AS 41.21.170 - 41.21.178 is to establish, subject to valid existing rights, the state-owned or acquired uplands and freshwater bodies described in AS 41.21.172 as the Shuyak Island State Park. The primary purposes of establishing the Shuyak Island State Park are to protect the area's recreational and scenic resources, to protect the area's fish and wildlife habitat, and to preserve and enhance the continued use of the area for sport and subsistence hunting and fishing, trapping, and recreational activities.

(b) Under the provisions of AS 38.05.300, state land, water, or land and water containing more than 640 acres may be closed to multiple purpose use only by act of the legislature. Because the area described in AS 41.21.172 exceeds 640 acres, AS 41.21.170 - 41.21.178 are intended to close the described land and water to multiple purpose use in conformity with AS 38.05.300 and to dedicate them as a special purpose site in accordance with art. VIII, sec. 7, Constitution of the State of Alaska.

Sec. 41.21.172. DESIGNATED STATE LAND AND WATER. The uplands and freshwater bodies owned by the state on the effective date of this Act within the following described parcel is designated as the Shuyak

Island State Park: all uplands, including Dark Island and other islands, islets, pinnacles, and rocks within the Shuyak Island complex lying easterly of Shelikof Strait, south of Stevenson Entrance, north of Shuyak Strait, and lying westerly and northerly of the following described boundary line (all sections of unsurveyed land are protracted): Beginning at the section corner common to sections 13 and 24 of T19S, R21W, S.M. and sections 18 and 19 of T19S, R20S, S.M., then northerly and easterly approximately 2.8 miles along a line dividing the east and west sides of Neketa Bay (the island in the SW1/4 of section 17, T19S, R20W, S.M. is on the east side of Neketa Bay for the purpose of this description) to the center of the isthmus dividing Neketa Bay and Big Bay located in the SW1/4 of section 9, T19S, R20W, S.M., then northeasterly approximately 25 feet to the mean high tide line of Big Bay; then meandering easterly and northerly in a counter-clockwise direction along the mean high tide line of Shuyak Island to a point common to the W 1/16th line in the north half of the north half of Section 10, T19S, R20W, S.M.; then north along the W 1/16th line approximately 150 feet to the section line common to Sections 3 and 10, T19S, R20W, S.M.; then east 0.5 miles between Sections 3 and 10 to the E 1/16th corner of Sections 3 and 10, T19S, R20W, S.M.; then north 0.5 miles along the E 1/16th line of Section 3 to the C-E 1/16th corner of Section 3, T19S, R20W, S.M.; then west 0.25 miles along the E-W 1/4 line of Section 3 to the C 1/4 corner of Section 3, T19S, R20W, S.M.; then north 0.25 miles along the NS 1/4 line of Section 3 to the C-N 1/16th corner of Section 3, T19S, R20W, S.M.; then north-northeasterly approximately 1.65 miles to the C-E-W-SW 1/125th corner of Section 26, T18S, R20W, S.M.; then east 0.80 miles along the S 1/16th line of Section 26 to the S 1/16th corner of Sections 25 and 26, T18S, R20W, S.M.; then south 0.25 miles

between Sections 25 and 26 to the corner common to Sections 25, 26, 35, and 36, T18S, R20W, S.M.; then east between Sections 25 and 36, T18S, R20W, S.M. and Sections 30 and 31, T18S, R19W, S.M. approximately 1.75 miles to the intersection with the mean high tide line on the west shore of the unnamed bay that connects to Shangin Bay; then meandering southerly and easterly along the mean high tide line of that unnamed bay to Shangin Bay and then continuing southerly, easterly, and northerly along the mean high tide line of Shangin Bay to a point common to the N 1/16th line of Section 32, T18S, R19W, S.M.; then east along the N 1/16th line of Sections 32 and 33 approximately 0.3 miles to the NW 1/16th corner of Section 33, T18S, R19W, S.M.; then northeasterly approximately 1.5 miles to the section corner common to Sections 22, 27, 28, and 21, T18S, R19W, S.M.; then north along the west boundary of Sections 22 and 15, T18S, R19W, S.M., to the point of mean high tide in Shangin Bay.

Sec. 41.21.174. DESIGNATION OF MANAGEMENT RESPONSIBILITY. (a) The state uplands and freshwater bodies described in AS 41.21.172 are assigned to the Department of Natural Resources for control, maintenance, and development consistent with the purposes and provisions of AS 41.21.170 - 41.21.178.

(b) The Department of Fish and Game is responsible for the management of fish and game resources in the Shuyak Island State Park, consistent with the sustained yield principle and the purposes and provisions of this chapter. The Board of Fisheries, the Board of Game and the commissioner of fish and game are responsible for adopting regulations governing uses of fish and game in accordance with AS 16. The fish and game habitat and breeding areas shall be managed to ensure that the fish and game resources of the park continue on a sustained yield basis.

(c) The Department of Natural Resources shall consult with the Department of Fish and Game before adoption of regulations governing public use of the Shuyak Island State Park.

(d) The Department of Fish and Game shall consult with the Department of Natural Resources before adoption of regulations governing fish and game management in Shuyak Island State Park.

(e) The regulations established under this section shall be adopted in accordance with the Administrative Procedure Act (AS 44.-62).

(f) The commissioner of natural resources shall permit reasonable camping within the Shuyak Island State Park on an extended basis on request.

(g) Nothing in AS 41.21.170 - 41.21.178 prohibits the Department of Fish and Game from engaging in stream rehabilitation enhancement and development under AS 16.05.092 on land within the Shuyak Island State Park.

(h) The Department of Public Safety and the Department of Fish and Game shall have necessary access for fish and game management, research, and enforcement purposes.

Sec. 41.21.176. COMPATIBILITY OF USES. (a) The commissioner of natural resources may designate by regulation incompatible uses within the park uplands and freshwater bodies.

(b) Use of a weapon in the Shuyak Island State Park shall be allowed except in unique areas that may be closed for purposes of public safety by regulation by the commissioner of natural resources.

(c) The regulations governing public use of the Shuyak Island State Park shall provide ample access for legal sport and subsistence hunting and fishing, trapping, and recreational uses. The commissioner

of natural resources may not restrict the exercise of sport or subsistence fishing or hunting, or trapping permitted under law or under a regulation of the Board of Fisheries or the Board of Game within the Shuyak Island State Park.

Sec. 41.21.178. ADDITIONS TO PARK. Land may be added to the Shuyak Island State Park only by an act of the legislature. The commissioner of natural resources may not acquire land within the boundaries of the Shuyak Island State Park by purchase or by eminent domain.

* Sec. 2. The commissioner of natural resources shall identify and offer for sale to the public 500 acres of state-owned land within the Kodiak Island Borough under AS 38.08 within five years of the effective date of this Act. The land offered for sale under this section shall be reasonably accessible to residents of the City of Kodiak, shall be land of good quality, and may not include land proposed as of February 1, 1984 by the Department of Natural Resources for sale by the department during fiscal years 1984, 1985, or 1986. The disposals of the land shall be held in the City of Kodiak. The commissioner of natural resources shall submit to the legislature not later than the 10th day of the Second Regular Session of the Sixteenth Alaska State Legislature a report on the compliance by the Department of Natural Resources with this section.

* Sec. 3. Subject to the availability of funds, the Department of Natural Resources shall construct 10 public use cabins within the Shuyak Island State Park.

* Sec. 4. Section 1 of this Act is repealed July 1, 1990, if the commissioner of natural resources does not report to the legislature under sec. 2 of this Act that the Department of Natural Resources has identified and offered for sale 500 acres of state-owned land within the Kodiak Island Borough under AS 38.08 within five years after the effective date of this

Act.

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

BILL SHEFFIELD, GOVERNOR

DEPARTMENT OF NATURAL RESOURCES

DIVISION OF PARKS AND OUTDOOR RECREATION

225A CORDOVA STREET
ANCHORAGE, ALASKA 99501
PHONE (907) 276-2653

February 27, 1984

Re:

The Honorable John Ringstad
Alaska State House of Representatives
State Capitol
Pouch V
Juneau, Alaska 99811

Dear ~~Mr. Ringstad~~ John,

This letter is to request a House Resources Committee hearing on SB 51 (Mulchahy and V. Fischer), a measure which would create the Shuyak Island State Park. After a year of negotiations, Representative Zharoff and I have composed amending language to SB 51 which is agreeable to the Department of Natural Resources and, in my understanding, to Senator Mulchahy.

About 9,000 of the 50,000 acre Shuyak Island would become public recreational land under this compromise. Shuyak is the northernmost island of the Kodiak Archipelago and was emmersed in a Kodiak Island Borough vs. State court battle over ultimate ownership until both parties agreed to an out-of-court settlement. Senator Mulchahy's legislation -- and the compromise we've reached -- will begin the process of implementing this settlement. I urge its passage.

The amendment, soon to be submitted be either the State or Representative Zharoff, will, in brief:

1. Remove the east shoreline of Neketa Bay from the proposed park (2,000 acres).
2. Require the Department of Natural Resources to offer for disposal 500 acres on Kodiak Island over the next five fiscal years.

It is my understanding that Representative Vaska may offer an additional change in committee.

I will, of course, endeavor to be at the hearing.

Thanks.

Sincerely,

Neil C. Johannsen
Director

cc: Honorable Esther C. Wunnicke
Honorable Fred Zharoff
Honorable Bob Mulchahy
Honorable Vic Fischer

NCJ:clk

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: 3/9/84

REQUEST
Bill/Resolution No.: HCS for SB51
Title: Shuyak Island State Park
Sponsor: Mulcany & Fischer(orig.)
Requestor:
Date of Request:

FISCAL DETAIL
Agency Affected: Natural Resources
Program Category Affected: Parks & Recreation
BRU, Program or Subprogram(s) Affected:

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES		15.	16.	17.	18.	19.
200 TRAVEL		2.	2.5	3.0	3.5	4.0
300 CONTRACTUAL		1.	1.2	1.5	1.8	2.3
400 SUPPLIES		2.	2.5	3.0	3.5	4.0
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING		20.	22.2	24.5	26.8	29.3
CAPITAL		40.	45.	50.	55.	60.
REVENUE		1,800	3,600	5,400	7,200	12,000

FUNDING: (Thousands of Dollars)

GENERAL FUND		60.	67.2	74.5	81.8	89.3
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS

FULL-TIME						
PART-TIME						
TEMPORARY		.5	.5	.5	.5	.5

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL: General Fund, Revenue explanation: Capital funds to construct 2 public use cabins per year. Assume each cabin used 60 nites per year. Revenue calculated at rate of $15. per nite until FY 89 when rate becomes $20. per nite.

ANALYSIS: Attach a separate page for analysis.

Prepared By: Neil Johannsen
Phone: 276-2653
Division: Parks and Outdoor Recreation
Date: 3/9/84

Approved by Commissioner: Martha Crosby
Date: 3/9/84
Agency: Department of Natural Resources

Distribution (by Agency preparing fiscal note):
- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

12/1/83

HOUSE RESOURCES COMMITTEE OBSERVER/WITNESS SIGN-UP SHEET

SB 51

DATE: MAY 17, 1983 SPONSOR: MULCAHY

SUBJECT(S): EST. SHUYAK ISLAND ST. PARK

NAME	REPRESENTING	ADDRESS	PHONE	Observer	Witness	For	Against
Mulcahy, Bob	Prime Sponsor						

HOUSE RESOURCES COMMITTEE OBSERVER/WITNESS SIGN-UP SHEET

DATE: 3/12/84 SPONSOR: SEN. MULCAHY SB51

SUBJECT(S): SHUYAK IS. STATE PARK

PLEASE FILL IN A COMPLETE ROW

NAME	REPRESENTING	ADDRESS	PHONE	Observer	Witness	For	Against
Carl Wilson	DNR	SBo Pouch M	465-2400		✓	✓	
Sen. Mulcahy		Pouch V	465-4934		✓	✓	
Rep. Fred Zharoff		Pouch V	465-4968		✓	✓	

SB

52

A M E N D M E N T #1

Offered in the HOUSE

TO: HCS CSSB 52 (Resources)

Section 7, AS 16.05.710(a), delete paragraph (3); AS 16.05.710(b), delete paragraph (3).

A M E N D M E N T #2

Offered in the HOUSE

TO: HCS CSSB 52 (Resources)

Section 7, AS 16.05.710(b)(1), after "license" delete ", interim-use permit, or entry permit"

Alaska State Legislature

Senate

Official Business

Pouch V
State Capitol
Juneau, Alaska 99811

CSSB 52 (Res) Sectional Analysis:

Section 1) Technical change; deletes [HIS] inserts the commissioner's; Deletes reference to 16.05.480 and inserts the reference 16.05.485 which is a new section pertaining to crew members fishing licenses.

Section 2) Stylistic change with the deletion of the words [PERSONS AS HI and makes a change in the statutory reference to 16.05.440 thru 16.05.485 to accomodate the new section pertaining to crew members fishing licenses.

Section 3) Makes technical changes with regard to the statutory cites (16.05.440-485), removes masculine pronouns, and eliminates the liability disclaimer from the Commissioner of Revenue and the Commercial Fisheries Entry Commission if an agent selling licenses can't account for the fees paid.

Section 4) Rewrites the commercial fisheries license statute, and require that each person engaged in commercial fisheries hold a commercial fisheries licenses. Provides for a $15 poverty licens for people with low incomes, a $30 license fee for residents, and a $90 license fee for non residents. The commercial fishing license is included in a crew member license, enrty permit or interim use permit. It is not a separate license.

Section 5) This section establishes a new license: the crew member license. This license is required of any person who commercial fishes and does not hold an entry or interim use permit. The fees are as follows: $15 for a poverty license; $30 for a resident license; $90 for a non-resident license. Also provides for a $2.00 replacement license if the original license is lost.

Section 6) Removes masculine pronouns: employ a person/[HAVE IN HIS EMPL unless the person/[A FISHERMAN WHO NEITHER], and changes the statutory cite to 16.05.485 with regard to the new section on crew members fishing licenses.

Section 7) This section re words the license forfeiture statute. It provides for the forfeiture of licenses, loss of eligibility to hold a license for one year, or a suspension of fishing rights for one year for a first or second offense. For a third or subsequent offense, it provides for a forfeiture of licenses, los of eligibility to hold a license for 3 years, or a suspension fishing rights for 3 years. All these penalties are in additi to penalties ordained by law, and are at the court's discretio

Section 8) Deletes the words [OR COMMERCIAL] so that the statute reads crewmember fishing license in keeping with the new section 16.05.485 pertaining to crewmembers licenses.

Section 9) Same change as above

Section 10) Deletes the language with regard to "credit" for fishermans fu deductions in the case of persons who hold multiple permits.

Section 11) Increases the annual fee from $10 to $30 (the new minimum fee for residents), makes stylistic changes (not [NO]), and provid a new provision that the commission may charge the legal rate of interest on a fee not paid during the calendar year in whic it was due. Also, the reference to "c" concerns the poverty li ense.

Section 12) Substitutes fishing for [FISHERMENS] and inserts the statutory reference to 16.05.480

Section 13) Changes the statutory cite from 16.05.480 to 16.05 (entire chapter) in the definition of fisherman.

Section 14) Section originally read vessel operated as a commercial fishing vessel under a valid fishing license, and has been

changed by adding a person holding a valid entry, interim use permi or a crewmembers fishing license with the new statutory cite of 16.05.485.

Section 15) Change relates to the category "crew members fishing license" rather than the former "commercial" fishing license, and adds the reference 16.05 (full cahpter) rather than the specific reference to 16.05.480.

Section 16) Provides for a January 1st, 1984 effective date.

Proposed Amendments to CSSB 52 (Res) am

To Address CFEC Concerns

Page 1, lines 22 - 24

delete "and to assist in the completion of annual application or renewal forms for interim use permits and entry permits issued under AS 16.43"

Page 1, line 27

delete "(a)"

Page 2, lines 11 - 25

delete entire subsection (b)

Amendments Passed by Special Committee on Fisheries

~~Proposed~~ amendments to CSSB 52 (Res) am

To conform with HB 15 of Last Session

Page 5, line 10

delete "five"
insert "two"

Page 5, line 14

delete "anyone"
insert "the year immediately preceding the date of application and any other two"

Page 5, line 20

delete "five"
insert "two"

Page 5, line 24

delete "anyone"
insert "the year immediately preceding the date of application and any other two"

Page 7, line 9

delete "five"
insert "two"

Page 7, line 12

delete "anyone"
insert "the year immediately preceding the date of application and any other two"

Amendments to CSSB 52 (Res) am

Adopted by Fisheries Committee - 2/16/84

Page 6, line 13

insert after, "resident."

"The commission may charge interest on any unpaid fees due at the rate provided by AS 45.45.010(a) from the date of permit renewal."

Page 4, line 20

insert after, "person"

"for a period of not more than one year"

Page 5, line 1

insert after, "person"

"for a period of not more than one year"

Page 7, line 15

delete "1984"

insert "1985"

STATE OF ALASKA
FISCAL NOTE

Revision Date Original 1983

I. REQUEST

Bill/Resolution No.: Senate Bill 52
Title: "...licensing of commercial fishing...
Sponsor: Senator Mulcahy
Requestor: Resources and Finance

II. FISCAL DETAIL

Agency Affected: Department of Labor
Program Category Affected: Workers' Protection
BRU, Program of Subprogram(s) Affected: Fishermen's Fund

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL OPERATING		-0-	-0-	-0-	-0-	-0-
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Source)						
Fisherman's Fund		(5.5)	(11.8)	(12.5)	(13.3)	(14.1)

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL: N/A

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: Jacquelyn McClintock — Phone: 465-2790
Division: Workers' Compensation Division — Date: 3/9/83
Approved by Commissioner: Jim Robison — Date: 3/9/83
Department: Labor
LEG:A:8

Distribution:
Original to Legislative Finance
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Copy to Department (for Governor introduced bills)
Copy to Sponsor
Copy to Requestor (if

3/8/83

Fiscal Notes

Detail Analysis for Senate Bill 52

This bill would revise the cost for resident crewmember commercial fishing licenses for approximately 1,238 individuals in FY'84. The cost will be reduced from $30.00 to $15.00 for all residents who have a net family income falling within the poverty guidelines established by the Federal Community Services Administration and the Department of Revenue.

In preparing this fiscal note the following assumption have been made:

1. Effective date of January 1, 1984.

2. Six percent increase per annum in the number of crewmember licenses issued (CY 1982 used for bases).

3. Seven percent of resident crewmembers would qualify.

4. Loss of General Funds (40% of fee) will be reflected in the Department of Revenue's fiscal note.

Below is a chart which identifies the expected number of crewmember licenses to be issued annually and the projected loss of revenues to the Fishermen's Fund.

	Total Crewmembers	Low-Income Crewmembers	Total Loss (1)	Fishermen's Fund Loss(2)
CY'82	15,736			
FY'83	16,680			
FY'84	17,681	1,238	$ 9,300 (3)	$ 5,500
FY'85	18,742	1,312	19,700	11,800
FY'86	19,867	1,391	20,900	12,500
FY'87	21,059	1,474	22,100	13,300
FY'88	22,323	1,563	23,500	14,100

(1) Loss is $15.00 per "low-income" crewmember.

(2) Fishermen's Fund receives 60% of the fees assessed.

(3) Annual Loss of $18,600 is revised for effective date of January 1, 1984.

LEG:A:8

STATE OF ALASKA
FISCAL NOTE

Revision Date , 1983

I. REQUEST
Bill/Resolution No.: CSSB 52
Title: Licensing of Commercial Fishing
Sponsor: Mulcahy
Requestor: Senate Finance

II. FISCAL DETAIL
Agency Affected: Revenue
Program Category Affected: Col. & Mgt.
BRU, Program of Subprogram(s) Affected:
Administration & Support

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES		5.5	11.2	11.7		
200 TRAVEL						
300 CONTRACTUAL		1.3	2.5	2.5		
400 COMMODITIES		2.5	0	0		
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL OPERATING		9.3	13.7	14.2		
CAPITAL						
Revenue sick & disabled fishermen fund		(5.5)	(11.8)	(12.5)		
REVENUE - General Fund		(2.3)	(4.9)	(5.2)		

FUNDING: (Thousands of Dollars)

GENERAL FUND		9.3	13.7	14.2		
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS:

FULL-TIME						
PART-TIME		.5	.5	.5		
TEMPORARY						

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: Linda Gene Lockridge — Phone: (907) 465-2376
Division: Public Services — Date: 4-28-83

Approved by Commissioner: Donald K. Dorsch — Date: 5/2/83
Department: Rev

Distribution:
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3/8/8

Fiscal Note for Senate Bill No. CSSB 52

Section IV. Analysis

Implementation of program creates a loss of revenue as 7% of Resident Crewmembers would qualify for $ 15.00 Crewmember license.

It will take 1/2 of a position at the Accounting Clerk III level (range 10) to implement and administer this program. Since the bill will not take effect until 1/1/84, there will be no cost in FY83 and only a six month cost in FY84. A 4.5% increase has been figured for each year for negotiated contract increases.

Contractual costs are for requesting copies of income tax records from the Internal Revenue Service in order to establish eligibility. Again, there will be no cost in FY83 and only a six month cost in FY84.

The license itself can be incorporated into our present license but we will need to design a new affidavit and a release for tax record form and have a supply printed and distributed. This should be a one time cost in FY84 only.

STATE OF ALASKA
FISCAL NOTE

Revision Date March 15, 1983

I. REQUEST
Bill/Resolution No.: SB 52
Title: Licensing of Commercial Fishing
Sponsor: Mulcahy
Requestor: Resources & Finance

II. FISCAL DETAIL
Agency Affected: Revenue
Program Category Affected: Coll. & Mgt.
BRU, Program of Subprogram(s) Affected: Administration & Support

EXPENDITURES/REVENUES: (Thousands of Dollars)

	83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES		5.5	11.2	11.7		
200 TRAVEL						
300 CONTRACTUAL		1.3	2.5	2.5		
400 COMMODITIES		2.5	0	0		
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL OPERATING		9.3	13.7	14.2		
CAPITAL						
REVENUE-sick & disabled fishermen fund		(5.5)	(11.8)	(12.5)		
REVENUE-General Fund		(2.3)	(4.9)	(5.2)		

FUNDING: (Thousands of Dollars)

GENERAL FUND		9.3	13.7	14.2		
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS:

FULL-TIME						
PART-TIME		.5	.5	.5		
TEMPORARY						

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: Linda Gene Lockridge — Phone: 465-2376
Division: Public Services — Date: March 15, 1983

Approved by Commissioner: for Joseph K Donohue — Date: 3/15/83
Department: Revenue

Distribution:
Original to Legislative Finance
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Fiscal Note for Senate Bill No. 52

Section IV. Analysis

Implementation of program creates a loss of revenue as 7% of Resident Crewmembers would qualify for $ 15.00 Crewmember license

It will take 1/2 of a position at the Accounting Clerk III level (range 10) to implement and administer this program. Since the bill will not take effect until 1/1/84, there will be no cost in FY83 and only a six month cost in FY84. A 4.5% increase has been figured for each year for negotiated contract increases.

Contractual costs are for requesting copies of income tax records from the Internal Revenue Service in order to establish eligibility. Again, there will be no cost in FY83 and only a six month cost in FY84.

The license itself can be incorporated into our present license but we will need to design a new affidavit and a release for tax record form and have a supply printed and distributed. This should be a one time cost in FY84 only.

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: November 30, 1983

REQUEST
Bill/Resolution No.: SB 52
Title: "...licensing of commercial fishing..."
Sponsor: Senator Mulcahy
Requestor: Resources and Finance
Date of Request: March 9, 1983

FISCAL DETAIL
Agency Affected: Labor
Program Category Affected: Worker Protection
BRU, Program or Subprogram(s) Affected: Fishermen's Fund

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER *		<5.8>	<11.5>	<11.5>	<11.5>	<11.5>
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

The impact is on the Fishermen's Fund.

ANALYSIS: Attach a separate page for analysis

Prepared By: Jacquelyn McClintock
Phone: 465-2790
Division: Workers' Compensation
Date:

Approved by Commissioner: Jim Robison
Date: 12/1/83
Agency: Labor

LEG:A:13
Distribution (by Agency preparing fiscal note):
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Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)

12/1/83

7

FISCAL NOTE

THE LEGISLATURE OF THE STATE OF ALASKA
THIRTEENTH LEGISLATURE
BILL/RESOLUTION NO: SB 52
TITLE: "An Act relating to licensing of commercial fishing"
AGENCY AFFECTED: Department of Labor
Page 2

This bill would revise the cost for resident crewmember commercial fishing licenses for approximately 1,282 individuals in Calendar Year 1985. The cost will be reduced from $30.00 to $15.00 for all residents who have a net family income falling within the poverty guidelines established by the Federal Community Services Administration and the Department of Revenue.

In preparing this fiscal note the following assumptions have been made:

1. Effective date of January 1, 1985.

2. No significant increase in the number of licenses sold from Calendar Year 1982 is anticipated.

3. Seven percent of resident crewmembers would qualify.

4. Loss of General Funds (40 percent of fee) will be reflected in the Department of Revenue's fiscal note.

The projected loss in revenue to the Fishermen's Fund will therefore be as follows:

Number of licenses sold in Calendar Year 1982	18,309
Number of low-income Crew Members	x .07 1,282
Total Loss in Revenue	x $15 $19,230
Total Loss to Fund	x .60 $11,538

The same loss would be projected for Fiscal Year 1986 through Fiscal Year 1989. The impact on Fiscal Year 1985 would be only $5,769, as the law would take effect January 1, 1985.

LEG:A:13

FISCAL NOTE

Revision Date 2/06, 1984

I. REQUEST

Bill/Resolution No: CSSB 52(Res) am

Title: Licensing Of Commercial Fishing

Sponsor: Mulcahy

Requestor: House Special Com. Fisheries

II. FISCAL DETAIL

Agency Affected: Revenue

Program Category Affected: Coll. & Mgt.

BRU, Program of Subprogram(s) Affected: Public Services Division BRU

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES	-	-	5.6	11.7	12.2	12.8
200 TRAVEL	-	-	-	-	-	-
300 CONTRACTUAL	-	-	4.0	-	-	-
400 COMMODITIES	-	-	-	-	-	-
500 EQUIPMENT	-	-	-	-	-	-
600 LANDS & STRUCTURES	-	-	-	-	-	-
700 GRANTS, CLAIMS, ETC.	-	-	-	-	-	-
TOTAL OPERATING	-	-	9.6	11.7	12.2	12.8
CAPITAL	-	-	-	-	-	-
REVENUE - General Fund	-		(3.9)	(8.4)	(8.8)	(9.4)
Fishermen's Fund			(5.9)	(12.5)	(13.3)	(14.0)

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	-	9.6	11.7	12.2	12.8
FEDERAL FUNDS	-	-	-	-	-	-
OTHER (Specify Source)	-	-	-	-	-	-
	-	-	-	-	-	-

POSITIONS:

FULL TIME	-	-	-	-	-	-
PART-TIME	-	-	.5	.5	.5	.5
TEMPORARY	-	-	-	-	-	-
	-	-	-	-	-	-

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

IV. ANALYSIS: Attached.

Prepared By: Martin J. Richard Phone: 465-2392

Division: Public Services Date: 2/6/84

Approved by Commissioner: Robert Hatch Date: 2/10/84

Department: Revenue

Distribution:

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FISCAL NOTES

FISCAL NOTE FOR SENATE BILL NO. CSSB 52(Res) am

Section IV. Analysis

Assuming an amendment is made to make this bill effective January 1, 1985, implementation of the program creates a loss of revenue since it is calculated that 7% of Resident Crewmembers would qualify for a $15.00 Crewmember license.

It will take 1/2 of a position at the Accounting Clerk III level (range 10) to implement and administer this program. Since the bill will not take effect until 1/1/85, there will be no cost in FY84 and only a six month cost in FY85. A 4.5% increase has been figured for each year for negotiated contract increases.

Contractual costs are for designing new affidavit, application and waiver forms and having a supply printed and distributed. It will also be necessary to incorporate the law into our regulations. Advertising will have to be done and training and guidelines written and distributed to the license officers. This should be a one time cost in FY85 only. The license itself can be incorporated into our present license at no additional cost.

Official Business

Alaska State Legislature
House Resources Committee

SIGN-IN APRIL 16, 1984

SB 52
FISH LICENSE

NAME	ADDRESS	PHONE	REPRESENTING
Bob Mulcahy			Sen N
Martin I. Richard	Pouch SA	2392	Revenue
Mel Morsen	Pouch U	Hosse	Sp. Comm. on Fisheries

STATE OF ALASKA
FISCAL NOTE

Revision Date Original, 1983

I. REQUEST

Bill/Resolution No.: Senate Bill 52
Title: "...licensing of commercial fishing...
Sponsor: Senator Mulcany
Requestor: Resources and Finance

II. FISCAL DETAIL

Agency Affected: Department of Labor
Program Category Affected: Worker Protection
BRU, Program of Subprogram(s) Affected: Fishermen's Fund

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL OPERATING		-0-	-0-	-0-	-0-	-0-
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Source)						
Fisherman's Fund		(5.5)	(11.8)	(12.5)	(13.3)	(14.1)

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL: N/A

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: Jacquelyn McClintock — Phone: 465-2790
Division: Workers' Compensation Division — Date: 3/9/83

Approved by Commissioner: Jim Robison — Date: 3/9/83
Department: Labor
LEG:A:8

Distribution:
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3/8/83

Fiscal Notes

Detail Analysis for Senate Bill 52

This bill would revise the cost for resident crewmember commercial fishing licenses for approximately 1,238 individuals in FY'84. The cost will be reduced from $30.00 to $15.00 for all residents who have a net family income falling within the poverty guidelines established by the Federal Community Services Administration and the Department of Revenue.

In preparing this fiscal note the following assumption have been made:

1. Effective date of January 1, 1984.

2. Six percent increase per annum in the number of crewmember licenses issued (CY 1982 used for bases).

3. Seven percent of resident crewmembers would qualify.

4. Loss of General Funds (40% of fee) will be reflected in the Department of Revenue's fiscal note.

Below is a chart which identifies the expected number of crewmember licenses to be issued annually and the projected loss of revenues to the Fishermen's Fund.

	Total Crewmembers	Low-Income Crewmembers	Total Loss (1)	Fishermen's Fund Loss(2)
CY'82	15,736			
FY'83	16,680			
FY'84	17,681	1,238	$ 9,300 (3)	$ 5,500
FY'85	18,742	1,312	19,700	11,800
FY'86	19,867	1,391	20,900	12,500
FY'87	21,059	1,474	22,100	13,300
FY'88	22,323	1,563	23,500	14,100

(1) Loss is $15.00 per "low-income" crewmember.

(2) Fishermen's Fund receives 60% of the fees assessed.

(3) Annual Loss of $18,600 is revised for effective date of January 1, 1984.

LEG:A:8

STATE OF ALASKA
FISCAL NOTE

Revision Date 1983

I. REQUEST
Bill/Resolution No.: CSSB 52
Title: Licensing of Commercial Fishing
Sponsor: Mulcahy
Requestor: Senate Finance

II. FISCAL DETAIL
Agency Affected: Revenue
Program Category Affected: Co[illegible] & Mgt.
BRU, Program of Subprogram(s) Affected:
Administration & Support

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES		5.5	11.2	11.7		
200 TRAVEL						
300 CONTRACTUAL		1.3	2.5	2.5		
400 COMMODITIES		.5	0	0		
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL OPERATING		9.3	13.7	14.2		
CAPITAL						
Revenue sick & disabled fishermen fund		(5.5)	(11.8)	(12.5)		
REVENUE - General Fund		(2.3)	(4.9)	(5.2)		

FUNDING: (Thousands of Dollars)

GENERAL FUND		9.3	13.7	14.2		
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS:

FULL-TIME						
PART-TIME		.5	.5	.5		
TEMPORARY						

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: Linda Gene Lockridge — Phone: (907) 465-2376
Division: Public Services — Date: 4-28-83

Approved by Commissioner: Joseph K Donah — Date: 5/2/83
Department: Rev

Distribution:
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Fiscal Note for Senate Bill No. CSSB 52

Section IV. Analysis

Implementation of program creates a loss of revenue as 7% of Resident Crewmembers would qualify for $ 15.00 Crewmember license.

It will take 1/2 of a position at the Accounting Clerk III level (range 10) to implement and administer this program. Since the bill will not take effect until 1/1/84, there will be no cost in FY83 and only a six month cost in FY84. A 4.5% increase has been figured for each year for negotiated contract increases.

Contractual costs are for requesting copies of income tax records from the Internal Revenue Service in order to establish eligibility. Again, there will be no cost in FY83 and only a six month cost in FY84.

The license itself can be incorporated into our present license but we will need to design a new affidavit and a release for tax record form and have a supply printed and distributed. This should be a one time cost in FY84 only.

STATE OF ALASKA
FISCAL NOTE

Revision Date March 15, 1983

I. REQUEST
Bill/Resolution No.: SB 52
Title: Licensing of Commercial Fishing
Sponsor: Mulcahy
Requestor: Resources & Finance

II. FISCAL DETAIL
Agency Affected: Revenue
Program Category Affected: Coll. & Mgt.
BRU, Program of Subprogram(s) Affected: Administration & Support

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	B3	FY 84	FY 85	FY 86	FY 87	FY 88
100 PERSONAL SERVICES		5.5	11.2	11.7		
200 TRAVEL						
300 CONTRACTUAL		1.3	2.5	2.5		
400 COMMODITIES		2.5	0	0		
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL OPERATING		9.3	13.7	14.2		
CAPITAL						
REVENUE-sick & disabled fishermen fund		(5.5)	(11.8)	(12.5)		
REVENUE-General Fund		(2.3)	(4.9)	(5.2)		

FUNDING: (Thousands of Dollars)

GENERAL FUND		9.3	13.7	14.2		
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS:

FULL-TIME						
PART-TIME		.5	.5	.5		
TEMPORARY						

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: Linda Gene Lockridge — Phone: 465-2376
Division: Public Services — Date: March 15, 1983

Approved by Commissioner: for Joseph K Donohue — Date: 3/15/83
Department: Revenue

Distribution:
Original to Legislative Finance
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Fiscal Note for Senate Bill No. 52

Section IV. Analysis

Implementation of program creates a loss of revenue as 7% of Resident Crewmembers would qualify for $ 15.00 Crewmember license

It will take 1/2 of a position at the Accounting Clerk III level (range 10) to implement and administer this program. Since the bill will not take effect until 1/1/84, there will be no cost in FY83 and only a six month cost in FY84. A 4.5% increase has been figured for each year for negotiated contract increases.

Contractual costs are for requesting copies of income tax records from the Internal Revenue Service in order to establish eligibility. Again, there will be no cost in FY83 and only a six month cost in FY84.

The license itself can be incorporated into our present license but we will need to design a new affidavit and a release for tax record form and have a supply printed and distributed. This should be a one time cost in FY84 only.

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: November 30, 1983

REQUEST
Bill/Resolution No.: SB 52
Title: "...licensing of commercial fishing..."
Sponsor: Senator Mulcahy
Requestor: Resources and Finance
Date of Request: March 9, 1983

FISCAL DETAIL
Agency Affected: Labor
Program Category Affected: Worker Protection
BRU, Program or Subprogram(s) Affected: Fishermen's Fund

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER *		<5.8>	<11.5>	<11.5>	<11.5>	<11.5>
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

The impact is on the Fishermen's Fund.

ANALYSIS: Attach a separate page for analysis

Prepared By: Jacquelyn McClintock
Phone: 465-2790
Division: Workers' Compensation
Date:

Approved by Commissioner: Jim Robison
Date: 12/1/83
Agency: Labor

LEG:A:13
Distribution (by Agency preparing fiscal note):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)

12/1/83

FISCAL NOTE

THE LEGISLATURE OF THE STATE OF ALASKA
THIRTEENTH LEGISLATURE
BILL/RESOLUTION NO: SB 52
TITLE: "An Act relating to licensing of commercial fishing"
AGENCY AFFECTED: Department of Labor
Page 2

This bill would revise the cost for resident crewmember commercial fishing licenses for approximately 1,282 individuals in Calendar Year 1985. The cost will be reduced from $30.00 to $15.00 for all residents who have a net family income falling within the poverty guidelines established by the Federal Community Services Administration and the Department of Revenue.

In preparing this fiscal note the following assumptions have been made:

1. Effective date of January 1, 1985.

2. No significant increase in the number of licenses sold from Calendar Year 1982 is anticipated.

3. Seven percent of resident crewmembers would qualify.

4. Loss of General Funds (40 percent of fee) will be reflected in the Department of Revenue's fiscal note.

The projected loss in revenue to the Fishermen's Fund will therefore be as follows:

Number of licenses sold in Calendar Year 1982	18,309
Number of low-income Crew Members	x .07 1,282
Total Loss in Revenue	x $15 $19,230
Total Loss to Fund	x .60 $11,538

The same loss would be projected for Fiscal Year 1986 through Fiscal Year 1989. The impact on Fiscal Year 1985 would be only $5,769, as the law would take effect January 1, 1985.

LEG:A:13

CITATION Sec. 16.05.450.
CATCH LINE

ISSUANCE OF LICENSES.

Sec 1 amends this

TEXT (a) The commissioner of revenue or his authorized agent shall issue a crewmember fishing license under AS 16.05.480 to each qualified person who files a written application at a place in the state designated by the commissioner, containing the reasonable information required by the commissioner together with the required fee. The application shall be simple in form and shall be executed by the applicant under the penalty of perjury.

(b) The Commercial Fisheries Entry Commission shall issue a vessel license under AS 16.05.490 to each qualified vessel for which a written application has been filed at a place in the state designated by the commission, containing the reasonable information required by the commission together with the required fee. The application shall be simple in form and shall be executed by the applicant under the penalty of perjury.

(c) Repealed by sec. 19 ch 105 SLA 1977.

HISTORY (Sec. 3 art III ch 94 SLA 1959; am sec. 1 ch 163 SLA 1962; am sec. 7 ch 31 SLA 1963; am secs. 1, 2 ch 92 SLA 1971; am sec. 1 ch 145 SLA 1972; am secs. 2, 3, 19 ch 105 SLA 1977)

CITATION Sec. 16.05.460.
CATCH LINE

Sec 2 amends this

COMMISSIONER OF REVENUE MAY APPOINT AGENTS.

TEXT The commissioner of revenue may appoint qualified persons as his agents to receive applications, issue licenses, and collect license fees under AS 16.05.440 - 16.05.480, and to assist in the completion of annual application or renewal forms for interim-use permits and entry permits issued under AS 16.43.010 16.43.380.

HISTORY (Sec. 4 art III ch 94 SLA 1959; am sec. 8 ch 31 SLA 1963; am sec. 4 ch 105 SLA 1977)

CITATION Sec. 16.05.470.
CATCH LINE

FEE FOR ISSUANCE OF LICENSES AND INTERIM-USE OR ENTRY PERMITS.

Sec 3 amends this

TEXT (a) A person appointed and authorized by the commissioner of revenue to sell licenses under AS 16.05.440 - 16.05.480, except salaried employees of the state, shall retain the sum of 15 per cent of the fee for the issuance of a license. An agent shall transmit monthly to the commissioner all license fees collected by him, less the authorized commission, together with a full accounting of the fees. The commissioner shall make monthly remittances of the fees collected to the proper state official. The commissioner is not liable for defalcation or failure to account for the fees collected by an agent, but he shall require a bond in the sum he considers adequate, conditioned upon the faithful accounting of money collected.

(b) A person appointed by the commissioner of revenue under AS 16.05.460 to issue licenses under AS 16.05.440 - 16.05.480, except salaried employees of the state, shall retain the sum of 15 per cent of the interim-use or entry permit fee for assisting

See 3 amends this

in completion of the annual application or renewal form for the interim-use or entry permit. An agent shall transmit promptly to the Commercial Fisheries Entry Commission all application or renewal forms and fees collected by him, less the authorized commission, together with a full accounting of the fees. The commissioner and the Commercial Fisheries Entry Commission are not liable for defalcation or failure to account for the fees collected by an agent, but the commissioner shall require a bond in the sum he considers adequate, conditioned upon the faithful accounting of money collected.

HISTORY (Sec. 5 art III ch 94 SLA 1959; am sec. 9 ch 31 SLA 1963; am sec. 1 ch 8 SLA 1977; am secs. 5, 6 ch 105 SLA 1977)

Sec 4 repeals & re-enacts this

CITATION Sec. 16.05.480.
CATCH LINE
COMMERCIAL FISHING LICENSE.
TEXT LIMITED EFFECTIVE DATE

(a) -EFFECTIVE UNTIL JANUARY 1, 1982- A person engaged in commercial fishing shall obtain a commercial fishing license. The fee for the license is $10 for residents, and $30 for nonresidents. Except for those which are also entry or interim-use permits, all commercial fishing licenses are nontransferable. The commercial fishing license shall be retained in the possession of the licensee, readily accessible for inspection at all times. No more than one fee may be charged annually against a person. For the purposes of this section, "commercial fishing license" includes entry permits and interim-use permits issued under ch. 43 of this title and crewmember fishing licenses.

POSTPONED EFFECTIVE DATE

-EFFECTIVE JANUARY 1, 1983- A person engaged in commercial fishing shall obtain a commercial fishing license. The fee for the license is $30 for residents, and $90 for nonresidents. Except for those which are also entry or interim-use permits, all commercial fishing licenses are nontransferable. The commercial fishing license shall be retained in the possession of the licensee, readily accessible for inspection at all times. No more than one fee may be charged annually against a person. For the purposes of this section, "commercial fishing license" includes entry permits and interim-use permits issued under AS 16.43 and crewmember fishing licenses.

(b) A person applying for a resident commercial license under this section shall provide the proof of residence which the department requires by regulation.

(c) Repealed by sec. 12 ch 123 SLA 1978.

HISTORY (Sec. 6 art III ch 94 SLA 1959; am sec. 19 ch 131 SLA 1960; am sec. 1 ch 93 SLA 1966; am sec. 2 ch 42 SLA 1968; am sec. 8 ch 105 SLA 1977; am secs. 1, 2, 12 ch 123 SLA 1978; am sec. 1 ch 79 SLA 1982)

Sec 5 → adds a new section here

CITATION Sec. 16.05.680.
CATCH LINE

Sec 6 amends this

UNLAWFUL PURCHASES.

TEXT It is unlawful for a person, his agent, or his representative

(1) to have in his employ, in the harvesting, transporting or purchasing of fish, a fisherman who neither is licensed under AS 16.05.480 nor is the holder of a permit issued under AS 16.43.010 16.43.380,

(2) to purchase fish from a fisherman who neither is the holder of a permit issued under AS 16.43.010 16.43.380, nor is exempt under AS 16.05.660, or

(3) to purchase fish from an association other than one to which a permit has been issued under AS 16.05.662.

HISTORY (Sec. 10 art III ch 94 SLA 1959, am sec. 2 ch 96 SLA 1963; am sec. 2 ch 73 SLA 1970; am sec. 11 ch 105 SLA 1977)

~~Sec 5 adds a new sec. 710~~ Sec 7 repeals & re-enacts this

CITATION Sec. 16.05.710.

CATCH LINE

LICENSE FORFEITURE.

TEXT Upon a first or second conviction of a person for a violation of secs. 440 - 720 of this chapter or a federal or state law or regulation for the protection of the commercial fish of the state, the court may, in addition to the penalty imposed by law, forfeit the commercial fishing license of the person for a period of one year. Upon a third conviction, the court may, in addition to the penalty imposed by law, forfeit the commercial fishing license for a period not to exceed three years.

HISTORY (Sec. 11 art III ch 94 SLA 1959; am sec. 1 ch 112 SLA 1961; am sec. 1 ch 75 SLA 1966)

CITATION Sec. 16.10.310.

CATCH LINE

POWERS OF THE DEPARTMENT.

TEXT (a) The department may

(1) make loans to

Sec 8 amends this

(A) individual commercial fishermen who have been state residents for a continuous period of five years immediately preceding the date of application for a loan under AS 16.10.300 - 16.10.370 and have had a crewmember or commercial fishing license under AS 16.05.480 or a permit under AS 16.43 for any one of the past five years, and who actively participated in the fishery during that period, for the purchase of entry permits;

(B) an individual who has been a state resident for a continuous period of five years immediately preceding the date of application for a loan under AS 16.10.300 - 16.10.370, who (i) because of lack of training or lack of employment opportunities in the area of residence does not have occupational opportunities available other than commercial fishing; or (ii) is economically dependent on commercial fishing for a livelihood and commercial fishing has been a traditional way of life for the individual in Alaska, for the repair, restoration or upgrading of existing vessels and

gear, for the purchase of entry permits and gear, and for the construction and purchase of vessels;

Sec 9 amends this

(C) corporations, partnerships, or joint ventures, 100 percent of which are owned by individual commercial fishermen who have been state residences for a continuous period of five years immediately preceding the date of application for a loan under AS 16.10.310(a)(1)(B) and have had a crewmember or commercial fishing license under AS 16.05.480 or a permit under AS 16.43 for any one of the past five years, and who actively participated in the fishery during that period, for the repair, restoration or upgrading of existing vessels and gear, for the purchase of gear, and for the construction and purchase of vessels;

(2) designate agents and delegate its powers to them as necessary;

(3) adopt regulations necessary to carry out its functions;

(4) establish amortization plans for repayment of loans, which may include extensions for poor fishing seasons or for adverse market conditions for Alaskan products;

(5) enter into agreements with private lending institutions, other state agencies, or agencies of the federal government, to carry out the purposes of AS 16.10.300 - 16.10.370;

(6) enter into agreements with other agencies or organizations to create an outreach program to make loans under AS 16.10.300 - 16.10.370 in rural areas of the state.

(b) The department shall consult with the Department of Fish and Game on regulations and procedures established under this chapter.

HISTORY (Sec. 1 ch 134 SLA 1972; am sec. 3 ch 54 SLA 1973; am sec. 3 ch 128 SLA 1975; am sec. 1 ch 154 SLA 1977; am sec. 3 ch 83 SLA 1978; am secs. 2 - 7 ch 72 SLA 1979; am sec. 7 ch 113 SLA 1982)

CITATION Sec. 16.43.160.

CATCH LINE

FEES.

TEXT

Sec 10 amends this

(a) The commission shall establish annual fees for the issuance and annual renewal of entry permits or interim-use permits. The amount paid by a permit holder under the provisions of AS 16.05.480 shall be credited by the commission toward payment of the fee charged under this section. No more than one credit may be obtained annually by a person. LIMITED EFFECTIVE DATE

Sec 11 amends this

(b) -EFFECTIVE UNTIL JANUARY 1, 1983- Annual fees established under this section shall be no less than $10 and no more than $750 and shall reasonably reflect the different rates of economic return for different fisheries.

POSTPONED EFFECTIVE DATE

-EFFECTIVE JANUARY 1, 1983- Annual fees established under this section shall be no less than $10 and no more than $750 and shall

reasonably reflect the different rates of economic return for different fisheries. The amount of an annual fee for a nonresident shall be three times the amount of the annual fee for a resident.

(c) The resident holder of an entry permit or interim-use permit who has a net family income falling within the Federal Community Services Administration poverty guidelines, adjusted by the commission to reflect appropriate cost-of-living differentials, is subject to a maximum annual fee of $15.

HISTORY (Sec. 1 ch 79 SLA 1973; am sec. 15 ch 105 SLA 1977; am sec. 4 ch 123 SLA 1978; am sec. 2 ch 79 SLA 1982)

Sec 12 amends this

CITATION Sec. 23.35.060.

CATCH LINE

CREATION AND ADMINISTRATION OF FISHERMEN'S FUND.

TEXT There is created a fund, designated as the "fishermen's fund." The Department of Revenue is the custodian of the fund and the Department of Labor shall administer it. The fund shall be composed of 60 per cent of the money derived by the state from all commercial fishermen's licenses and money appropriated to carry out the purpose of AS 23.35.010 - 23.35.150.

HISTORY (Sec. 4 ch 100 SLA 1951; am sec. 1 ch 99 SLA 1955; am sec. 16 ch 105 SLA 1977; am sec. 11 ch 123 SLA 1978)

Sec 13 amends this

CITATION Sec. 23.35.150.

CATCH LINE

DEFINITIONS.

TEXT In this chapter

(1) "commissioner" means the commissioner of labor;

(2) "council" means the Fishermen's Fund Advisory and Appeals Council;

(3) "department" means the Department of Labor;

(4) "fisherman" means a person who is licensed by the state to engage in commercial fishing under AS 16.05.480 or who is the holder of a permit issued under AS 16.43 and who, at the time injury is sustained or illness is contracted, is actually so engaged or is occupied in Alaska in preparing or dismantling boats or gear used in commercial fishing;

(5) "fund" means the Fishermen's Fund;

(6) "occupational disease" means hernia; varicose veins of the leg; the respiratory diseases, bronchitis, pleurisy, and pneumonia caused by or aggravated by the fishing endeavor, but excluding the common cold and influenza; rheumatism, arthritis and those musculoskeletal diseases (such as bursitis, traumatic sciatica, and tenosynovitis) directly caused by or aggravated by the fishing endeavor; and does not include a disease not common to both sexes, venereal disease, or a condition arising out of an attempt of a fisherman to injure himself or another.

(7) "approved medical facilities" and "medical care" include the facilities of, or the care and treatment prescribed or performed by, a practitioner or chiropractic

licensed by the state under AS 08.20.

HISTORY (Sec. 13 ch 64 SLA 1959; am sec. 1 ch 93 SLA 1960: sec. 4 ch 100 SLA 1951; am sec. 1 ch 99 SLA 1955: sec. 5 ch 100 SLA 1951; am sec. 2 ch 99 SLA 1955; am sec. 1 ch 59 SLA 1957: sec. 8 ch 100 SLA 1951; am sec. 1 ch 77 SLA 1962; am sec. 1 ch 51 SLA 1972; am sec. 17 ch 105 SLA 1977)

CITATION Sec. 43.75.017.

CATCH LINE

EXCLUSION FROM FISHERIES BUSINESS TAX.

TEXT A person is not liable for the fisheries business tax under AS 43.75.015 when the fishery resource is frozen aboard a fishing vessel if

See 14 amends this

(1) the vessel is operated as a commercial fishing vessel under a valid commercial fishing license;

(2) the fishery resource is not processed beyond heading, gutting or cleaning, freezing and glazing;

(3) the fishery resource was caught by the vessel; and

(4) the fishery resource is sold by the person claiming an exclusion from the tax to a fisheries business licensed under AS 43.75.011 - 43.75.140.

HISTORY (Sec. 7 ch 117 SLA 1981)

CITATION Sec. 44.81.210.

CATCH LINE

POWERS OF THE BANK.

TEXT (a) The bank may

(1) make variable rate or fixed rate loans to individuals who are residents and who are engaged in commercial agriculture or fishing, including harvesters, processors, suppliers and marketers, or to corporations, partnerships or joint ventures engaged in commercial agriculture or fishing, the majority interest of which is beneficially owned by residents of the state and a majority of the owners of which are residents of the state, if the recipient of the loan is a member of the bank; however, the bank may make a loan under this paragraph to a corporation, partnership, or joint venture for the purchase of a new or existing fishing vessel or for the repair or renovation of an existing fishing vessel, the primary purpose of which is to commercially harvest fishery resources, only if the corporation. partnership, or joint venture is wholly owned and controlled by residents of the state and if the recipient of the loan is a member of the bank.

(2) make and alter bylaws necessary or desirable to carry out its corporate functions;

(3) establish amortization plans for repayment of loans, which may include extensions for poor fishing or farming seasons, or for adverse market conditions for Alaskan products;

(4) enter into agreements with regional institutions of

the federal farm credit system, private lending institutions, and other [illegible] agencies or agencies of the federal government [illegible] out the purposes of AS 44.81.010 - 44.81.350;

(5) [illegible] er, and use a corporate seal;

(6) su[illegible] sued in the name of the bank;

(7) issue bonds to carry out any of its corporate purposes and powers;

(8) sell, lease as lessor or lessee, exchange, donate, convey or encumber in any manner by mortgage or by creation of any other security interest, real or personal property owned by it, or in which it has an interest, when, in the judgment of the board of directors, the action is in furtherance of its corporate purposes;

(9) incur secondary liability by guaranty or endorsement of the obligations of another corporation or legal entity when, in the judgment of the board of directors, the action is in furtherance of its corporate purposes;

(10) make loans as provided in (1) of this section in participation with financial institutions, and establish and regulate the terms of the loans;

(11) make contracts and execute instruments necessary or convenient in the exercise of its corporate powers;

(12) acquire by purchase, lease, bequest, devise, gift, the satisfaction of debts, or the foreclosure of mortgages, and hold, maintain, use, operate, and convey real or personal property;

(13) borrow money and issue secured and unsecured evidence of indebtedness for a corporate purpose or to fund, refund, pay, or discharge outstanding obligations, and enter agreements and contracts concerning these obligations;

(14) secure the payment of its obligations by pledge or mortgage or other lien on its contracts, revenues, income, or property;

(15) appoint officers, employees, trustees for certificate holders, and agents, and prescribe their powers and duties;

(16) provide technical services to members of the bank; for the purpose of this paragraph, "technical services" includes services that will enhance the ability of the member to obtain financial assistance from the bank;

(17) make loans, as provided in (1) of this section, secured by liens subordinate to valid first liens and security agreements granted to a private lending institution;

(18) participate with state departments and agencies in formulating policy and in planning for the development of commercial fishing and agriculture in the state;

(19) do what is necessary or desirable to carry out the corporate purposes and powers expressed or implied in AS 44.81.010 - 44.81.350;

Sec 15 amends this

(20) make loans to individual commercial fishermen for limited entry permits; a loan under this paragraph may be made only to an individual commercial fisherman who has been a state resident for a continuous period of five years

immediately preceding the date of application for the loan and who has had a crewmember or commercial fishing license under AS 16.05.480 or a permit under AS 16.43.010 - 16.43.380 for any one of the past five years, and who has actively participated in the fishery during that period; loans made under this paragraph are subject to the provisions of AS 44.81.230;

(21) indemnify a director, officer or employee of the bank and his heirs, executors and administrators against all liabilities and related expenses including, but not limited to, court costs and attorney fees, judgments, and the cost of reasonable settlements, incurred by him in connection with or arising out of an action or proceeding brought against him because of an act or omission in the performance of his official duties as director, officer or employee of the bank regardless of whether he is a director, officer or employee at the time the expenses or liabilities are incurred;

(22) accept the pledge of a limited entry permit as security for a loan made under AS 44.81.010 44.81.350 for the repair, restoration, or improvement of a commercial fishing vessel or commercial fishing gear, or for the construction or purchase of a commercial fishing vessel, subject to the conditions set out in AS 44.81.230 - 44.81.250 on pledges of limited entry permits.

(b) The provisions of (a)(21) of this section do not authorize the bank to indemnify a director, officer or employee of the bank who is adjudged liable for negligence or misconduct in the performance of his official duties.

HISTORY (Sec. 3 ch 159 SLA 1978; am sec. 4 ch 53 SLA 1979; am secs. 7-10 ch 51 SLA 1980; am sec. 6 ch 109 SLA 1981; am sec. 52 ch 113 SLA 1982)

Effect of amendments. — The 1981 amendment added "or interim-use permit" preceding "if a person knowingly" in the introductory language of subsection (a). Also in subsection (a), the amendment deleted "or" from the end of paragraph (1), added "or" at the end of paragraph (2) and added paragraph (3). The amendment also added subsection (i).

Sec. 16.43.360. Penalties. (a) A person who violates a provision of this chapter or a regulation promulgated under this chapter is, upon conviction, guilty of a class B misdemeanor and is punishable by a fine of not more than $5,000 for a first conviction, and a fine of not more than $10,000 for a second or third conviction. Upon a third conviction, the person forfeits all interim-use and entry permits held by the person and loses eligibility for future issuance or transfer of interim-use or entry permits for a period of three years. Upon a first or second conviction under this section, the court may in its discretion order a forfeiture of interim-use or entry permits held by the person, as well as a loss of eligibility for future issuance or transfer of interim-use or entry permits, or order a suspension of fishing rights under interim-use or entry permits held or to be held by the person for a period of not more than three years. This subsection does not apply to violations of AS 16.43.140(a).

(b) A person who knowingly makes a false statement of fact in the application for or renewal of an interim-use permit or an entry permit or vessel license application or renewal or in the application for a transfer under AS 16.43.170 — 16.43.180, or a person who assists another by knowingly making a false statement of fact in support of the other person's application for issuance or renewal of an interim-use permit or an entry permit or vessel license is guilty of a misdemeanor and shall forfeit all interim-use permits and entry permits held by him and shall lose eligibility for interim-use permits and for entry permits for a period of three years and is punishable by a fine of not more than $5,000.

(c) Repealed by § 12 ch 47 SLA 1981.

(d) If a permit holder is charged by the state with violating a provision of AS 16.43.010 — 16.43.380 or a regulation adopted under AS 16.43.010 — 16.43.380, he may not transfer, under AS 16.43.170, any interim-use or entry permit he may hold, until after the final adjudication or dismissal of the charges.

(e) Notwithstanding any other provision of this section, no interim-use or entry permit may be transferred while under suspension, without the consent of the commission.

(f) An entry permit forfeited under this section that is taken as security for a loan under AS 16.10.333 or AS 44.81.230 shall be reassigned as provided in AS 16.10.337 or AS 44.81.250.

(g) A person who violates the provisions of AS 16.43.140(a) is

(1) upon a first conviction, guilty of a class B misdemeanor and may be sentenced to a definite term of imprisonment of not more than 90

days, or forfeiture of the person's fishing vessel, or both, and shall be sentenced to a fine of not less than $5,000 nor more than $10,000 and loss of commercial fishing privileges for a period of one year after the date of conviction;

(2) upon a second conviction, guilty of a class A misdemeanor and may be sentenced to a definite term of imprisonment of not more than one year, and shall be sentenced to a fine of not less than $10,000 nor more than $20,000, forfeiture of the person's fishing vessel, and loss of commercial fishing privileges for a period of two years after the date of conviction;

(3) upon a third or subsequent conviction, guilty of a class A misdemeanor and may be sentenced to a definite term of imprisonment of not more than one year, and shall be sentenced to a fine of not less than $20,000 nor more than $50,000, forfeiture of the person's fishing vessel, and loss of commercial fishing privileges for a period of five years after the date of conviction.

(h) A person convicted of violating the provisions of AS 16.43.140(a) forfeits the value of the fishery resources found on board the person's vessel at the time of the violation. (§ 1 ch 79 SLA 1973; am § 7 ch 73 SLA 1977; am §§ 7—9 ch 123 SLA 1978; am §§ 10, 12 ch 47 SLA 1981; am §§ 4, 5 ch 94 SLA 1982)

Cross references. — As to sentences for misdemeanors, see AS 12.55.135.

Effect of amendments. — The 1978 amendment, in the first sentence of subsection (a), inserted "or assists in the violation of," "is" preceding "upon conviction," and "or third," substituted "and" for a semicolon following "for a first conviction" and deleted the language providing a penalty for a third conviction from the end of that sentence. The amendment also added the second and third sentences of subsection (a), and in subsection (b), inserted "knowingly" near the beginning and near the middle, "or renewal of" near the beginning, "or vessel license application or renewal" near the beginning, and "or renewal" near the middle, deleted "a material" preceding "fact" near the beginning and near the middle, and substituted "vessel license" for "transfer of an entry permit, upon conviction" near the middle and "three years and is punishable by a fine of not more than $5,000" for "five years" at the end. Moreover, the amendment added subsection (e).

The 1981 amendment repealed subsection (c) which read "If a permit holder is convicted of a violation of AS 43.20.335 and the violation relates to income derived from commercial fishing under this title, he shall forfeit all interim-use permits and entry permits held by him and shall lose eligibility for interim-use permits and for entry permits for a period of five years" and added subsection (f).

The 1982 amendment, effective June 16, 1982, in subsection (a), deleted "or assists in the violation of" following "violates" and inserted "class B" preceding "misdemeanor" in the first sentence, substituted "forfeits" for "shall forfeit" in the second sentence, substituted "by the person" for "by him" in two places in the next-to-last sentence, and added the present last sentence. The amendment also added subsections (g) and (h).

Editor's notes. — This section was redrafted by the revisor of statutes to remove personal pronouns in conformity with AS 0.05.031(c) and § 4, Chapter 58, SLA 1982.

Sec. 16.43.380. Definitions. In this chapter

(1) "commission" means the Alaska Commercial Fisheries Entry Commission;

Alaska State Legislature

House of Representatives

Special Committee on Fisheries

Pouch V
Juneau, Alaska 99811
(907) 465-4924

CHAIRMAN
ADELHEID HERRMANN
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MEMORANDUM

TO: Special Committee on Fisheries Members

FROM: Mel Monsen

DATE: March 8, 1984

SUBJECT: SB 52, Section 7 (License Forfeiture)

The current license forfeiture statute (AS 16.05.710) allows the forfeiture of commercial fishing licenses for violations of AS 16.05.440 - 16.05.720 (Attachment 1). Included in the definition of commercial fishing licenses are interim-use and entry permits.

In SB 52, Section 7, the license forfeiture statute is rewritten and during the Fisheries Committee discussion of this bill, concern was raised that forfeiture of an entry permit may be overly harsh (Attachment 2). To address this problem, the Committee amended the bill so that first and second conviction forfeitures can be for only one year and third conviction forfeitures can be for only three years (Attachment 3).

After researching this statute and discussing it with Legal Services (Ed Hein) several interesting points have been raised. First, forfeiture is not for a time period and should not have a time limit attached. If the Committee wants to limit the time period, a suspension should be used. Second, the license forfeiture language was enacted before limited entry and at that time forfeiture only meant giving up an annual and inexpensive license, not an expensive fishing privilege.

In order to address the Committee concerns with the section, I have drafted two options for the license forfeiture section. Under the first option, the court would have the option of suspension of permits for one year for first or second offenses and for three years for the third offense (attachment 4). Of course, the crewmember license could still be forfeited, but no forfeiture of permits for violation of 16.05 would be allowed.

Policy Decision on Sec 7,
Forfeiture of License & Permint

The second option is more strict and still allows for forfeiture of permits (attachment 5). Under first and second offenses, the available penalties are the same as the first option, but upon a third conviction, the courts have the option of forfeiting the permit permanently.

SB 52 is in the House Resources Committee at the present time and is on hold while the license forfeiture questions are answered. Once a decision is reached, a committee substitute can be drafted which includes both the Fisheries Committee amendments and any changes to Section 7. I will contact your offices shortly after you receive this memo to get direction on this issue.

ATTACHMENT #1

Sec. 16.05.710. License forfeiture. Upon a first or second conviction of a person for a violation of AS 16.05.440 — 16.05.720 or a federal or state law or regulation for the protection of the commercial fish of the state, the court may, in addition to the penalty imposed by law, forfeit the commercial fishing license of the person for a period of one year. Upon a third conviction, the court may, in addition to the penalty imposed by law, forfeit the commercial fishing license for a period not to exceed three years. (§ 11 art III ch 57 SLA 1959; am § 1 ch 112 SLA 1961; am § 1 ch 75 SLA 1966)

ATTACHMENT #2

Sec. 7. AS 16.05.710 is repealed and reenacted to read:

Sec. 16.05.710. LICENSE FORFEITURE. (a) Upon a first or second conviction of a person for a violation of AS 16.05.440 - 16.05.720 or a federal or state law or regulation for the protection of the commercial fish of the state, the court may, in addition to the penalty imposed by law, order

(1) a forfeiture of a crewmember fishing license, interim-use permit, or entry permit held by the person;

(2) a loss of eligibility to hold a crewmember fishing license, interim-use permit, or entry permit for a period of not more than one year; and

(3) a suspension of fishing rights under a crewmember fishing license, interim-use permit, or entry permit for a period of not more than one year.

(b) Upon a third conviction, the court may, in addition to the penalty imposed by law, order

(1) a forfeiture of the crewmember fishing license, interim-use permit, or entry permit held by the person;

(2) a loss of eligibility to hold a crewmember fishing license, interim-use permit, or entry permit for a period of not more than three years; and

(3) a suspension of fishing rights under a crewmember fishing license, interim-use permit, or entry permit for a period of not more than three years.

ATTACHMENT #2

Sec. 16.05.710. LICENSE FORFEITURE. (a) Upon a first or second conviction of a person for a violation of AS 16.05.440 - 16.05.720 or a federal or state law or regulation for the protection of the commercial fish of the state, the court may, in addition to the penalty imposed by law, order

(1) a forfeiture of a crewmember fishing license, interim-use permit, or entry permit held by the person for a period of not more than one year;

(2) a loss of eligibility to hold a crewmember fishing license, interim-use permit, or entry permit for a period of not more than one year; and

(3) a suspension of fishing rights under a crewmember fishing license, interim-use permit, or entry permit for a period of not more than one year.

(b) Upon a third conviction, the court may, in addition to the penalty imposed by law, order

(1) a forfeiture of a crewmember fishing license, interim-use permit, or entry permit held by the person for a period of not more than three years;

(2) a loss of eligibility to hold a crewmember fishing license, interim-use permit, or entry permit for a period of not more than three years; and

(3) a suspension of fishing rights under a crewmember fishing license, interim-use permit, or entry permit for a period of not more than three years.

ATTACHMENT #4

* Sec. 7. AS 16.05.710 is repealed and reenacted to read:

Sec. 16.05.710. LICENSE FORFEITURE. (a) Upon a first or second conviction of a person for a violation of AS 16.05.440 - 16.05.720 or a federal or state law or regulation for the protection of the commercial fish of the state, the court may, in addition to the penalty imposed by law, order

(1) a forfeiture of a crewmember fishing license held by the person;

(2) a loss of eligibility to hold a crewmember fishing license, interim-use permit, or entry permit for a period of not more than one year; and

(3) a suspension of an interim-use permit or entry permit for a period of not more than one year.

(b) Upon a third conviction, the court may, in addition to the penalty imposed by law, order

(1) a forfeiture of a crewmember fishing license held by the person;

(2) a loss of eligibility to hold a crewmember fishing license, interim-use permit, or entry permit for a period of not more than three years; and

(3) a suspension of an interim-use permit or entry permit for a period of not more than three years.

ATTACHMENT #5

* Sec. 7. AS 16.05.710 is repealed and reenacted to read:

Sec. 16.05.710. LICENSE FORFEITURE. (a) Upon a first or second conviction of a person for a violation of AS 16.05.440 - 16.05.720 or a federal or state law or regulation for the protection of the commercial fish of the state, the court may, in addition to the penalty imposed by law, order

(1) a forfeiture of a crewmember fishing license held by the person;

(2) a loss of eligibility to hold a crewmember fishing license, interim-use permit, or entry permit for a period of not more than one year; and

(3) a suspension of an interim-use permit or entry permit for a period of not more than one year.

(b) Upon a third conviction, the court may, in addition to the penalty imposed by law, order

(1) a forfeiture of the crewmember fishing license, interim-use permit, or entry permit held by the person;

(2) a loss of eligibility to hold a crewmember fishing license, interim-use permit, or entry permit for a period of not more than three years; and

COMMITTEE REPORT

HOUSE

HOUSE SPECIAL COMMITTEE ON STATE LOCAL RESOURCES

(7)

FURTHER:

6/1/83

Date: February 27, 1984

Mr. Speaker:

The Committee on HOUSE SPECIAL COMMITTEE ON FISHERIES has had CSSB 52(Res) on "An Act relating to the licensing of commercial fishing; and providing for an effective date."

under consideration and reports it back as follows:

[ ] do pass [ ] do not pass

[✓] do pass with attached amendments(s)

[ ] replace with CS for _____ [ ] same title [ ] new title

and recommends _____

[ ] AND attaches a "Letter of Intent" [X] New Fiscal Note [ ] Zero Fiscal Note Attached

[ ] reports it back without recommendation

[ ] referred to the _____ Committee

MEMBERS SIGNING DO PASS

Bob Zaborac
Vic Rabiner
Ben Summers
John D. Fuller
Peter Gore

MEMBERS HAVING OTHER RECOMMENDATIONS:

John D. Fuller
CHAIRMAN

H 60

Special Committee on Fisheries Action

SB

79

SENATE LETTER OF INTENT CSSE 79(Res)

The purpose of this legislation is to inform employees of the identity of and the health hazards and proper handling procedures for hazardous and toxic substances in their workplace through a communication and safety education program adopted by employers. While this legislation is designed to cover most employers in the state utilizing substances defined in the bill, it is not the intent to require employers to be responsible for the generation or creation of the information required to be posted or communicated to employees. Rather, the bill is designed under the assumption that federal regulations will be promulgated in the near future by the Occupational Safety and Health Administration (OSHA) which will require manufacturers to develop and distribute information for all the substances covered by the bill. The provision requiring that such information accompany substances imported into the state and the provision requiring the State Department of Labor to keep information on file for all substances covered by the bill are designed to aid employers in readily obtaining the required information.

It is the intent of the Committee that the Department of Labor play an active role in informing employers of the requirements of this bill and aiding them in meeting the requirements. Among the tasks required of and intended that the Department undertake are: the development of a poster outlining the provisions and employee rights under the bill and the printing of sufficient copies for all applicable employers; the compilation of all relevant information on the various substances covered by the bill and formulation of an information retrieval system capable of answering telephone inquiries by employers and employees on various substances and products; the compilation and printing of a list of the various substances identified in the bill as hazardous and toxic for use by employers; the provision of assistance to employers upon request in developing safety education programs; and the surveying of various employers or industries to identify the types of substances used and problems being encountered. In this last task it is intended that such surveys be made in cooperation with business and industry groups or associations.

It is the intent of the Committee that the Department complete the specific tasks identified in section 1 of the bill at least several months in advance of the July 1, 1984 effective date for section 2 of the bill requiring posting and training by employers.

The bill authorizes the Department to identify substances to be covered by the bill. It is the intent of the Committee that this authority be used only on a case-by-case basis pursuant to the Administrative Procedure Act to cover a very few substances which might be of specific concern in the

state but for some reason, such as bureaucratic delay, have not yet been identified on the federal level pursuant to OSHA regulation. It is not the intent of the Committee to direct the Department to engage in a major identification, testing or research program which would result in large numbers of additional substances or additional lists of substances beyond those identified in the bill.

By The Resources Committee

Adopted in the Senate, May 31, 1983.

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST
Bill/Resolution No. CS for SB 79 (Res)
Title Toxic waste and hazardous substances in the workplace
Requested by Senate Finance Committee Date May 19, 1983

II. FISCAL DETAIL
Agency Affected Department of Environmental Conservation
Program Category Affected Hazardous Waste
BRU, Program, or Subprogram(s) Affected Laboratory Monitoring Support
(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
100 PERSONAL SERVICES	0	0				
200 TRAVEL	0	0				
300 CONTRACTUAL	0	0				
400 COMMODITIES	0	0				
500 EQUIPMENT	0	0				
600 LAND & STRUCTURES	0	0				
700 GRANTS, CLAIMS, ETC	0	0				
TOTAL	0	0				

FUNDING (Thousands of Dollars)

GENERAL FUND	0	0				
FEDERAL FUNDS	0	0				
OTHER (Specify Fund Source)	0	0				

POSITIONS

FULL TIME	0	0				
PART TIME	0	0				
TEMPORARY	0	0				

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

IV. DATE May 19, 1983 PREPARED BY
AGENCY Don Bennett, Co-chairman
PHONE Senate Finance Committee 3714

Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)

33-001 (Rev. 12/79)

ALASKA STATE SENATE

JOE P. JOSEPHSON
[illegible]

[illegible]
[illegible]
[illegible]

WHILE IN JUNEAU
POUCH V
JUNEAU ALASKA 99811
907 465 4907
907 465 4525

June 11, 1983

Honorable John Ringstad
Chairman
House Resources Committee
Alaska State Legislature
Juneau

Dear John:

Re: SB 79, "Right to Know"

SB 79 passed the Senate by an overwhelming vote.

The Senate-passed committee substitute had support from business, labor, and health groups. I am enclosing some background papers and correspondence which describe the bill and reflect its broad support.

I would be prepared to testify on this measure before the Resources Committee at your convenience.

Your Fairbanks colleague, Senator Fahrenkamp, worked diligently with all parties to develop the committee substitute.

I also understand that SB 79 is a priority bill of the administration's, and the committee substitute has the administration's full support.

I'd be grateful if the Committee could consider this measure at its earliest opportunity. Should your staff desire further information, Mr. Henry Lancaster of my office is available for that purpose.

With best regards,

Sincerely,

Joe P. Josephson

Enclosures

STATE OF ALASKA
FISCAL NOTE

Revision Date May 10 1983

I. REQUEST
Bill/Resolution No.: CS for SB 79 (Res)
Title: "...hazardous & toxic substances"
Sponsor: Senate Labor & Commerce
Requestor: Senate Labor & Commerce

II. FISCAL DETAIL
Agency Affected: Labor
Program Category Affected: Worker Protecti
BRU, Program of Subprogram(s) Affected:
Labor Standards & Safety, Occupational Safety & Health

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES		75.0	79.5	84.3	89.4	94.8
200 TRAVEL		17.5	10.6	11.2	11.9	12.6
300 CONTRACTUAL		37.5	39.8	42.2	44.7	47.4
400 COMMODITIES		2.5	1.6	1.7	1.8	1.9
500 EQUIPMENT		12.7	0	0	0	0
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL OPERATING		145.2	131.5	139.4	147.8	156.7
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND		145.2	131.5	139.4	147.8	156.7
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS:

FULL-TIME		2	2	2	2	2
PART-TIME						
TEMPORARY						

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

N/A

RECEIVED
MAY 1 1983
Josephson,

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: Robert J. Bacolas, Sr. Phone: 465-4870
Division: Labor Standards and Safety Date: May 10, 1983

Approved by Commissioner: Jim Robison Date: May 10, 1983
Department: Labor
LEG:B:9

Distribution:
Original to Legislative Finance
Copy to Office of Management and Budget (for Legislature introduced bills)
Copy to Department (for Governor introduced bills)
Copy to Sponsor
Copy to Requestor (if different from Sponsor)

3/8/23

FISCAL NOTE

THE LEGISLATURE OF THE STATE OF ALASKA
THIRTEENTH LEGISLATURE
TITLE: "An Act relating to hazardous and toxic substances."
AGENCY AFFECTED: Department of Labor

Under this bill the Department of Labor will be responsible for collecting and disseminating information regarding hazardous chemicals and/or substances at work or storage sites in Alaska.

An Industrial Hygienist position in Anchorage will be required to review and respond to requests about the effects of hazardous chemicals or substances, recommend remedial action if required, and communicate this information to the requestor. In addition, one clerical position will be required to provide support for the hygienist.

In addition to the personal services cost associated with the Industrial Hygienist and clerical position, the Department will need to increase the current contract for laboratory services ($5,000), the indirect support services and rent allocations ($7,479 and $6,800 respectively), and its printing and postage allocations, distribution of posters, and safety data sheets. All other costs in Contractual Services are normal operating costs ($7,200). Additionally, the Industrial Hygienist position will require various scientific measuring and sampling equipment ($7,600), as well as basic office equipment. The Travel budget for FY 1984 includes $2,500 for recruiting and relocation expenses for the hygienist position and $15,000 for extensive in-state travel to conduct training sessions and hazardous substance seminars throughout the State for the first year.

Assumptions:

The Department will collect and disseminate information regarding hazardous chemicals and/or substances to the general public, and as a result will also be making increased work-site inspections.

Inflation rate of 6 percent per annum.

The equipment costs of $12,700 are one-time items.

$5,000 of the in state travel is a one time item (informational visits) and $2,500 of the travel for relocation/recruiting expenses is a one-time item.

Effective date of July 1, 1983.
$1,000 of the first year's supply costs is a one-time item.

LEG:B:5

	POSITION TITLE	RANGE/STEP	BARG. UNIT	FORM 12 PAGE/LINE	GOV.	APPROV.	DISAPP.
1.	Industrial Hygienist I	19A	GGU				

	TYPE OF POSITION	STAFF MONTHS	RP NUMBER	PCN NUMBER	BRU PRIORITY	LOCATION	ELECTION DISTRICT	LEG.
2.	PFT	12	CS for SB 79			Anchorage		

	CONTINUATION LEVEL		ADDITION	X
3.				

4.	TYPE OF EXPENDITURE 1	2	AMOUNT 3
	PERSONAL SERVICES		
5.	Salary	38,135	
6.	Benefits	6,053	
7.	Supplemental Benefits	2,338	
8.	Fixed Benefits	2,880	
9.	TOTAL PERSONAL SERVICES	01	49,406
10.	Travel	02	17,500
11.	Contractual	03	25,622
12.	Commodities	04	1,500
13.	Equipment	05	10,200
14.	Other		
15.	TOTAL COST		104,228

	RECEIPT CODE	FUNDING SOURCE		
16.		Federal Receipts	1002	
17.		G.F. Match	1003	
18.	100	General Funds	1004	104,228
19.		I-A Receipts	1005	
20.		Program Receipts	1028	
21.		Other		

FOR O&M USE ONLY
4A KEY NUMBER — — - — — - — — - — — - — —

JUSTIFICATION

The hygienist will ascertain the effects a chemical/substance will produce, recommend remedical action if required and communicate this information to requestor in understandable terminology. As the populace becomes better informed, there will undoubtably be more requests for this agency to visit work/storage sites to monitor them for potentially hazardous conditions.

Personal services calculations are based on the salary schedule that is currently awaiting approval for FY '84.

Travel funds include $2,500 in relocation and recruiting expense and $15,000 for in-state travel because this position will be conducting training sessions and other workshops throughout the State.

Contractual services consist of $3,400 for rent, $5,022 for indirect support services, 5,000 for increased laboratory costs, $7,200 for printing and postage for hazardous information, and $5,000 for basic operating expenses.

The equipment costs are comprised of various scientific equipment ($7,700), office equipment ($1,500), and protective equipment ($1,000).

13 REQUEST FOR NEW POSITION

AGENCY Labor

PROGRAM Workers' Protection

BRU Labor Standards and Safety

COMPONENT Occupational Safety and Health

FY 84

Revised Date

	POSITION TITLE	RANGE/STEP	BARG. UNIT	FORM 12 PAGE/LINE	GOV.	APPROV.	DISAPP.
1.	Clerk Typist III	8A	GGU				

	TYPE OF POSITION	STAFF MONTHS	RP NUMBER	PCN NUMBER	BRU PRIORITY	LOCATION	ELECTION DISTRICT	LEG.
2.	PFT	12	CS FOR SB 79			Anchorage		

3. CONTINUATION LEVEL | ADDITION | XX |

4.	TYPE OF EXPENDITURE 1	2	AMOUNT 3
	PERSONAL SERVICES		
5.	Salary	18,647	
6.	Benefits	2,960	
7.	Supplemental Benefits	1,143	
8.	Fixed Benefits	2,880	
9.	TOTAL PERSONAL SERVICES	01	25,630
10.	Travel	02	0
11.	Contractual	03	11,856
12.	Commodities	04	1,000
13.	Equipment	05	2,500
14.	Other		
15.	TOTAL COST		40,986

	RECEIPT CODE	FUNDING SOURCE		
16.		Federal Receipts	1002	
17.		G.F. Match	1003	
18.	100	General Funds	1004	40,986
19.		I-A Receipts	1005	
20.		Program Receipts	1028	
21.		Other		

FOR O&M USE ONLY
4A KEY NUMBER ___ - ___ - ___ - ___ - ___

JUSTIFICATION

This position is necessary to provide support to the Industrial Hygienist to handle the increased activity that will occur as a result of implementing the provisions of Committee Substitute for Senate Bill 79.

This position will type and file information under direction of the Industrial Hygienist.

Personal services calculations are based on the salary schedule that is currently awaiting approval for FY 1984.

Contractual services costs consist of equipment rent, management services support of $2,456, and space rent of $3,400. Additionally, $1,000 for a word processing data management package will be required to collate, and facilitate the disseminating of hazardous substance information. All other costs are normal operating costs.

13 REQUEST FOR NEW POSITION

AGENCY Labor

PROGRAM Worker Protection

BRU Labor Standards and Safety

COMPONENT Occupational Safety and Health

FY 84

Revised Date

Alaska State Legislature

Official Business

Pouch V
State Capitol
Juneau, Alaska 99811

MEMORANDUM

May 12, 1983

TO: Senator Bettye Fahrenkamp
Chair, Senate Resources Committee

FROM: Senator Joe P. Josephson

SUBJECT: Senate Bill 79, "An Act relating to toxic and hazardous substances in the workplace; and providing for an effective date."

Chair Fahrenkamp and members of the Senate Resources Committee:

I would like to express my sincere appreciation for this opportunity to once again address the issue of improved worker safety in Alaska. Since the introduction of SB 79 on January 27, I have been deluged with information, POMs and news articles applauding and criticizing the need for such legislation. I would like to commend you and your staff for enduring the long hours of testimony, negotiations and renegotiations needed to produce the committee substitute under consideration today.

CSSB 79 is a compromise bill without undue restrictions on red tape that affords Alaska workers the opportunity to make reasonable choices. The class of workers affected by this bill will be educated in the use and disposal of toxic and hazardous substances in their work environment. They will be able to ascertain accurate and up-to-date information about substances in their work environment without undue burdens or obstacles. And, probably the most significant aspect of the bill rests in the fact that the Alaska worker will know that the state is enhancing its commitment to worker safety. The role of the Department of Labor will be responsible for accumulating valuable information for worker inquiry. The Department will develop monitoring procedures to insure that the education programs provided by employers are adequate. The Department will be available to answer questions about particular occupations with respect to toxic or hazardous substances.

Madame Chair, the bill has come a long way this session and has seen quite a facelift, but I think that the major premise of "worker right to know" has been preserved and has been presented in a reasonable manner. I support the bill and encourage the committee to vote in favor of it.

JPJ/tl

Alaska Environmental Lobby, Inc.
419 6th Street, Suite 328 Juneau, Alaska 99801 907-586-2345

To: LAWCASH

April 21, 1983

To: Members of the Alaska Senate.

From: Jay Nelson, Executive Director
David Wigglesworth, Issues Specialist

Subject: Senate Bill 79, an act relating to hazardous substances in the workplace.

Enclosed are two articles concerning SB 79. SB 79 requires that the use and composition of certain hazardous and toxic materials found in the workplace are made known to the workers exposed to them, so that preventive health measures can be taken.

To date, nine (9) states and several major cities have passed right-to-know laws similar to SB 79. Right-to-know legislation has been introduced into thirteen other states this year. Public officials are taking action on worker safety because of their lack of confidence in the federal government's ability to protect the health of workers.

Some of you may know that the US Occupational Safety and Health Administration(OSHA) is just now preparing to reintroduce health and safety standards for workers. While a step in the right direction, the proposed federal legislation would cover only 5% of Alaskan workplaces disregarding the workers in transportation, agriculture, construction, and other non-manufacturing occupations. Furthermore, the proposed federal regulations would not make it mandatory that employers obtain and maintain information on the toxic and hazardous materials used by their businesses.

Support for SB 79 covers a wide range of the Alaska public including the Department of Labor, the Alaska Jaycees, the Sheffield Administration, the Alaska Public Employees Assoc., the Alaska Health Project, the Alaska League of Women Voters, the Asbestos Workers Union, the Inland Boatmans Union, the Anchorage Municipal Health Commission,the Alaska Environmental Lobby, the Anchorage Environmental Health Advisory Committee, the Alaska Public Health Association.

It is the fundamental right of workers to know about the types

(over)

ment by the Field brothers has altered nor diminished our long-term plans for continued improvements in the newspaper and we remain as steadfast as ever in providing our readers with the best newspaper that talent and en-

cits."

Marshall Field noted that the family has owned newspapers in Chicago since 1941. The statement said the company "anticipates that The Chicago Sun-Times will be one of the assets offered for

pendent Press Service.

The syndicate, headquartered in Irvine, Calif., distributes columns, cartoons and features worldwide to more than 2,000 dailies and weeklies.

The news service was

Times.

• Field Electronic Publishing, established in 1981 to develop and test the first commercial teletext experiment approved by the Federal Communications Commission.

Daily News April 16, 1983 - SATURDAY

Bill asks employer's danger advice

By ROBERTA GRAHAM
Daily News business reporter

Gov. Bill Sheffield has said he strongly favors a bill that would require employers to advise workers of the presence of cancer-causing chemicals in the workplace and to label hazardous substance containers, according to Department of Labor Commissioner Jim Robinson.

Robinson, attending a forum Friday on safety and health in the workplace, announced Sheffield's endorsement of the Senate amended version the bill nicknamed the right-to-know legislation.

Robinson said the governor asked the labor department to take the lead in ensuring the bill is passed.

"He's asked us to lobby Anchorage and Kenai and Fairbanks legislators. He's asked us to push for the bill," Robinson said.

The legislation is currently being opposed by business, which prefers more lenient, proposed federal standards, and supported by labor and consumer groups.

It calls for a manufacturer or a wholesaler, when selling a hazardous or toxic substance, to provide the purchaser a list of those chemicals.

Under the bill, that information must then be posted in the workplace, such as the lunchroom or on an employee billboard. Additionally, it would require the employer, within 30 days, to provide the information to any worker.

Federal agenices have identified some 65,000 cancer-causing agents. But the bill would require the state labor department to draw up a list of only those chemicals used in Alaska. It specifically exempts foods, cosmetics, drugs, tobacco or substances used for personal consumption because most of these items already are regulated by federal statutes.

The employer would be required to train all employees as to the hazards of the chemicals, the potential long-term affects and how to properly handle them.

And, it would give an employee, who believes he has been exposed to toxic chemicals, access to corporate records.

The Senate Resources Committee has held several hearings on S.79 and recently has drafted a substitute bill — the version which the governor likes.

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recording, fast
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field advance and
motion. The tuner
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two-week period.
next to Chuck E. Cheese

Speaker calls for healthy workplace

By ROBERTA GRAHAM
Daily News business reporter

Local and state governments need to become more active in promoting health and safety in the workplace and not rely on the federal government to do the work, said Eula Bingham, keynote speaker at a safety forum sponsored Friday by the Alaska Health Project.

Bingham, administrator of the Occupational Safety and Health Administration under former President Jimmy Carter and now professor of environmental health, University of Cincinnati, said she was pessimistic about future involvement of federal agencies in promoting healthy workers and a safe working environment.

But she stressed that consumer and activist groups can push for a stronger federal involvement by pressing political candidates for their views before election day.

"We're just not getting the strong federal support we need," she said.

Citing drastic budget cuts of federal enforcement agencies and cutbacks of public health officials, Bingham said workplace accidents are occurring at increasing levels.

"It has been estimated that there are approximately 12,000 deaths associated with occupational exposure. There have been 5,000 respiratory cancer deaths — including leukemia, colon and bladder cancer, and 16,000 heart attacks all associated with occupational exposure," she said.

☐ Gov. Sheffield favors an Alaska bill that would require employers to advise workers of cancer-causing agents they may be handling. See Bill, Page B-6

"And these numbers don't include early retirements, belated cancer deaths, skeletal diseases or reproductive failures," she said.

"The government is acting as if there are no diseases and if we look at what's happened over the past two years, it's apparent we're turning our backs on workers — on diseased workers. And we may be ignoring future generations," she said.

Specifically, Bingham criticized the Reagan Administration for its lax attitude toward implementing standards that would govern a worker's right to know what cancer-causing substances are present in the workplace — standards which she worked for two years to develop.

"Delay is the name of the game," she said.

Bingham proposed that state or local governments adopt generic standards to protect workers including:

- A regular medical inspection of the workplace;
- Medical removal protection standards allowing a worker overexposed to chemicals to take another job in the same business;
- Building codes that require health and safety plans, and
- A generic monitoring standard for chemicals in the workplace.

The seminar, sponsored by the Alaska Health Project and the Alaska Humanities Forum, drew more than 100 representatives of business, labor and consumer organizations.

"Environmental questions of the workplace has become as important as those environmental issues involving land and water resources," said Steven Deutsch, University of Oregon professor and specialist in the field of worker health and safety.

"We're at a point now in our society where most people suffer anxiety over whether they're going to keep their jobs," he said. "And problems with stress in the workplace is heightened when a community goes through rapid growth as Anchorage is doing now."

Competition for jobs will increase at the same time technology is replacing 2 percent of all office workers per year, he said.

"You think that you can get a jump on solving these problems by looking at what other communities have done. But to date, Alaska has done nothing and the time is upon you," he said.

Unemployment drops in Alaska

The right to know

Industry presses for a national standard

When Congress set up the Occupational Safety and Health Administration early in the 1970s, labor groups expected the federal agency to do a job that they felt states could not—and industry would not—do: police the workplace to ensure worker safety. Now, OSHA is tackling the controversial right-to-know issue, the outcome of which will determine how much information companies must give their employees about the substances used in the workplace. And it looks as though the usual OSHA-labor alliance has been turned on its ear.

In fact, the unions are downright hostile toward OSHA's attempts to set up a national right-to-know standard. Whereas labor had for more than a decade pushed for a strong, federal right-to-know rule instead of separate state standards, labor leaders are now dismayed by the most recent OSHA proposal. "It's a right-to-conceal standard," claims Sylvia Krekel, occupational health specialist for the Oil, Chemical and Atomic Workers (OCAW). In contrast, chemical industry groups, which generally oppose across-the-board regulations, are virtually unanimous in backing federal preemption of state and local right-to-know statutes.

Both camps are now getting a chance to voice their views publicly. On June 15, OSHA began hearings in Washington to discuss its proposed rules (*CW, June 21, 1982, p. 52*). Under the agency's suggested standard for "hazard communication"—the nomenclature that OSHA chose for right-to-know and other labeling rules—chemical manufacturers would have to provide information about hazardous substances to their own employees and to industrial customers that use those materials. The standard specifies that manufacturers make available to employees an up-to-date list of hazardous substances, label all containers of these substances, and train employees in handling them.

Hearings in Cincinnati led to a local right-to-know law, which was passed this month.

Manufacturers, though arguing that no new regulation is needed, find it more palatable to deal with a single "unnecessary" rule than to deal with 50—thus their stated reasons for backing OSHA. For example, the Chemical Specialties Manufacturers Assn. (CSMA) is actively supporting the proposed federal regulation, even though the association's view, according to its counsel, Lawrence A. Levin, is "that workers are adequately protected now by common practice in the industry." Adds Horace A. Thompson, management chairman of the American Bar Assn.'s section on occupational safety and health laws: "It's not a burning issue in terms of the need for information; it's a burning issue in terms of the inconsistent state regulations."

Grudging support. But there is another, more important, item involved in industry's rather grudging support of the OSHA standard: Within its framework, chemical manufacturers would wield considerable power. The proposed standard covers only "hazardous" substances—and the manufacturer determines what is hazardous. This is in marked contrast to most state right-to-know laws, which spell out which chemicals must be tagged and described.

That difference appeals to many executives in the chemical industry. "The responsibility falls on the manufacturer, and we believe that's where it belongs," says Patrick C. Joyce, until recently an attorney for the Chemical Manufacturers Assn. (CMA).

Unions and their allies, however, cite figures on occupational disease—25 million workers are exposed to circumstances identified as hazards by the National Institute of Occupational Safety and Health (NIOSH)—as evidence that employers may be unreliable sources of information on dangerous substances. And the unions cite recent "horror" stories to bolster their position.

Manufacturer's burden. In fact, the well-publicized occupational health disaster at Occidental Chemical's pesticide-formulation operation in Lathrop, Calif., where workers became sterile after years of exposure to dibromochloropropane (DBCP), is often credited with launching labor's campaign for the right to know. According to Roberta Lynch, research director of the Chicago Area Committee on Occupational Safety and Health, workers learned that the company had not disclosed the full results of animal studies that showed that DBCP caused health problems. "That's what really started this whole movement," Lynch recalls.

Labor's collective memory also still

"It's a right-to-conceal standard."

Sylvia Krekel, Oil, Chemical and Atomic Workers

rankles over asbestos, the grisliest of stories in the safety-and-health chronicle. Asbestos, once a common substance in U. S. Navy shipyards and other workplaces, causes mesothelioma, a rare and terminal cancer, and asbestosis, which thousands of workers have contracted. Lawsuits are still being filed, charging both the federal government and industry with failure to warn about hazards that, the suits contend, were first noted more than 40 years ago.

The crux of the matter. Thus, the manufacturer's responsibility clause of the federal proposal remains the crux of labor's break with OSHA on the right-to-know issue. "We've consistently wanted a federal approach, but industry is going after federal standards that are unacceptable," says Sheldon Samuels, safety-and-health director for the AFL-CIO's Industrial Union Dept. "If the chemical industry doesn't want a fair, thorough remedy, it's going to have to pay through the nose." Says Rafael Moure, an OCAW industrial hygienist: "I would welcome a good federal standard, but in its absence I have to go with the logistical nightmare of different requirements."

Labor groups have all but given up hope on a compromise standard. They are still disgruntled over the fate of the health agency's first proposal, which unions found acceptable. Eula Bingham, OSHA's administrator in the Carter Administration, issued that proposal in January 1981, seven years after an OSHA advisory committee had recommended a standard. But the Reagan Administration has held back from implementing that proposal, calling it part of a deliberate "midnight" rule-making blitz by outgoing administrators.

OSHA's new head, Thorne G. Auchter, ran into trouble with the Office of Management and Budget when he tried to issue a modified proposal. But industry's heavy lobbying led Vice-President George Bush, chairman of Reagan's Regulatory Relief Task Force, to rally round the new proposal in March 1982. The current thinking in Washington is that the issue would never have made its way to public debate had industry not feared a proliferation of state laws.

Labor and its supporters, viewing reliance on the federal government as futile, have been rigorously lobbying in state capitals and in cities across the country for state and local right-to-know legislation. Already, 10 states have passed right-to-know statutes, and bills are likely to be introduced in about 13 more states during the coming legislative session.

OSHA's authority. OSHA's legal authority to preempt state laws has not been established. The Occupational Safety and Health Act guarantees states the right to set up their own, separate OSHA programs. Although about half the states currently have their own OSHA programs, few have issued standards that differ from the federal agency's. Therefore, there have been no precedent-setting court cases.

"I'm concerned that there's no explicit federal preemption in the proposal," says ABA's Thompson. Without preemption, he fears, "federal regulations may only add to the confusion rather than resolve it."

A look at some of the state bills goes a long way to explain industry's adamant support of preemption. California recently concluded hearings on a list of more than 700 substances that employers are required to list and label. West Virginia, Wisconsin and Connecticut use the OSHA subpart Z list, which itemizes about 400 toxic substances or physical agents and their permissible-exposure limits. Michigan, Oregon and Washington leave the job of defining hazardous substances to the employer.

New York outdoes all of those states, and requires manufacturers to identify for workers the entire NIOSH list of 40,000 substances commonly used in industry. New York's statute is particularly infuriating to industry. "Common table salt is treated the same way as benzene," says Brian T. McMahon, government affairs manager for the New York Business Council.

While McMahon and other industry spokesmen complain bitterly about the intrinsic burden of classifying a myriad of substances, others suggest that perhaps industry should not have full responsibility for identifying hazardous chemicals. "This is normally the function of OSHA, to determine what is hazardous and what is not," notes John W. Whittlesey, chief labor counsel for Union Carbide. "A real question is whether OSHA can delegate its standard-setting to a manufacturer."

Other chemical executives are leery

"The need for information is not the burning issue."

Horace A. Thompson, American Bar Assn.

of OSHA's vague definition of a health hazard, which includes any chemical that "may result in the occurrence of acute or chronic health effects in employees." Even CMA's Joyce concedes that the proposed standard is not foolproof—it allows industry to keep a substance unlabeled until scientific conflicts over its potential danger are resolved. "There is no simple answer as to what industry will do if there is contradictory evidence," Joyce says. "It's going to be the proverbial case-by-case decision."

Nagging questions. Legal and philosophical questions of just where responsibility belongs are at the heart of the controversy over right-to-know rules. But there are also nagging procedural questions about how any standard should be implemented. OSHA's proposal calls for labeling of all containers found in the workplace, but its requirements are "performance-oriented." This means that the employer can decide how to label the container—by chemical name, generic name or trade name; what kind of hazard warning is included; and whether the label will be on the container or posted alongside.

Union industrial hygienists fear that the use of generic names will foil their efforts to assess the risks at hand and will fail to alert workers to substances better known by other names. If generic classifications are used, they explain, DBCP or vinyl chloride—which many workers recognize as toxic—could be listed as "halogenated hydrocarbons," a meaningless designation to all but the most sophisticated workers.

The standard is more explicit when it comes to supporting documentation. It would require manufacturers to make a material-safety data sheet (MSDS) available to all employees, explaining in detail various potential hazards of the chemicals. The MSDS, which is already used by many firms, would include data on the effects of long-term exposure and describe health conditions that exposure may aggravate.

User community. Manufacturers are also expected to distribute data sheets to their customers, who must then make them available to their own employees. Although several industry groups question OSHA's legal power to force manufacturers to give an MSDS to any downstream user of chemicals, most acknowledge the rule's wisdom: Manufacturers are more experienced in dealing with the questions of what is or is not hazardous and in training employees to deal with dangerous substances. "You're talking about the transfer of knowledge to the user community," explains McMahon of the New York Business Council. After New York passed its right-to-know law, he recalls, "the first question I was getting was, 'What's a NIOSH directory?'."

From the viewpoint of both workers and health officials, it is essential that hazard warnings accompany every step of a chemical's journey to end-product.

The chemical industry backs federal preemption of states' and cities' right to know

Dr. Stephen M. Hessl, chairman of Chicago's Cook County Hospital's division of occupational medicine, recounts the case of an 18-year-old worker at a metal-coating operation who was suffering a severe respiratory infection that eventually landed him in intensive care. Hessl asked his patient to describe substances he worked with at the plant. Ignorant of the chemical composition the specific powder he used on the job and afraid to ask his employer about it, the worker instead brought a sample. Hessl analyzed the powder and found traces of arsenic.

The original supplier, Amoco, was well aware of the powder's problem but informed Hessl that trimellitic hydride, which was also present in the substance, was actually to blame for the worker's ailment. "They were very cooperative," Hessl recalls. "They confirmed that the patient had had a reaction to the material." As for the worker's boss, Hessl says, "I don't think [the employer] knew himself" that the powder contained either substance.

Such stories lend weight to labor's insistence on the need for precise labels.

Communities want to know, too

Labor groups are not alone in clamoring for strong right-to-know laws. Now, local communities are also demanding more comprehensive information about substances used within their geographic limits. Some require industry to tell officials not only what chemical substances are used, but how much of the material is present and what the firm does with it. And a few even tell local businesses to disclose the exact location of hazardous substances within a plant.

Many of the existing and proposed rulings are designed to enable localities to plan better the most effective response to an emergency—say, a fire or an explosion. The need for this information has been well documented. A recent study by Ohio State University's Disaster Research Center finds that most U.S. communities are ill prepared for chemical emergencies. While many private firms are equipped to cope with in-plant accidents, the study suggests that towns and cities are particularly deficient in contingency plans for crises related to the transportation of toxics.

Several localities are not willing to settle for rules that just help them handle emergencies. They want regulations to provide health officials and citizens with general information on public exposure to toxic or potentially toxic substances. For example, California's public right-to-know drive is "largely a public-health program," says Kenneth Finney, Governor Edmund G. Brown, Jr.'s assistant for the control of toxic substances. "The need for information hasn't been met at the local level," Finney says. "It is local officials and residents who face the reality of toxic hazards in their communities."

Understandably, the idea of yet another set of regulations mandating the disclosure of data perturbs industry groups. "We're just now realizing that public right to know may override worker right to know in terms of the problems it may present," says Robert E. Belliveau, associate manager of technical government relations for Procter & Gamble. Belliveau, who has worked extensively with the Chemical Specialties Manufacturers Assn. on the right-to-know issue, explains that companies are alarmed at the demand for quantitative information that industry views as confidential.

The California ordinance. California's model ordinance, which requires detailed information from companies about chemicals and their uses, epitomizes the type of law that industry fears. The state took the lead in passing a statewide statute for workplace-labeling in 1980 and is now encouraging cities and counties to adopt its proposed community rules. Moreover, Governor Brown is requesting an allocation of $428,000 in the state's 1982-

ing of chemicals. Indeed, the OSHA proposal describes the exact chemical identity as "the passkey to the scientific literature" concerning a substance's toxic effects. But industry is equally adamant in saying that an employer should not be forced to reveal the chemical name for a substance as long as the company provides detailed information on the hazards of exposure.

Herein, for labor and industry alike, lies the thorny question of trade secrets. And the OSHA standard as it now reads satisfies neither camp. Labor is angered that the agency would allow employers to withhold the chemical identity of a substance—except from a treating physician—if employers can prove that disclosure would jeopardize the product's competitiveness and if a full description of the hazards of exposure is made in the material-safety data sheet. That rule "is full of loopholes an unscrupulous company can drive trucks through," charges Michael Wright, United Steelworkers of America's industrial hygienist. Franklin Mirer, occupational health and safety director for the United Auto Workers, says, "OSHA's standard gives employers a free opportunity to call anything a trade secret."

The traditional alliance between labor and OSHA is being turned on its ear

Industry, meanwhile, is irate that OSHA has exempted from trade-secret protection any suspected carcinogens, teratogens, mutagens, or any other substances known to cause severe, irreversible damage to humans. "There is no protection for the chemical which may be carcinogenic, even though there is differing opinion on what is carcinogenic," says Robert P. Vogel, regulatory counsel at Rohm and Haas, who feels industry would like to see more protection for trade secrets involving suspected carcinogens.

Both industry and labor spokesmen have offered to compromise on the trade-secret issue. An OCAW official suggests that NIOSH should determine which formulations are eligible for trade-secret protection. And some unions and companies have suggested that manufacturers provide unions with complete information about proprietary products—as long as the unions sign nondisclosure agreements. But that method could also make unions vulnerable to law suits from ailing workers.

The Steelworkers and the International Chemical Workers Union say they would sign nondisclosure agreements to gain access to substance lists, while UAW's Mirer says his union would not. "If the information is a secret, then I don't want it," he says. Meanwhile, industry and labor are miles apart in their definition of "secret." Says the Steelworkers' Wright: "We are willing to recognize trade secrets, [but] anything a competitor can analyze in a lab shouldn't be included."

Duplication. Thayer Talcott, Dow Chemical's manager of product-safety compliance, concedes that process is the key to duplicating his company's products, which he says could not be easily duplicated working from a substance list. "I have heard manufacturers of disinfectants and the like say that the whole secret of their business is in the particular combination," Talcott notes. But while many such customers claim their products are more easily duplicated—and therefore in greater need of protection—these are the very products that can be most easily analyzed.

Talcott maintains that competitors would learn the workings of process-oriented products like Dow's if they got their hands on a complete list of chemical components. "If you're talking with analytical chemists, they'll say, 'We can find anything if you give us enough time and equipment'," Talcott explains. "But that might mean six to nine months and hundreds of thousands of dollars worth of equipment." With an ingredient list in hand, says Talcott, breaking down a competitor's process would be far less costly.

What purpose the listing of exact chemical compositions would serve for workers—confusion or help—also stirs disagreement. Talcott, for one, insists

1983 budget for educational programs and local hearings on the matter.

Brown's program has broad backing—from environmentalists to labor groups to firefighters. "We feel it is a good idea that firemen have a clear understanding of hazardous substances they face in the event of a fire emergency," says Robert Griffith, director of safety and health for the Federated Firefighters of California.

San Diego County and three California cities—Vallejo, Santa Monica and Union City—have passed their own measures. Vallejo's version is limited to keeping the local fire department informed about local industry's use of toxics. Santa Monica, on the other hand, requires local companies to report by Sept. 1 on three types of material: hazardous wastes, as defined by the state's administrative codes; priority pollutants, as listed by the Environmental Protection Agency; and radioactive materials, as defined by the Nuclear Regulatory Commission.

To many minds, it may seem that the right-to-know concept was born in Jerry Brown's state, but in actuality the first such ordinance was passed by Philadelphia. Since then, at least one other East Coast city has followed suit: Danbury, Conn., passed a public right-to-know ordinance in 1981. "The objective was to provide emergency-response officials with information," says Jack S. Kozuchowski, coordinator of the city's Environmental and Occupational Health Services Dept. Kozuchowski, describing Danbury's ordinance as "really keyed to emergency response," explains that the rules were established after an employee of a local firm died fighting a chemical fire in a storage shed.

The ordinance "has not been vigorously enforced," says a spokesman for Danbury-headquartered Union Carbide. Nonetheless, local industry has lobbied hard against it. And it looks as though the provision will soon be substantially revised. The original ordinance required companies to report to local officials on any of more than 1,000 substances, but the city council will consider altering this to allow companies to submit emergency-response plans instead of a list of substances. The revision would also pare the hazard list to only those substances targeted as hazardous by the U.S. Transportation Dept.

Philadelphia, having passed the first municipal right-to-know law in 1980, now has the longest-running experience in implementing such requirements. The city's law spans the dual health and safety concerns of local requirements: The fire department monitors the storage, handling and transportation of dangerous materials; and the Air Management Services Dept. monitors toxic emissions. So far, the Air Management Service Dept. has found toxic emissions at 135 of the 650 enterprises that returned the department's questionnaire. Air Management Services Commissioner William Reilly is now looking into the emissions at those plants. So far, he says, "we have not uncovered anything alarming."

that chemical names do not convey much information to people who are not schooled in chemistry. But health professionals dispute this view. "Workers can't pronounce them and can't spell them," counters Susan M. Daum, a physician specializing in occupational disease, "but they can copy them down and bring them to me."

Daum is one of a growing cadre of physicians who want right-to-know laws that will both mandate generic chemical names and force companies to keep records in perpetuity of what chemicals were used at what time. They note that many forms of cancer and other diseases have incubation periods measurable in decades, and that it can be essential to know what a patient was exposed to in the past to make an accurate diagnosis today. "If you don't know what you're exposed to, now and 20 years ago, you don't have a chance in the world of figuring out whether [a workplace substance] played a role" in the onset of disease, Daum insists.

'State legislatures have been more eager to put new laws on the books than enforce them'

Some state laws mandate long-term record-keeping, but OSHA's proposals ask only for current lists. To labor, this is unacceptable. "Our union is the last one to want to rely on epidemiological studies," says an OCAW official, "but if some things occur only in human populations and we don't keep the records, we're never going to see the connection" between disease and exposure.

Some right-to-know advocates suggest that manufacturers are wary of keeping records for the long term, fearing better-documented linkage between disease and occupational exposure. But industry disputes this view. "If you have claims being filed, you want to have those records to support your side," says Union Carbide's Whittlesey. "The real problem with keeping records is the expense and the nuisance of keeping a lot of paper. You can proliferate records until they're coming out of your ears, but eventually the space they take up will cost you money."

By requiring only current listings of chemical hazards, OSHA claims it has kept the cost of setting up record-keeping systems down to an estimated $14.7 million for all companies combined. The agency estimates the total cost for implementing its proposals at $581.9 million initially—and $227.9 million each year thereafter. OSHA predicts that initial hazard evaluation would be the most expensive component, accounting for $230 million of industry's costs. Labeling would cost industry an additional $177.8 million to start, OSHA reckons, followed by annual expenditures of $69.8 million. Startup educational programs would require about $125 million.

"We think the proposal overstates the benefits and underestimates the cost," says CSMA attorney Levin. He notes that OSHA puts the cost of educational programs at an estimated $41 per employee during the first year of compliance and $16/year thereafter. But he says that OSHA did not include in its figures either the cost of employee time spent in training or the cost of bringing in an industrial hygienist to conduct the training sessions. Thus, CSMA estimates that the same programs will cost $160 per employee during the first year.

The cost of it. Levin and others also argue with OSHA's overall estimates for record-keeping costs. According to Levin, costs will be particularly high for smaller companies producing a variety of formulations. He points to one CSMA member company that must fill in MSDS forms on 2,000 different substances. But even giant Du Pont considers the costs unwieldy. Ned K. Walters, Du Pont's chief of safety and fire protection, estimates that the cost of compliance for one of his company's departments will be twice OSHA figures.

Cost figures from both sides are ballpark estimates at best, for the full scope of the final standard has yet to be decided. So far, the preliminary standard exempts new chemicals in development and all imported substances from hazard communication procedures. Neither of the two exemptions is exhilarating to industry or overly bothersome to labor. Of far more concern to industry is that OSHA has to date refused to exempt laboratories from the rules. And labor is unhappy that the agency has excluded service workers and other nonmanufacturing employees.

There is also considerable dissidence—and no little confusion—about requirements for the pipes and reactor vessels used in chemical processes. As OSHA now stands, pipes are exempt from regulations but reactor vessels must be labeled."Two-thirds of our membership is working with piping systems," says OCAW's Krekel. "We've had a lot of fatalities due to lack of labels in piping."

Dr. Stephen M. Hessl (left) wants hazard data to follow substances downstream.

Krekel cites an accident last year at a Port Arthur, Tex., refinery, where a brick mason died from lack of oxygen when an air hose was mistakenly connected to an unmarked nitrogen flue-gas line. "I'm not saying label the entire piping system," Krekel says. "Label the line ends and label the valves—it would be cost effective."

No simple matter. Industry is no less troubled by OSHA's insistence that it should label reactor vessels. Du Pont's Walters notes that in one of its departments the company uses the same ves-

sels to create 50 different products based on 25 ingredients. Because the chemical composition of the contents of a vessel is constantly being changed, he says, "it is not always a simple matter to label a container."

As a result of all this dissatisfaction, OSHA's standard will undoubtedly be hamstrung by court battles for years before it can be implemented. And that is another reason why labor is lobbying so strongly for state rules. Says AFL-CIO industrial hygienist Margaret Semnario: "There will be a real need, practically speaking, to protect people during the next five years."

Even so, unions doubt that the states will vigorously enforce their own statutes. "The state legislatures have been more eager to put laws on the books than to enforce them," notes the Steelworkers' Wright. "You have to push very aggressively to get much action."

Lesser evil. But unions and their allies will press for state rules as the lesser of two evils, simply because they perceive OSHA under Administrator Auchter as an empty shell. "There's really a deep concern on the part of working people about the decimation of OSHA," says Harriet S. Applegate, associate director of the Ohio Public Interest Group. "There's a sense that there's nothing to protect people unless they protect themselves."

Applegate was part of a Cincinnati group that drafted a citywide ordinance for workers' right to know after a joint study by Johns Hopkins and Howard universities, released in 1980, showed that the city led the nation in the incidence of several types of cancer. Despite fierce opposition from the business community, the city council passed a compromise version of the ordinance on June 3.

The bill mandates that employers use National Fire Protection Assn. labels on containers for substances defined as hazardous on OSHA's subpart Z list—a list far shorter than the NIOSH list first proposed. The chemical's name is to be available on the MSDS, except in the case of trade secrets, with the city managers to act as referees if trade secrecy conflicts arise.

Unless OSHA moves far more quickly than most observers expect, what happened in Cincinnati seems likely to be repeated. "We've targeted the right to know as one of the most critical issues for the 1980s," says Warren Stickle, CSMA's director of legislative affairs. "It's going to be an issue that will arise in state after state, community after community." □

Now the generic drugs can be look-alikes, too

When the U.S. patent held by Hoffmann-La Roche for its tranquilizer Valium expires in 1985, more than a dozen makers of generic drugs are expected to seek the Food and Drug Administration's approval to market diazepam, the generic name for the chemical on which Valium is based. And once such approval is granted, each of these companies will likely bring out a pill resembling the size, shape, and color of the little yellow tablets that bring La Roche more than $200 million/year. Companies in the generic market predict that their less-expensive copies could cut Valium sales in the U.S. by 20-30%.

Like any big producer confronted by the expiration of its patent on a big seller, La Roche would be happy to throw a legal monkey wrench into the plans of the generic marketers. "These companies should not be permitted to use the reputation of a brand product," says a La Roche spokesman. "We strongly feel that copying a branded product in any way is a false and deceptive marketing practice."

Court rulings allow makers of generics to carbon-copy name brands as patents expire

Unfortunately for La Roche, that point of view has few friends in court. In the case of *Inwood Laboratories et al vs. Ives Laboratories*, the Supreme Court early this month set a precedent likely to render futile any legal maneuvering that La Roche, or any other name-brand company, has in mind to disrupt competitors' plans to market less expensive, generic look-alikes. And the name-brand manufacturers are uneasily awaiting a ruling by the U.S. Court of Appeals for the Second Circuit (New York City) on another aspect of the same case. Here the industry fears the court will uphold a lower-court decision squarely in favor of the rights that generic manufacturers have to emulate formerly patented products.

The Supreme Court handed down its *Inwood vs. Ives* decision on June 1. The court said that neither Inwood, a small generic drug producer based in New York City, nor a number of other small companies that had joined in the case, should be prevented from marketing drugs identical in composition and appearance to Cyclospasmol. The patent on Cyclospasmol, a circulatory drug developed by the Ives Laboratories division of American Home Products, expired in 1972.

At issue was the validity of an FDA regulation allowing a generic marketer such as Inwood to duplicate the blue-and-red Cyclospasmol capsules. Marketers of generics insist they copy the appearance of a name-brand drug such as Cyclospasmol in order to avoid confusion at wholesale and consumer levels.

Ives argued unsuccessfully in a federal district court that the practice opens the door to mislabeling by pharmacists, whether intentionally or accidentally, and consequently in lost sales for Ives. However, the Second Circuit Appeals Court, on its first hearing of the case, decided that branded drugs deserve protection, reversed the lower court ruling, and enjoined the generic makers from selling copies. The Supreme Court then overturned the appeals court ruling, agreeing with the district court that generic drug companies cannot be held responsible for the possible action of a pharmacist.

A broader claim. However, the Supreme Court did not rule on Ives' broader claim—that the marketing of a look-alike generic constitutes an infringement against the trademark of a name-brand drug. And sources in the pharmaceuticals industry predict that, from their point of view, this claim will fare no better since it, too, was denied by the federal district court and was not ruled on by the appeals court.

The Supreme Court has remanded Ives' broad infringement claim to the appeals court for final disposition, with instructions that the appeals court not overturn the district court ruling unless Ives can unequivocally invalidate the generic drug manufacturers' argument that look-alike drugs are necessary to prevent harmful mixups of dissimilar drugs by consumers. This appeals court ruling is expected later this year.

Buoyed by victory in the Cyclospasmol case, the generic drug industry is now looking ahead with gleeful anticipation. Over the next three years, more than 40 major name-brand drugs will lose their patent protection. Among them is Inderal, a cardiovascular drug

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST
Bill/Resolution No. CS for SB 79 (Res)
Title Toxic waste and hazardous substances in the workplace
Requested by Senate Finance Committee Date May 19, 1983

II. FISCAL DETAIL
Agency Affected Department of Environmental Conservation
Program Category Affected Hazardous Waste
BRU, Program, or Subprogram(s) Affected Laboratory Monitoring Support
(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
100 PERSONAL SERVICES	0	0				
200 TRAVEL	0	0				
300 CONTRACTUAL	0	0				
400 COMMODITIES	0	0				
500 EQUIPMENT	0	0				
600 LAND & STRUCTURES	0	0				
700 GRANTS, CLAIMS, ETC.	0	0				
TOTAL	0	0				

FUNDING (Thousands of Dollars)

GENERAL FUND	0	0				
FEDERAL FUNDS	0	0				
OTHER (Specify Fund Source)	0	0				

POSITIONS

FULL TIME	0	0				
PART TIME	0	0				
TEMPORARY	0	0				

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

IV. DATE May 19, 1983 PREPARED BY
AGENCY Don Bennett, Co-chairman
PHONE Senate Finance Committee
3714

Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)

33-001 (Rev. 12/79)

1.	POSITION TITLE: Industrial Hygienist I			RANGE/STEP: 19A	BARG. UNIT: GGU	FORM 12 PAGE/LINE	GOV.	APPROV.	DISAPP.
2.	TYPE OF POSITION: PFT	STAFF MONTHS: 12	RP NUMBER: CS for HB 197	PCN NUMBER	BRU PRIORITY	LOCATION: Anchorage	ELECTION DISTRICT	LEG.	

3. CONTINUATION LEVEL | ADDITION | XX |

4. TYPE OF EXPENDITURE	1	2	AMOUNT 3
PERSONAL SERVICES			
5. Salary		38,135	
6. Benefits		6,053	
7. Supplemental Benefits		2,338	
8. Fixed Benefits		2,880	
9. TOTAL PERSONAL SERVICES		01	49,406
10. Travel		02	17,500
11. Contractual		03	25,622
12. Commodities		04	1,500
13. Equipment		05	10,200
14. Other			
15. TOTAL COST			104,228

	RECEIPT CODE	FUNDING SOURCE		
16.		Federal Receipts	1002	
17.		G.F. Match	1003	
18.	100	General Funds	1004	104,228
19.		I-A Receipts	1005	
20.		Program Receipts	1028	
21.		Other		

FOR BAM USE ONLY
4A KEY NUMBER __ __ - __ __ - __ __ - __ __ - __ __

JUSTIFICATION

The hygienist will ascertain the effects a chemical/substance will produce, recommend remedical action if required and communicate this information to requestor in understandable terminology. As the populace becomes better informed, there will undoubtably be more requests for this agency to visit work/storage sites to monitor them for potentially hazardous conditions.

Personal services calculations are based on the salary schedule that is currently awaiting approval for FY '84.

Travel funds include $2,500 in relocation and recruiting expense and $15,000 for in-state travel because this position will be conducting training sessions and other workshops throughout the State.

Contractual services consist of $3,400 for rent, $5,022 for indirect support services, 5,000 for increased laboratory costs, $7,200 for printing and postage for hazardous information, and $5,000 for basic operating expenses.

The equipment costs are comprised of various scientific equipment ($7,700), office equipment ($1,500), and protective equipment ($1,000).

13 REQUEST FOR NEW POSITION

AGENCY Labor
PROGRAM Workers' Protection
BRU Labor Standards and Safety
COMPONENT Occupational Safety and Health Administration

CSHB 197(L&C)
Page 3 of 4
Revised Date

FY 84

LEG:R:6

1.	POSITION TITLE: Clerk Typist III			RANGE/STEP: 8A	BARG. UNIT: GGU	FORM 12 PAGE/LINE	GOV.	APPROV.	DISAPP.
2.	TYPE OF POSITION: PFT	STAFF MONTHS: 12	RP NUMBER: CS FOR HB 197	PCN NUMBER	BRU PRIORITY	LOCATION: Anchorage	ELECTION DISTRICT	LEG.	

3. CONTINUATION LEVEL | ADDITION | XX |

4. TYPE OF EXPENDITURE	1	2	AMOUNT 3
PERSONAL SERVICES			
5. Salary		18,647	
6. Benefits		2,960	
7. Supplemental Benefits		1,143	
8. Fixed Benefits		2,880	
9. TOTAL PERSONAL SERVICES		01	25,630
10. Travel		02	0
11. Contractual		03	11,856
12. Commodities		04	1,000
13. Equipment		05	2,500
14. Other			
15. TOTAL COST			40,986

	RECEIPT CODE	FUNDING SOURCE		
16.		Federal Receipts	1002	
17.		G.F. Match	1003	
18.	100	General Funds	1004	40,986
19.		I-A Receipts	1005	
20.		Program Receipts	1028	
21.		Other		

FOR BAM USE ONLY
4A KEY NUMBER __ __ - __ __ - __ __ - __ __ - __ __

JUSTIFICATION

This position is necessary to provide support to the Industrial Hygienist to handle the increased activity that will occur as a result of implementing the provisions of Committee Substitute for House Bill 197.

This position will type and file information under direction of the Industrial Hygienist.

Personal services calculations are based on the salary schedule that is currently awaiting approval for FY 1984.

Contractual services costs consist of equipment rent, management services support of $2,456, and space rent of $3,400. Additionally, $1,000 for a word processing data management package will be required to collate, and facilitate the disseminating of hazardous substance information. All other costs are normal operating costs.

13 REQUEST FOR NEW POSITION

AGENCY Labor
PROGRAM Worker Protection
BRU Labor Standards and Safety
COMPONENT Occupational Safety and Health Administration

CSHB 197(L&C)
Page 4 of 4
Revised Date

FY 84

LEG:R:7

FISCAL NOTE Revision Date May 19, 1983

I. REQUEST (Page 1 of 4)

Bill/Resolution No.: CS for HB 197(L&C)
Title: "hazardous & toxic substances"
Sponsor: Labor & Commerce Committee
Requestor: House Labor & Commerce Comm.

II. FISCAL DETAIL

Agency Affected: Labor
Program Category Affected: Worker Protection
BRU, Program of Subprogram(s) Affected: Labor Standards & Safety, Occupational Safety & Health

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES		75.0	79.5	84.3	89.4	94.8
200 TRAVEL		17.5	10.6	11.2	11.9	12.6
300 CONTRACTUAL		37.5	39.8	42.2	44.7	47.4
400 COMMODITIES		2.5	1.6	1.7	1.8	1.9
500 EQUIPMENT		12.7	0	0	0	0
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL OPERATING		145.2	131.5	139.4	147.8	156.7
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND		145.2	131.5	139.4	147.8	156.7
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS:

FULL-TIME		2	2	2	2	2
PART-TIME						
TEMPORARY						

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

N/A

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: Robert J. Bacolas, Sr. Phone: 465-4870
Division: Labor Standards & Safety Date: May 19, 1983

Approved by Commissioner: Jim Robison Date: May 19, 1983
Department: Labor

LEG:B:10

Distribution:
Original to Legislative Finance
Copy to Office of Management and Budget (for Legislature introduced bills)
Copy to Department (for Governor introduced bills)
Copy to Sponsor
Copy to Requestor (if different from Sponsor) 3/8/83

FISCAL NOTE

THE LEGISLATURE OF THE STATE OF ALASKA
THIRTEENTH LEGISLATURE
TITLE: "An Act relating to hazardous and toxic substances."
AGENCY AFFECTED: Department of Labor
Page 2 of 4

Under this bill the Department of Labor will be responsible for collecting and disseminating information regarding hazardous chemicals and/or substances at work or storage sites in Alaska.

An Industrial Hygienist position in Anchorage will be required to review and respond to requests about the effects of hazardous chemicals or substances, recommend remedial action if required, and communicate this information to the requestor. In addition, one clerical position will be required to provide support for the hygienist.

In addition to the personal services cost associated with the Industrial Hygienist and clerical position, the Department will need to increase the current contract for laboratory services ($5,000), the indirect support services and rent allocations ($7,479 and $6,800 respectively), and its printing and postage allocations, distribution of posters, and safety data sheets. All other costs in Contractual Services are normal operating costs ($7,200). Additionally, the Industrial Hygienist position will require various scientific measuring and sampling equipment ($7,600), as well as basic office equipment. The Travel budget for FY 1984 includes $2,500 for recruiting and relocation expenses for the hygienist position and $15,000 for extensive in-state travel to conduct training sessions and hazardous substance seminars throughout the State for the first year.

Assumptions:

The Department will collect and disseminate information regarding hazardous chemicals and/or substances to the general public, and as a result will also be making increased work-site inspections.

Inflation rate of 6 percent per annum.

The equipment costs of $12,700 are one-time items.

$5,000 of the in state travel is a one time item (informational visits) and $2,500 of the travel for relocation/recruiting expenses is a one-time item.

Effective date of July 1, 1983.
$1,000 of the first year's supply costs is a one-time item.

LEG:B:5

1320 K Street Apt. 8
Anchorage, Alaska 99501

Senator Joe Josephson
Pouch V
Juneau Alaska 99811

Dear Senator Joe Josephson,

I am writing to you in support of the Alaska Worker Right to Know Bill, SB 79. There is no question that workers health should be protected no matter what the cost may be.

A worker should be warned about the dangerous substances in the workplace before exposure causes infertility, disease, sickness, cancer or injury. Their families also need to be protected before problems such as birth defects and sickness occur within the family.

Why wait on a bill which is so instrumental in ensuring worker health. The Federal Occupational Safety and Health Act obviously is not presently protecting the worker to the necessary extent it should. The SB79 in its most recent form more closely deals with the hazards of the workplace and protection of the worker.

If we do not pass the Worker Right to Know Bill this year, we will be losing many lives in the year to come. How much are these lives worth? How much will the days lost due to sickness be worth? These costs must be considered if we are to give this bill a fair chance. Thank you very much for taking the time to read this letter.

Sincerely,

Marilyn Heiman

Marilyn Heiman

RECEIVED
MAY 11 1983
Josephson,

Sea-Land Service, Inc.

100 WEST HARRISON STREET, SUITE 522
SEATTLE, WASHINGTON 98119

H. L. SCHUYLER
Director Public Affairs
Alaska Division

TELEPHONE:
(206) 938-6349

June 7, 1983

Honorable J. P. Josephson
Senator, State of Alaska
Pouch V
Juneau, Alaska 99811

Dear Senator:

We, in the Transportation Industry, certainly appreciate your efforts in relieving our Industry of the increased workload on reporting the handling of materials described in S.B. 79. As we pointed out, we do report or record all movements of these materials with the Department of Transportation.

Hopefully, you in Juneau will be able to see the light at the end of the tunnel in the near future. Will try to visit with you in Anchorage later on.

Thanks again.

Sincerely,

Hal Schuyler

HLS:kt

SB

101

CSSB 101 (Res) RELATING TO THE ISSUANCE OF CITATIONS FOR FISH AND GAME VIOLATIONS.

ASK FOR UNANIMOUS CONSENT FOR ADOPTION OF THE RESOURCES COMMITTEE SUBSTITUTE.

(SMALL CHANGES WERE MADE IN THE C.S : (ALL RECOMMENDED BY THE COURT SYSTEM)

.. REMOVED REFERENCES TO "MINOR MISDEMEANOR" AS IT HAS NO LEGAL DEFINITION

.. ALLOWS THE DEFENDANT TO PAY BAIL IN THE COURT WHERE THE OFFICER FILES THE CITATION RATHER THAN IN THE COURT OF JURISDICTION

... MAKES AN ALLOWANCE FOR A PERSON WHO FORGETS TO SIGN HIS/HER CITATION

.. AND SOME TECHNICAL CHANGES IN LINE WITH RECOMMENDATIONS FROM THE ATTORNEY GENERAL'S OFFICE

LETTER OF INTENT

IN THIRD READING, PRIOR TO PASSAGE, ASK FOR UNANIMOUS CONSENT FOR ADOPTION OF THE LETTER OF INTENT.

.. ASSURES THAT ONLY MINOR OFFENSES WOULD BE COVERED BY THIS BILL

IN GENERAL

THIS BILL WOULD GIVE PEACE OFFICERS THE AUTHORITY TO ISSUE CITATIONS FOR FISH AND GAME MISDEMEANORS UNDER A PROCEDURE SIMILAR TO THE ISSUANCE OF TRAFFIC CITATIONS. THE INTENT IS TO EXPEDITE THE ENFORCEMENT PROCEDURE BY REDUCING COURT LOADS. THE SUPREME COURT IS TO IDENTIFY THE MISDEMENAORS APPROPRIATE FOR DISPOSITION WITHOUT COURT APPEARANCE - CONSIDERABLE WORK WAS DONE IN COMMITTEE TO ASSURE THAT ONLY MINOR OFFENSES WOULD BE COVERED BY THE TRAFFIC TICKETING SYSTEM. WE ANTICIPATE A REDUCTION OF ABOUT 1,000 CASES A YEAR THAT WOULD NORMALLY GO BEFORE THE COURTS.

FISCAL NOTE IS ZERO.

SENATE RESOURCES COMMITTEE

LETTER OF INTENT

CSSB 101

It is the intent of the Resources Committee in passing out this bill that the Supreme Court shall specify certain fish and game violations for which bail amounts can be set and for which citations could be issued which would not require court appearances. It is intended that this procedure be similar to that currently employed under the motor vehicle code for traffic citations. Through implementation of this procedure it is intended that savings to the court system, enforcement agencies and violators in time would be realized.

However, the Committee recognizes that only some fish and game misdemeanors would be identified under this new statute because of their "minor" nature. Other misdemeanors would continue to require court appearances by the cited violators. In testimony before the Committee and in statements to the Committee the following misdemeanors were mentioned as examples of those violations for which the provisions of this bill might in all likelihood apply:

1) snagging or attempting to snag fish
2) failure to punch harvest tickets
3) failure to submit hunting permit reports
4) license not in possession

The following misdemeanors were mentioned as examples of those violations for which the provisions of this bill should probably not apply:

1) commercial fish
2) limited entry
3) guide related
4) closed season
5) same-day airborne
6) waste

It is the intention of the Committee that the Supreme Court, in consultation with the Department of Public Safety, would identify misdemeanors under this bill consistent with the above lists.

GOVERNOR

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

February 1, 1983

The Honorable Jalmar Kerttula
President of the Senate
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Mr. President:

Under authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill that will establish an expeditious procedure to dispose of minor uncontested misdemeanor fish and game violations.

Under existing law (AS 12.25.180), peace officers have the authority to issue citations for misdemeanors instead of arresting the offender. Once a citation is issued, however, the offender must ordinarily appear in court, even if he does not wish to contest the charge. Section 1 of the attached bill adopts a procedure similar to that found in the motor vehicle code (AS 28.05.151) which allows the offender to post and forfeit bail if he does not wish to contest the charge. The bill also authorizes the supreme court to establish a bail schedule for those minor misdemeanor offenses which are appropriate for disposition without court appearance.

As in the comparable motor vehicle code provision, this bill provides that when a person is convicted of a minor misdemeanor which is included in the bail schedule, the fine imposed may not exceed the bail amount, even though statutes or regulations may allow a higher maximum penalty level. This bail amount "ceiling" on fines is necessary to ensure that a person who contests a citation and goes to trial will not receive a more severe penalty upon conviction than the person who enters a no contest plea and forfeits the bail amount without appearance. To expose the person who contests a citation to a higher maximum possible sentence would penalize the exercise of the right to a trial, constituting a denial of equal protection of the law.

Section 2 of this bill generally exempts persons who have been convicted of two or more minor fish and game violations from the mandatory license forfeiture required by AS

16.05.410(a) -- (c). However, the bill also provides that, in specific appropriate situations the hunting or fishing licenses of frequent repeat minor offenders may be revoked following a district court hearing.

Passage of this bill will benefit law enforcement, the person cited for a relatively minor offense, and the judicial system. The person will avoid the time and expense associated with a court appearance, while law enforcement will be able to concentrate its resources on more serious offenses. We anticipate a reduction of approximately 1,000 cases per year that would normally go before the courts.

Sincerely,

Bill Sheffield

Bill Sheffield
Governor

STATE OF ALASKA
PRELIMINARY STATEMENT OF FISCAL IMPACT

Bill No: SB 101 Date on Bill: 2/1/83
Title: An Act relating to issuance of citations for fish & game violations
Sponsor: Rules Committee by Request of the Governor
Requestor: Senate Resources

1. Estimated fiscal impacts on:

a. Expenditures:

(Thousands of Dollars)

			FY 83	FY 84	FY 85	FY 86		
Capital								
Operating								
Total			-0-	-0-	-0-	-0-		

b. Revenues:

Revenue								

2. Source of funds to offset fiscal impact of bill:

3. Assumptions:

No fiscal impact.

4. Disclaimer:
This statement has not been reviewed by the OMB in the Office of the Governor. It therefore does not represent the final estimate of fiscal impact.

Prepared By: Paul Conger Phone: 465-4338
Division: Administrative Services Date: 2/16/83

Approved by Commissioner: [signature] Date: 2-22-83
Department: Public Safety

5. Distribution:
Original to Legislative Finance
Copy to OMB
Copy to Sponsor
Copy to Requestor

2/15/83

STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

ROBERT J. SUNDBERG
COMMISSIONER

DEPARTMENT OF PUBLIC SAFETY

DIVISION OF FISH & WILDLIFE PROTECTION

P. O. BOX 6188, ANNEX
ANCHORAGE, ALASKA 99502

March 9, 1983

Representative Mitch Abood
Pouch V
Juneau, Alaska - 99801

Dear Representative Abood:

During the budget hearings on March 7th involving the Division of Fish and Wildlife Protection we discussed Senate Bill 101 and it's potential impact on the Division. Senate Bill 101 was introduced on February 1st, 1983 and is a bill entitled "An Act Relating to the Issuance of Citations for Fish and Game Violations."

Should this Bill pass it will allow the Alaska Supreme Court to establish a bail system for minor fish and wildlife offenses. If that occurs we anticipate approximately twenty (20) of the most common and minor violations being placed on this bail system. A fine will be established by the Court System for the offenses and if an individual is caught in a violation he will have the option of mailing in a fine or appearing in court. We anticipate that this will have a significant impact on the Court System, the Division of Fish and Wildlife Protection and the District Attorneys Office and it will be a positive impact because we feel an overwhelming majority of people will elect to use the bail system.

In an era when the State's treasury is going down and operating funds for the Division are not going to be as great as they have been in the past this type of legislation will assist the Division in maintaining it's current posture while decreasing expenditures at the same time. Last year the Division spent nearly 6,000 hours in court in the prosecution of the violations that we apprehended in the field. We believe that at a minimum, one half of this time can be eliminated if this particular piece of legislation passes. I would like to note also that we believe this will be of tremendous benefit to the sportsmen of the State of Alaska. I say sportsmen because right now we do not envision commercial type violations being placed on the bail system. In many cases persons are traveling, for example from Anchorage to Kenai to participate in the sport fishery and are cited for a violation. In order to go to court the individual has to take at least one day off from work, go to court, plead guilty or innocent, pay his fine, and it's an inconvenience to the general public as well as a burden on the court system, my officer's time, and the District Attorney's time. We feel the passage of this Bill will help not only us, but also the citizen.

.12LH

Should this Bill come before the House State Affairs Committee of which you are the Chairman, I urge your support for this piece of legislation. If we can be of further assistance in explaining the benefits of this legislation or in answering any questions, please feel free to contact us.

Sincerely,

Colonel Robert J. Stickles
Director

RJS/rt

cc: Commissioner Robert J. Sundberg, Department of Public Safety

HOUSE RESOURCES COMMITTEE OBSERVER/WITNESS SIGN-UP SHEET

SB 101

DATE: MAY 17, 1983 SPONSOR: RULES/GOV.

SUBJECT(S): FISH & GAME CITATIONS

PLEASE FILL IN A COMPLETE ROW

NAME	REPRESENTING	ADDRESS	PHONE	Observer	Witness	For	Against
GAYLE HORETSKI	DEPT. OF LAW	POUCH KC	-3428		X	X	
Dennis Kelso	Dept of Fish + Game	Box 3-2000	465.4100		X	X	

SB

105

HOUSE RESOURCES COMMITTEE OBSERVER/WITNESS SIGN-UP SHEET

DATE: 3-25-83 SPONSOR: Sen. Ray

SUBJECT(S): SB 105

NAME	REPRESENTING	ADDRESS	PHONE	Observer	Witness	For	Against
WILLIAM A. CORBUS	AK ELEC LT + PWR CO	134 FRANKLIN ST.	586-2222		X	X	
Bill Cross	DOE Alaska Power	Box 50 Juneau	586-7405		✓		
~~BOB ARNOLD~~	~~DNR~~	~~PONCA~~			~~AWRSF~~	✓	
[illegible]	(INV)						

HOUSE RESOURCES COMMITTEE OBSERVER/WITNESS SIGN-UP SHEET

SB 105

DATE: MAY 17, 1983 SPONSOR: RAY

SUBJECT(S): SNETTISHAM APPROPRIATION /AMEND

PLEASE FILL IN A COMPLETE ROW

NAME	REPRESENTING	ADDRESS	PHONE	Observer	Witness	For	Against
Bill Corbus	AELP	134 Franklin, Juneau	586-2222		x	x	
Bob Cross	AK. POWER ADMIN						

April 15, 1983

Bob Cross
Alaska Power Administration

These are informal observations on the House Resources staff analysis on SB 105 (copy attached).

The first three paragraphs provide an accurate assessment of the situation. Six problem areas are listed in the fourth. These are repeated below, along with my notes.

1. Who will own the project?

The current proposal involves State financial participation in a Federally-owned project under the existing Snettisham Project Authorization. The plan is contingent upon action in the U.S. Congress to permit the Corps of Engineers to accept State funds and instructions to the Corps to start construction (no State money would be channeled to the Corps and expended unless the Congress makes these provisions).

The proposal has thus far been treated separately from the idea of the State acquiring ownership of Snettisham Project. Most people who have looked at this idea believe it makes sense, but that because of timing and other factors, it would be best to get started on Crater construction under the present Federal authorization before tackling the larger question.

2. Who will operate the project?

Until the existing authorization is changed, the Alaska Power Administration would continue to operate Snettisham, including the Crater Lake unit.

3. Who will buy the power.

We propose to market Snettisham, including Crater Lake, as a single project; the primary market area would be Juneau; and the customers would be the Alaska Electric Light & Power Company and Glacier Highway Electric Association.

4. Should the state fund the entire project (est. $60 million)?

I do not see any advantage to the State to assume 100 percent of the funding responsibility if some Federal funds are available.

5. Should the state try to get Crater Lake into the statewide power plan? In this regard, Crater Lake is the best project in the state, in that it is relatively inexpensive to bring on line, and its capacity would be absorbed within only a couple of years after its completion. If it was brought into the statewide system, its efficiency would economically bolster the less efficient projects now being constructed by the APA.

The State would have several options in setting the criteria for any financial participation in Crater Lake. One obvious alternative would be to require a return equivalent to that on State investment in the Energy Program for Alaska. However, as long as the Crater Lake unit is in Federal ownership, it would probably not be appropriate to include any part of Snettisham in the Energy Program.

6. What will the state realize for its $4.5 million? If the State gives the $4.5 million to the Federal government, essentially as seed money, it takes the chance that it will never see any of it back, in the form of a part ownership of the project. On the other hand, there is some speculation that the APA may eventually assume control and ownership of Federal power projects in Alaska, in which case the money would not be lost.

The main objective of the $4.5 million appropriation is assistance to the Congressional delegation in getting construction started on Crater Lake.

The $4.5 million would not "buy" a piece of a project, but the State has full authority to set whatever criteria it determines are appropriate for return on the State investment.

It would seem logical that any State investment would facilitate future acquisition.

Revised 3/24/83

DRAFT

CRATER LAKE

FINANCIAL ANALYSIS
(Melted Rate)

STATE OF ALASKA
DEPT. OF COMMERCE & ECONOMIC DEVELOPMENT
ALASKA POWER AUTHORITY
334 West Fifth Ave.
Anchorage, Alaska 99501

March, 1983

DRAFT

CRATER LAKE FINANCIAL ANALYSIS

The attached analysis shows the ordinal ranking of the analyzed alternative financing schemes - from lowest to highest cost of power on annual basis.

(1) 50% Federal Financing 3% - 50 yrs.
50% State Grant

(2) 100% Federal Financing 3% - 50 yrs.

(3) 33.3% State Grant
33.3% Federal Financing 3% - 50 yrs.
33.3% Revenue Bonds 10% - 35 yrs

(4) 100% State Loan 5% - 35 yrs

(5) 33.3% Revenue Bonds - 10% - 35 yrs
33.3% State Loan - 5% - 35 yrs
33.3% Federal Financing 3% - 50 yrs

CRATER LAKE

(1) Nov. 1982 Project Cost - $51,617,000

(2) Project Cost inflated to mid-pt. of Construction

(3) Inflation Schedule - Data Resources Institute

(4) Assumes no Interest During Construction

(5) O&M for Crater Lake assumed to be zero

(6) O&M schedule for Snettisham

1987	-	$1,000,000
1988	-	1,062,000
1989	-	1,127,844
1990	-	1,200,026
1991	-	1,279,228

(7) Assumes 5 year Construction Schedule

(8) Last Year of Construction becomes operational

(9) O&M after 1991 assumed to be constant at $1,279,000/yr.

(10) Debt/Service Coverage assumed to be at 1:10

(11) Snettisham Debt Service

3.87 Mill./yr.	- 1987
3.89 Mill./yr.	- 1988
3.94 Mill./yr.	- 1989
3.95 Mill./yr.	- 1990
3.97 Mill./yr.	- 1991
3.99 Mill./yr.	- 1992
? ?	?

(12) Melted Rate = Proportionate Debt share of Snettisham and Crater Lake

Components

(a) Sales = Given (GWH) - Alaska Power Administration

(b) Debt Service = ¢/kwh × Sales (GWH) - Alaska Power Admin

(c) O&M = Given / ¢/kwh × Sales (GWH) - Alaska Power Admin.

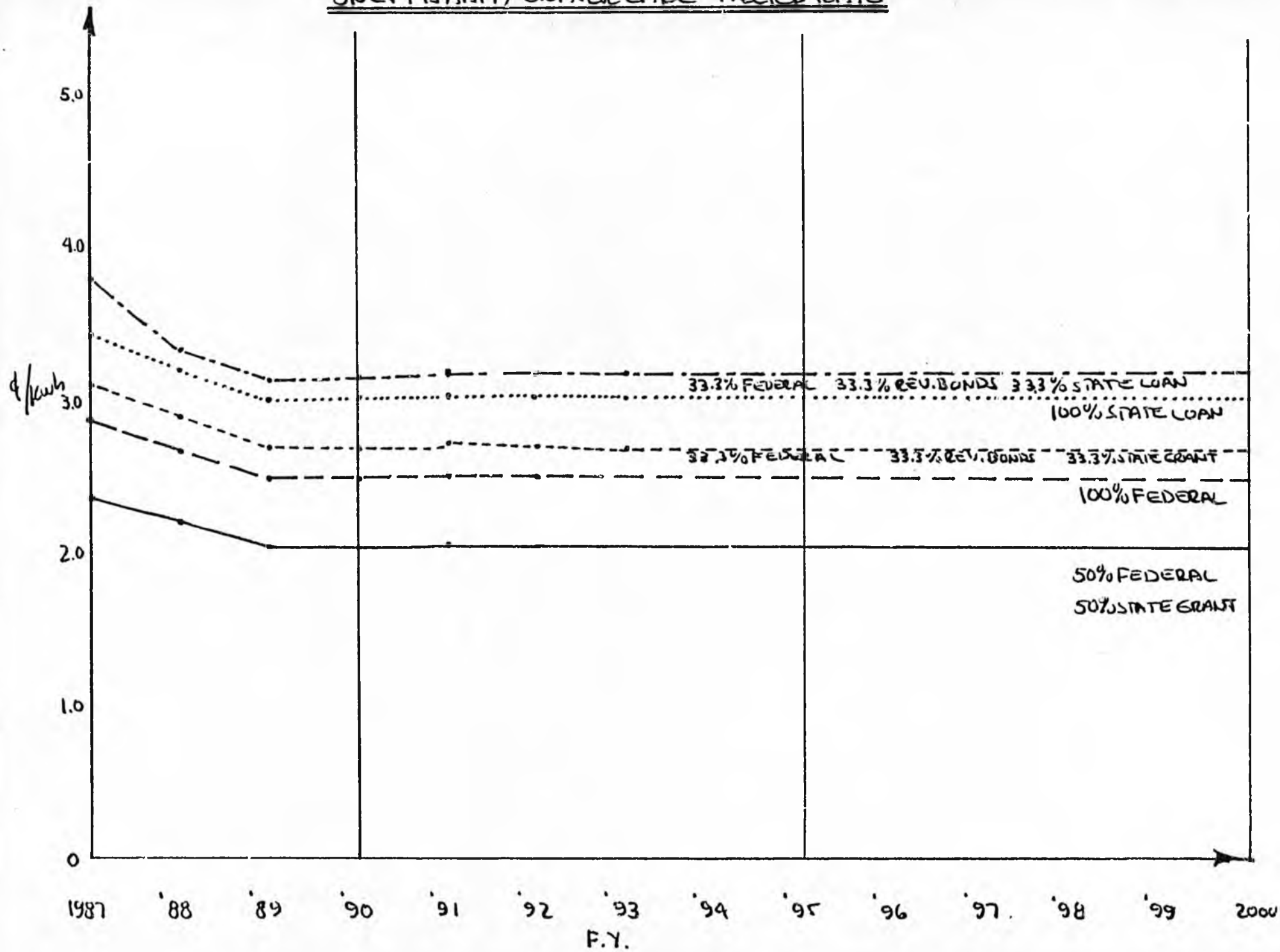
(d) Total = D/S + O&M

(e) Computed separately for Snettisham & Crater Lake

(f) Melted Rate = D/S (Snettisham + Crater Lake) + O&M (Snettisham + Crater Lake) ÷ Total Sales of (Snettisham & Crater Lake)

= ¢/kwh

SNETTISHAM / CRATER LAKE MELTED RATE



CRATER LAKE STANDALONE : P/C = $59.66 ; NO IDC ; NO O&M ; D/S = 1.10 ; 50% FED (3%-50%), 50% State Grant

	SNETTISHAM				CRATER LAKE				TOTAL (Melted Rate)			
YEAR	SALES (GWH)	D/S $/(M.11)	O&M $/(M.11)	Total $/(M.11)	Sales (GWH)	D/S $/(M.11)	O&M ($/M.11)	Total $/(M.11)	Sales	D/S $/M.11	O&M $/(M.11)	Total (¢/KWH)
1987	194	3.87	1.00	4.87	63.6	1.26	—	1.26	257.6	5.13	1.00	2.38
1988	195	3.89	1.062	4.95	84.8	1.27	—	1.27	279.8	5.16	1.06	2.22
1989	196	3.94	1.12	5.06	106	1.27	—	1.27	302.0	5.21	1.12	2.09
1990	197	3.97	1.20	5.17	106	1.27	—	1.27	303.0	5.24	1.20	2.12
1991	198	3.99	1.28	5.27	106	1.27	—	1.27	304.0	5.26	1.28	2.15
1992	199	3.99	1.28	5.27	106	1.27	—	1.27	305.0	5.26	1.28	2.14
1993	200	3.99	1.28	5.27	106	1.27	—	1.27	306.0	5.26	1.28	2.14
1994	200	3.99	1.28	5.27	106	1.27	—	1.27	306.0	5.26	1.28	2.14
1995	200	3.99	1.28	5.27	106	1.27	—	1.27	306.0	5.26	1.28	2.14
1996	200	3.99	1.28	5.27	106	1.27	—	1.27	306.0	5.26	1.28	2.14
1997	200	3.99	1.28	5.27	106	1.27	—	1.27	306.0	5.26	1.28	2.14
1998	200	3.99	1.28	5.27	106	1.27	—	1.27	306.0	5.26	1.28	2.14
1999	200	3.99	1.28	5.27	106	1.27	—	1.27	306.0	5.26	1.28	2.14
2000	200	3.99	1.28	5.27	106	1.27	—	1.27	306.0	5.26	1.28	2.14

1983 3 18

CRATER LAKE STAND ALONE : P/C = $59.66 MIL., NO IDC, NO O&M OR REAL O&M ESCALATION, D/S = 1.10, 50% FEDERAL FINANCING (3%-50 YRS.), 50% STATE GRANT.

POWER RATE BASED ON THE INCLUSION OF: CRATER LAKE

PROJECT POWER RATE SUMMARY FOR : CRATER LAKE

YEAR	PROJ COST INCL IDC $MILLIONS	PROJ DEBT DRAW $MILLIONS	SALES GWH	W/O CAP D/S RATE C/KWH	D/S CAP ADJUST. $MILLIONS	WITH CAP D/S RATE C/KWH	O/M RATE C/KWH	TOTAL RATE C/KWH
1982	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1983	12.84	6.42	0.00	0.00	0.00	0.00	0.00	0.00
1984	43.75	21.87	0.00	0.00	0.00	0.00	0.00	0.00
1985	53.55	26.78	0.00	0.00	0.00	0.00	0.00	0.00
1986	58.79	29.40	0.00	0.00	0.00	0.00	0.00	0.00
1987	59.66	29.83	63.60	1.98	0.00	1.98	0.00	1.98
1988	59.66	29.83	84.80	1.50	0.00	1.50	0.00	1.50
1989	59.66	29.83	106.00	1.20	0.00	1.20	0.00	1.20
1990	59.66	29.83	106.00	1.20	0.00	1.20	0.00	1.20
1991	59.66	29.83	106.00	1.20	0.00	1.20	0.00	1.20
1992	59.66	29.83	106.00	1.20	0.00	1.20	0.00	1.20
1993	59.66	29.83	106.00	1.20	0.00	1.20	0.00	1.20
1994	59.66	29.83	106.00	1.20	0.00	1.20	0.00	1.20
1995	59.66	29.83	106.00	1.20	0.00	1.20	0.00	1.20
1996	59.66	29.83	106.00	1.20	0.00	1.20	0.00	1.20
1997	59.66	29.83	106.00	1.20	0.00	1.20	0.00	1.20
1998	59.66	29.83	106.00	1.20	0.00	1.20	0.00	1.20
1999	59.66	29.83	106.00	1.20	0.00	1.20	0.00	1.20
2000	59.66	29.83	106.00	1.20	0.00	1.20	0.00	1.20
2001	59.66	29.83	106.00	1.20	0.00	1.20	0.00	1.20

CRATER LAKE: STANDALONE; P/C = $59.66 Mill; No IDC; D/S = 1.10; 100% Fed. Financing (3%-50yrs)

SNETTISHAM					CRATER LAKE				TOTAL			
YEAR	SALES (GWH)	D/S $/Mill	O&M $/Mill	Total $/(Mill)	Sales (GWH)	D/S $/(Mill)	O&M ($/Mill)	Total ($/Mill)	Sales	D/S $/Mill	O&M $/(Mill)	Total (¢/kwh)
1987	1[illegible]	3.87	1.00	4.87	63.6	2.51	—	2.51	257.6	6.38	1.00	2.87
1988	195	3.89	1.062	4.95	84.8	2.55	—	2.55	279.8	6.44	1.06	2.68
1989	196	3.94	1.12	5.06	106	2.55	—	2.55	302.0	6.44	1.12	2.52
1990	197	3.97	1.20	5.17	106	2.55	—	2.55	303.0	6.52	1.20	2.55
1991	198	3.99	1.28	5.27	106	2.55	—	2.55	304.0	6.54	1.28	2.57
1992	199	3.99	1.28	5.27	106	2.55	—	2.55	305.0	6.54	1.28	2.56
1993	200	3.99	1.28	5.27	106	2.55	—	2.55	306.0	6.54	1.28	2.56
1994	200	3.99	1.28	5.27	106	2.55	—	2.55	306.0	6.54	1.28	2.56
1995	200	3.99	1.28	5.27	106	2.55	—	2.55	306.0	6.54	1.28	2.56
1996	200	3.99	1.28	5.27	106	2.55	—	2.55	306.0	6.54	1.28	2.56
1997	200	3.99	1.28	5.27	106	2.55	—	2.55	306.0	6.54	1.28	2.56
1998	200	3.99	1.28	5.27	106	2.55	—	2.55	306.0	6.54	1.28	2.56
1999	200	3.99	1.28	5.27	106	2.55	—	2.55	306.0	6.54	1.28	2.56
2000	200	3.99	1.28	5.27	106	2.55	—	2.55	306.0	6.54	1.28	2.56

1983 3 18

CRATER LAKE STAND ALONE : P/C = $59.66 MIL., NO IDC, NO O&M OR REAL O&M ESCALATION, D/S = 1.10, 100% FEDERAL FINANCING (3%-50 YRS.).

POWER RATE BASED ON THE INCLUSION OF: CRATER LAKE

PROJECT POWER RATE SUMMARY FOR : CRATER LAKE

YEAR	PROJ COST INCL IDC $MILLIONS	PROJ DEBT DRAW $MILLIONS	SALES GWH	W/O CAP D/S RATE C/KWH	D/S CAP ADJUST. $MILLIONS	WITH CAP D/S RATE C/KWH	O/M RATE C/KWH	TOTAL RATE C/KWH
1982	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1983	12.84	12.84	0.00	0.00	0.00	0.00	0.00	0.00
1984	43.75	43.75	0.00	0.00	0.00	0.00	0.00	0.00
1985	53.55	53.55	0.00	0.00	0.00	0.00	0.00	0.00
1986	58.79	58.79	0.00	0.00	0.00	0.00	0.00	0.00
1987	59.66	59.66	63.60	3.95	0.00	3.95	0.00	3.95
1988	59.66	59.66	84.80	3.01	0.00	3.01	0.00	3.01
1989	59.66	59.66	106.00	2.41	0.00	2.41	0.00	2.41
1990	59.66	59.66	106.00	2.41	0.00	2.41	0.00	41
1991	59.66	59.66	106.00	2.41	0.00	2.41	0.00	2.41
1992	59.66	59.66	106.00	2.41	0.00	2.41	0.00	2.41
1993	59.66	59.66	106.00	2.41	0.00	2.41	0.00	2.41
1994	59.66	59.66	106.00	2.41	0.00	2.41	0.00	2.41
1995	59.66	59.66	106.00	2.41	0.00	2.41	0.00	2.41
1996	59.66	59.66	106.00	2.41	0.00	2.41	0.00	2.41
1997	59.66	59.66	106.00	2.41	0.00	2.41	0.00	2.41
1998	59.66	59.66	106.00	2.41	0.00	2.41	0.00	2.41
1999	59.66	59.66	106.00	2.41	0.00	2.41	0.00	2.41
2000	59.66	59.66	106.00	2.41	0.00	2.41	0.00	2.41
2001	59.66	59.66	106.00	2.41	0.00	2.41	0.00	2.41

Crater Lake Stands Alone; P/C = 59.16 mill; No IDC; No O&M; D/S = 110; 33.3% State Grant; 33.3% Fed (3% 50 yrs) 33 3% Revenue Bonds 10% 35 yr

	SNETTISHAM				CRATER LAKE				TOTAL Mill Rate			
YEAR	SALES (GWH)	D/S ¢/mill	O&M ¢/mill	Total ¢(mill)	Sales (GWH)	D/S ¢(mill)	O&M (¢/mill)	Total (¢/mill)	Sales	D/S ¢/mill	O&M ¢(mill)	Total (¢/kwh)
1987	194	3.87	1.00	4.87	63.6	3.05	—	3.05	257.6	6.92	1.00	3.10
1988	195	3.89	1.062	4.95	84.8	3.12	—	3.12	279.8	7.01	1.06	2.88
1989	196	3.94	1.12	5.06	106	3.12	—	3.12	302.0	7.06	1.12	2.71
1990	197	3.97	1.20	5.17	106	3.12	—	3.12	303.0	7.09	1.20	2.74
1991	198	3.99	1.28	5.27	106	3.12	—	3.12	304.0	7.11	1.28	2.76
1992	199	3.99	1.28	5.27	106	3.12	—	3.12	305.0	7.11	1.28	2.75
1993	200	3.99	1.28	5.27	106	3.12	—	3.12	306.0	7.11	1.28	2.74
1994	200	3.99	1.28	5.27	106	3.12	—	3.12	306.0	7.11	1.28	2.74
1995	200	3.99	1.28	5.27	106	3.12	—	3.12	306.0	7.11	1.28	2.74
1996	200	3.99	1.28	5.27	106	3.12	—	3.12	306.0	7.11	1.28	2.74
1997	200	3.99	1.28	5.27	106	3.12	—	3.12	306.0	7.11	1.28	2.74
1998	200	3.99	1.28	5.27	106	3.12	—	3.12	306.0	7.11	1.28	2.74
1999	200	3.99	1.28	5.27	106	3.12	—	3.12	306.0	7.11	1.28	2.74
2000	200	3.99	1.28	5.27	106	3.12	—	3.12	306.0	7.11	1.28	2.74

1983 3 18

CRATER LAKE STAND ALONE : P/C = $59.66 MIL., NO IDC, NO O&M OR REAL O&M ESCALATION, D/S = 1.10, 33.3% FED FINANCING (3%-50 YRS.), 33.3% STATE GRANT, 33.3% REVENUE BONDS (10%-35 YRS.).

POWER RATE BASED ON THE INCLUSION OF: CRATER LAKE

PROJECT POWER RATE SUMMARY FOR : CRATER LAKE

YEAR	PROJ COST INCL. IDC $MILLIONS	PROJ DEBT DRAW $MILLIONS	SALES GWH	W/O CAP D/S RATE C/KWH	D/S CAP ADJUST. $MILLIONS	WITH CAP D/S RATE C/KWH	O/M RATE C/KWH	TOTAL RATE C/KWH
1982	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1983	12.84	8.56	0.00	0.00	0.00	0.00	0.00	0.00
1984	43.75	29.17	0.00	0.00	0.00	0.00	0.00	0.00
1985	53.55	35.70	0.00	0.00	0.00	0.00	0.00	0.00
1986	58.79	39.20	0.00	0.00	0.00	0.00	0.00	0.00
1987	59.66	39.77	63.60	4.83	0.00	4.83	0.00	4.83
1988	59.66	39.77	84.80	3.68	0.00	3.68	0.00	3.68
1989	59.66	39.77	106.00	2.94	0.00	2.94	0.00	2.94
1990	59.66	39.77	106.00	2.94	0.00	2.94	0.00	2.94
1991	59.66	39.77	106.00	2.94	0.00	2.94	0.00	2.94
1992	59.66	39.77	106.00	2.94	0.00	2.94	0.00	2.94
1993	59.66	39.77	106.00	2.94	0.00	2.94	0.00	2.94
1994	59.66	39.77	106.00	2.94	0.00	2.94	0.00	2.94
1995	59.66	39.77	106.00	2.94	0.00	2.94	0.00	2.94
1996	59.66	39.77	106.00	2.94	0.00	2.94	0.00	2.94
1997	59.66	39.77	106.00	2.94	0.00	2.94	0.00	2.94
1998	59.66	39.77	106.00	2.94	0.00	2.94	0.00	2.94
1999	59.66	39.77	106.00	2.94	0.00	2.94	0.00	2.94
2000	59.66	39.77	106.00	2.94	0.00	2.94	0.00	2.94
2001	59.66	39.77	106.00	2.94	0.00	2.94	0.00	2.94

Crater Lake Stands Alone; P/C = $59.66 Mill; No IDC; No O&M; D/S = 1.10; 100% State Loan .5% .35 yrs

	SNETTISHAM				CRATER LAKE				TOTAL Mill Rate			
YEAR	SALES (GWH)	D/S $/Mill	O&M $/Mill	Total $/Mill	Sales (GWH)	D/S $/Mill	O&M ($/Mill)	Total	Sales	D/S $/Mill	O&M $/Mill	Total ¢/kwh
1987	194	3.87	1.00	4.87	63.6	3.94	—	3.94	257.6	7.81	1.00	3.72
1988	195	3.89	1.062	4.95	84.8	4.01	—	4.01	279.8	7.90	1.06	3.20
1989	196	3.94	1.12	5.06	106	4.01	—	4.01	302.0	7.95	1.12	3.00
1990	197	3.97	1.20	5.17	106	4.01	—	4.01	303.0	7.98	1.20	3.03
1991	198	3.99	1.28	5.27	106	4.01	—	4.01	304.0	8.00	1.28	3.05
1992	199	3.99	1.28	5.27	106	4.01	—	4.01	305.0	8.00	1.28	3.04
1993	200	3.99	1.28	5.27	106	4.01	—	4.01	306.0	8.00	1.28	3.03
1994	200	3.99	1.28	5.27	106	4.01	—	4.01	306.0	8.00	1.28	3.03
1995	200	3.99	1.28	5.27	106	4.01	—	4.01	306.0	8.00	1.28	3.03
1996	200	3.99	1.28	5.27	106	4.01	—	4.01	306.0	8.00	1.28	3.03
1997	200	3.99	1.28	5.27	106	4.01	—	4.01	306.0	8.00	1.28	3.03
1998	200	3.99	1.28	5.27	106	4.01	—	4.01	306.0	8.00	1.28	3.03
1999	200	3.99	1.28	5.27	106	4.01	—	4.01	306.0	8.00	1.28	3.03
2000	200	3.99	1.28	5.27	106	4.01	—	4.01	306.0	8.00	1.28	3.03

1983 3 18

CRATER LAKE STAND ALONE : P/C = $59.66 MIL., NO IDC, NO O&M OR REAL O&M ESCALATION, D/S = 1.10, 100% STATE LOAN (5%-35 YRS.).

POWER RATE BASED ON THE INCLUSION OF: CRATER LAKE

PROJECT POWER RATE SUMMARY FOR : CRATER LAKE

YEAR	PROJ COST INCL. IDC $MILLIONS	PROJ DEBT DRAW $MILLIONS	SALES GWH	W/O CAP D/S RATE C/KWH	D/S CAP ADJUST. $MILLIONS	WITH CAP D/S RATE C/KWH	O/M RATE C/KWH	TOTAL RATE C/KWH
1982	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1983	12.84	12.84	0.00	0.00	0.00	0.00	0.00	0.00
1984	43.75	43.75	0.00	0.00	0.00	0.00	0.00	0.00
1985	53.55	53.55	0.00	0.00	0.00	0.00	0.00	0.00
1986	58.79	58.79	0.00	0.00	0.00	0.00	0.00	0.00
1987	59.66	59.66	63.60	6.21	0.00	6.21	0.00	6.21
1988	59.66	59.66	84.80	4.73	0.00	4.73	0.00	4.73
1989	59.66	59.66	106.00	3.78	0.00	3.78	0.00	3.78
1990	59.66	59.66	106.00	3.78	0.00	3.78	0.00	3.78
1991	59.66	59.66	106.00	3.78	0.00	3.78	0.00	3.78
1992	59.66	59.66	106.00	3.78	0.00	3.78	0.00	3.78
1993	59.66	59.66	106.00	3.78	0.00	3.78	0.00	3.78
1994	59.66	59.66	106.00	3.78	0.00	3.78	0.00	3.78
1995	59.66	59.66	106.00	3.78	0.00	3.78	0.00	3.78
1996	59.66	59.66	106.00	3.78	0.00	3.78	0.00	3.78
1997	59.66	59.66	106.00	3.78	0.00	3.78	0.00	3.78
1998	59.66	59.66	106.00	3.78	0.00	3.78	0.00	3.78
1999	59.66	59.66	106.00	3.78	0.00	3.78	0.00	3.78
2000	59.66	59.66	106.00	3.78	0.00	3.78	0.00	3.78
2001	59.66	59.66	106.00	3.78	0.00	3.78	0.00	3.78

Crater Lake Stands Alone; P/C = $54 LE Mill; No IDC; No O&M; D/S = 1.10; 33.3% Fed (3% - 50yrs); 33.3% State Loan (5% - 35yrs); 33.3% Revenue Bonds 10% - 35

SNETTISHAM					CRATER LAKE				TOTAL Melted Rate			
YEAR	Sales (GWH)	D/S $/mill	O&M $/mill	Total $/mill	Sales (GWH)	D/S $/mill	O&M ($/mill)	Total	Sales	D/S $/mill	O&M $/mill	Total (¢/kwh)
1987	194	3.87	1.00	4.87	63.6	4.39	—	4.39	257.6	8.28	1.00	3.60
1988	195	3.89	1.062	4.95	84.8	4.45	—	4.45	279.8	8.34	1.06	3.36
1989	196	3.94	1.12	5.06	106	4.45	—	4.45	302.0	8.39	1.12	3.15
1990	197	3.97	1.20	5.17	106	4.45	—	4.45	303.0	8.42	1.20	3.17
1991	198	3.99	1.28	5.27	106	4.45	—	4.45	304.0	8.44	1.28	3.20
1992	199	3.99	1.28	5.27	106	4.45	—	4.45	305.0	8.44	1.28	3.19
1993	200	3.99	1.28	5.27	106	4.45	—	4.45	306.0	8.44	1.28	3.18
1994	200	3.99	1.28	5.27	106	4.45	—	4.45	306.0	8.44	1.28	3.18
1995	200	3.99	1.28	5.27	106	4.45	—	4.45	306.0	8.44	1.28	3.18
1996	200	3.99	1.28	5.27	106	4.45	—	4.45	306.0	8.44	1.28	3.18
1997	200	3.99	1.28	5.27	106	4.45	—	4.45	306.0	8.44	1.28	3.18
1998	200	3.99	1.28	5.27	106	4.45	—	4.45	306.0	8.44	1.28	3.18
1999	200	3.99	1.28	5.27	106	4.45	—	4.45	306.0	8.44	1.28	3.18
2000	200	3.99	1.28	5.27	106	4.45	—	4.45	306.0	8.44	1.28	3.18

1983 3 18

CRATER LAKE STAND ALONE : P/C = $59.66 MIL., NO IDC, NO O&M OR REAL. O&M ESCALATION, D/S = 1.10, 33.3% FED FINANCING (3%-50 YRS.), 33.3% STATE LOAN (5%-35 YRS.), 33.3% REVENUE BONDS (10%-35 YRS.).

POWER RATE BASED ON THE INCLUSION OF: CRATER LAKE

PROJECT POWER RATE SUMMARY FOR : CRATER LAKE

YEAR	PROJ COST INCL IDC $MILLIONS	PROJ DEBT DRAW $MILLIONS	SALES GWH	W/O CAP D/S RATE C/KWH	D/S CAP ADJUST. $MILLIONS	WITH CAP D/S RATE C/KWH	O/M RATE C/KWH	TOTAL RATE C/KWH
1982	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1983	12.84	12.84	0.00	0.00	0.00	0.00	0.00	0.00
1984	43.75	43.75	0.00	0.00	0.00	0.00	0.00	0.00
1985	53.55	53.55	0.00	0.00	0.00	0.00	0.00	0.00
1986	58.79	58.79	0.00	0.00	0.00	0.00	0.00	0.00
1987	59.66	59.66	63.60	6.90	0.00	6.90	0.00	6.90
1988	59.66	59.66	84.80	5.25	0.00	5.25	0.00	5.25
1989	59.66	59.66	106.00	4.20	0.00	4.20	0.00	4.20
1990	59.66	59.66	106.00	4.20	0.00	4.20	0.00	4.20
1991	59.66	59.66	106.00	4.20	0.00	4.20	0.00	4.20
1992	59.66	59.66	106.00	4.20	0.00	4.20	0.00	4.20
1993	59.66	59.66	106.00	4.20	0.00	4.20	0.00	4.20
1994	59.66	59.66	106.00	4.20	0.00	4.20	0.00	4.20
1995	59.66	59.66	106.00	4.20	0.00	4.20	0.00	4.20
1996	59.66	59.66	106.00	4.20	0.00	4.20	0.00	4.20
1997	59.66	59.66	106.00	4.20	0.00	4.20	0.00	4.20
1998	59.66	59.66	106.00	4.20	0.00	4.20	0.00	4.20
1999	59.66	59.66	106.00	4.20	0.00	4.20	0.00	4.20
2000	59.66	59.66	106.00	4.20	0.00	4.20	0.00	4.20
2001	59.66	59.66	106.00	4.20	0.00	4.20	0.00	4.20

Introduced: 2/2/83
Referred: Finance

Funding Information

General Fund	$4,500,000
Other Funds	-0-
	$4,500,000

1 IN THE SENATE BY RAY

2 SENATE BILL NO. 105

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act amending an appropriation made in ch. 90, SLA
7 1981, making an appropriation to the Alaska Power
8 Authority for the Snettisham power project; and pro-
9 viding for an effective date."

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

11 * Section 1. Section 6(7); ch. 90, SLA 1981, page 2, line 22 (Snetti-
12 sham power project) is repealed.

13 * Sec. 2. The sum of $4,500,000 is appropriated from the general fund
14 to the Alaska Power Authority for feasibility studies, preconstruction
15 design, engineering, and construction at the Snettisham (Crater Lakes)
16 power project.

17 * Sec. 3. The appropriation made by this Act is for a capital project
18 and is subject to AS 37.25.020.

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

of a right-of-way for and design and construction of an electrical transmission system connecting Craig and Klawock.

* Sec. 4. The sum of $200,000 and the interest earned on the investment of that sum are appropriated from the general fund to the power development fund of the Alaska Power Authority (AS 44.83.400 - 44.83.510) for construction of a single wire ground return transmission line between Kobuk and Shungnak.

~~* Sec. 5. The sum of $3,250,000 and the interest earned on the investment of that sum are appropriated from the general fund to the power development fund of the Alaska Power Authority (AS 44.83.400 - 44.83.510) for phase I of a transmission line between Barrow and Atkasook.~~

* Sec. 6. The sum of ~~$37,900,000~~ is appropriated from the general fund to the Alaska Power Authority for feasibility studies, preconstruction design, and engineering, to be allocated to the following proposed power projects:

(1)	Black Bear Lake	$ ~~2,000,000~~ 1,400,000
(2)	Chester Lake	1,000,000
(3)	Chakachamna Lake	1,000,000
(4)	Grant Lake	1,000,000
(5)	Bethel regional study/Kisaralik	1,000,000
(6)	Power Creek	700,000
(7)	Snettisham (Crater Lakes)	4,500,000
(8)	Susitna	18,100,000
(9)	Tazimina Lake	2,000,000
(10)	West Creek	1,000,000
(11)	Rural community feasibility studies: Akhiok, Ambler, Angoon, Atka, Chignik, Chignik Lagoon, Chignik Lake, Chuathbaluk, Cold Bay, Elim, False Pass, Goodnews Bay,	

and (2) the original obligation date is not more than two years from the requested date of disbursement. (§ 1 ch 113 SLA 1962)

Sec. 37.25.020. Unexpended balances of appropriation for capital projects. An appropriation made for a capital project is valid for the life of the project and the unexpended balance shall be carried forward to subsequent fiscal years. Between July 1 and August 31 of each fiscal year, a statement supporting the amount of the unexpended balance required to complete the projects for which the initial appropriation was made and the amount that may be lapsed shall be recorded with the Department of Administration. (§ 2 ch 113 SLA 1962)

Chapter 30. Local Government Bonding.

Article
1. Anticipatory Borrowing (Repealed)
2. Restrictions on Sale of Bonds and Bond Anticipation Notes (§ 37.30.100)

Article 1. Anticipatory Borrowing.

Section
10—90. [Repealed]

Secs. 37.30.010 — 37.30.090.
Repealed by § 1 ch 118 SLA 1972.

Editor's note. — The repealed article derived from § 1, ch. 117, SLA 1964; § 1, ch. 189, SLA 1970.

Article 2. Restrictions on Sale of Bonds and Bond Anticipation Notes.

Section
100. Prohibited bidding on bonds

Sec. 37.30.100. Prohibited bidding on bonds. (a) No person who provides financial programming or marketing assistance to a political subdivision of the state, whether home rule or otherwise, in connection with the issuance or sale of general obligation bonds, revenue bonds or bond anticipation notes of the political subdivision may bid on the bonds or notes if offered at public sale, or negotiate for their purchase if sold at private sale.

(b) The sale of general obligation, revenue bonds or bond anticipation notes of a political subdivision to a person prohibited from bidding on, or negotiating for the sale of bonds or notes under (a) of this section is against public policy and the sale is void.

(c) In this section "person" means an individual, firm, agent, factor, intermediary, partnership, corporation, association, bond house, stockbroker or bond broker. (§ 2 ch 102 SLA 1974)

Senate Finance Committee
Letter of Intent on SB 105

It is the intent of the Legislature that the Alaska Power Authority expend funds appropriated to it for the purpose of expediting the completion of the Snettisham Hydroelectric Project (addition of third power unit, Crater Lake) by the Corps of Engineers, if the Federal appropriations are insufficient to accomplish the job. It is the desire of the Legislature to see the construction started in 1983 and completed by 1987 at the latest, in order to minimize the economic hardships to the community.

Senator Don Bennett Co-Chairman, Sen. Fin. Cmte.	Senator John Sackett Co-Chairman, Sen. Fin. Cmte.

Need signature

STATE OF ALASKA
THE LEGISLATURE

POUCH Y · STATE CAPITOL
JUNEAU, ALASKA 99811
907-465 3800

LEGISLATIVE AFFAIRS AGENCY

M E M O R A N D U M February 17, 1983

SUBJECT: Constitutionality of SB 105 -- Snettisham appropriation

TO: Senator Bill Ray

FROM: Billy G. Berrier
Director
Division of Legal Services

You have asked whether in our opinion there are constitutional problems with the appropriation made in SB 105.

In Chapter 90, SLA 1981, a substantial number of appropriations were made for energy related programs and projects. Each of the appropriations contained the necessary description of the purpose for which the appropriation was made.

The amendment made in SB 105 does not change the amount appropriated but it does extend the purposes for which the appropriation may be used to include construction.

The appropriation is made to the Alaska Power Authority. The authority has power under law (AS 44.83.080) to perform the functions necessary for each of the purposes set out including, under AS 44.83.080(5), the power to construct power projects.

Within certain limits not applicable here the legislature has plenary power of appropriation which includes determining the amount to be appropriated and the purposes of the appropriation.

This bill is a normal exercise of the power of the legislature to amend appropriations. In my opinion the power extends equally to the amount and the purpose since both are necessary parts of the appropriation.

I see no constitutional problems with the bill.

STATE OF ALASKA
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

POUCH Y STATE CAPITOL
JUNEAU ALASKA 99811
907 465 3800

MEMORANDUM February 11, 1983

SUBJECT: Appropriation in HB 134

TO: Representative Jim Duncan

FROM: Billy G. Berrier BGB
Director
Division of Legal Services

You have asked whether in our opinion the appropriation made in HB 134 could be spent entirely for construction.

The appropriation sets out feasibility studies, preconstruction design, engineering and construction as permitted purposes for which the appropriation may be spent. No allocation between these purposes is made in the bill. This therefore leaves the discretion as to how the appropriation will be apportioned to the agency to whom the appropriation is made, the Alaska Power Authority.

In my opinion as long as the apportionment is reasonable in the situation the authority has discretion. This discretion would include a determination that the purposes of the appropriation would be served best by spending all the money for construction.

If certain purposes had been fulfilled through other sources, it would be unreasonable to apportion money to those purposes. For example, if a feasibility study had been completed which the authority considered adequate for the purpose it would, in my opinion, be an unreasonable use of the money appropriated for another feasibility study to be paid for from the appropriation.

If there is factual support for a determination by the authority that the total purpose of the appropriation would be best served by allocating all the money for construction, in my opinion, a decision by the authority to do that would be legally proper.

BGB:ljb

Introduced: 1/28/83
Referred: Resources and Finance

Funding Information

General Fund	$4,500,000
Other Funds	-0-
	$4,500,000

1 IN THE HOUSE BY DUNCAN AND M.M.MILLER

2 HOUSE BILL NO. 134

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act amending an appropriation made in ch. 90, SLA
7 1981, making an appropriation to the Alaska Power
8 Authority for the Snettisham power project; and pro-
9 viding for an effective date."

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

11 * Section 1. Section 6(7); ch. 90, SLA 1981, page 2, line 22 (Snetti-
12 sham power project) is repealed.

13 * Sec. 2. The sum of $4,500,000 is appropriated from the general fund
14 to the Alaska Power Authority for feasibility studies, preconstruction
15 design, engineering, and construction at the Snettisham (Crater Lakes)
16 power project.

17 * Sec. 3. The appropriation made by this Act is for a capital project
18 and is subject to AS 37.25.020.

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

Alaska State Legislature

Advisory Council Members
Senator Kerttula, Chairman
Senator Bennett
Senator Vic Fischer
Senator Fahrenkamp

Pouch V
State Capital
Juneau, Alaska 99811
Phone: (907)465-3114

SENATE ADVISORY COUNCIL

MEMORANDUM

TO: Senator Ray
Senator Josephson

FROM: Kurt S. Dzinich KSD
Senior Advisor

DATE: February 24, 1983

RE: Snettisham Hydroelectric Project

In response to your request, I am providing you with comments on questions raised during the discussion of SB105 on the Senate floor today.

1. Why not amend SB105 requiring Crater Lake phase to become part of the energy program for Alaska under AS44.83.380?

First and foremost, Crater Lake phase represents a planned addition to the existing Federal project. It can not become part of the energy program for Alaska unless the Feds turnover the ownership to the State. Even if the Feds would be willing to turn over partial ownership of the project, the negotiations to conclude such a three-way agreement (APA, APA(DOE) and Corps) would be horrendously complicated and would result in a significant delay of initiating the construction of this much needed project.

Secondly, while it is correct to say that this project would be exempt from the provisions of AS44.83.177-44.83.185 under AS44.33.187(a), there is nothing in the statutes that would exempt it from AS44.83.398 which specified the sale of power from all power projects in the energy program for Alaska. Trying to apply this provision to a partially or totally owned Federal project would be a nightmare that will have made the unsuccessful Bradley Lake negotiations look like a piece of cake in comparison.

2. Why does my earlier memo of February 1, 1983 to Senator Ray recommend revision to HB134 (which is a duplicate of SB105)?

The reasons were exactly to avoid the kind of problems discussed in item 1 above. Those concerns have been since eliminated with the letter of intent accompanying SB105 which clearly states that APA is to expend the funds for the purpose of project completion by the Corps thereby clearly

implying continued Federal ownership and operation outside of the energy program for Alaska. The letter of intent removes the ambiguity in SB134 and SB105 as to who and when the project should be constructed.

3. What is the plan of finance or how much is the State in for?

Under the criteria that the project remains in Federal ownership, there are only a couple of practical ways for the State to fund our share of the project i.e. either grants, loans or a combination of the two. Based on testimony during Bradley project hearings, APA would not be able to sell revenue bonds on a project it did not own. The State's share of the estimated $60 million (1982 $) needed to complete Crater Lake depends on the Federal share and this can not be predicted in advance. The Feds have expended about $3.8 million through 1982 while their FY84 budgetary hearings are ongoing right now. Depending on the success of our congressional delegation, the State could end up financing a portion or the whole sum. Regardless of what portion we finance, Crater Lake will represent the most efficient utilization of our dollars when compared to any ongoing or proposed projects in the energy program. One could only wish that they were all as cost effective (this is to be expected since the powerhouse and the transmission line are already in place while the capacity will be fully utilized in about 3-4 years).

I have attached a copy of Senator Steven's comments on Crater Lake urging State participation as a precondition to obtaining additional Federal funds.

4. Is it fair for the State to finance Crater Lake outside of the energy program for Alaska?

We provided a $15 million low interest (4%) loan to Sitka to complete Green Lake project. My purpose in recommending State participation through grants or loans is to expedite the initiation and completion of the construction and as noted in the letter of intent. Clearly the Federal Government has expressed interest in getting out of Alaska and we should initiate discussions for the eventual takeover of the APA(DOE) projects and functions in Alaska along similar lines as the Railroad. It is equally clear that this agreement could take a few years to implement, especially if one considers the precedent setting implications of this action as viewed by some of the lower 48 poorer states. Once the State has taken over these projects obviously they would become part of the State owned system.

5. Are we sending the wrong signal to the Feds?

I can only defer to the comments of Senator Stevens. For the past couple of years or so, the State has stayed out of the way hoping the Feds would get going. While there has been much talk, there has been no construction to date. I don't think the State has much to lose by indicating now that it is ready to share some of the costs.

As a general comment, I would like to point out that there is still some way to go to obtain congressional approval for the Corps to take State funds, and for the Corps to obtain authority to initiate construction.

After all, the Congress told them to start the construction in '82 and again in '83, but to date the Federal bureaucracy and OBM have seen fit to disregard these instructions. Participation by the State with minimum strings attached will send the proper signal and make it easier for the congressional delegation to get the project going.

going to do [indiscern.] . . . reintroduce a similar bill this [indiscernible]

A. Yes, Senator, we are working on a new version of that bill. We are working very closely with the Department of Interior and the whole administration as well as members of the House on it and we hope to reintroduce it soon. I believe Senator Murkowski will co-sponsor it when I reintroduce it. It is a bill that provides for a revenue sharing of a percentage of the revenues the federal government currently receives from the Outer Continental Shelf development to go to states and to the communities in the area of the development. It doesn't represent a very large proportion if you look at it, but it is a lot better than nothing. And those revenues are projected to be rather sizeable. We have difficulty with this bill, as I'm sure you would recognize, because we have 70% of the Outer Continental Shelf. So any bill that deals with the OCS is really a bill to assist Alaska. And at the present time most people in Congress don't think we need much financial assistance. But from the long range point of view, we have no income from that development of that Outer Continental Shelf, and there are burdens for the state and the communities that will come if the Shelf areas are developed. And I believe, eventually, we will get that bill passed. It looks like we will be able to work out the support of the administration with a few amendments that they are discussing with us now.

PRESIDENT: Senator Halford, you were seeking the floor?

Q. Senator, there has been considerable discussion about the _____ ban on export of Alaskan oil. I wonder if you are any action in that area?

A. Mr. Halford, there will be, I think. As you know, the President and Prime Minister Nakasoni appointed a task force of representatives of both Japan and the United States to review the whole question of Alaska resource policy as it affects the trade negotiations between Japan and the United States. And we expect a report from that commission soon. As far as developing the tactics for handling it, in the Senate at least Senator Murkowski is now on the Foreign Relations Committee and on Energy, and those are the two committees that that proposal will go before. I would urge you to discuss it with him when he is here next week. I personally favor, of course, the removal of that prohibition against export of Alaskan oil. I would call everyone's attention to the fact that the word Japan doesn't appear in that amendment. It is not a prohibition to Japan, it is a prohibition against export period. And we need, I feel, to develop an Alaska price for oil. I've spoken to the legislature about that in years gone by, but if we had an Alaska price for oil, as the OPEC pricing system breaks up, as it apparently is, I think that Alaska would be a lot better off. I think that that export provision is really a key to our future pricing mechanisms as far as the sale of the royalty oil of Alaska. So I'm hopeful that we will get some support on that. And I urge you to talk to Senator Murkowski about the timing of consideration of it.

PRESIDENT: Senator Ray and then Representative Wendte.

Q. Thank you. Senator Stevens, this is merely a parochial request, or question if you like. You touched briefly on the energy needs, and last year we inadvertently, we, meaning the legislature, passed legislation concerning

Snettisham and Crater Lake development, in which we appropriated the money and used the wrong language. It was federal funds I believe, that were going to be available or could be available to assist us in the engineering preparation. I wondered, sir, if you could help us in getting that money, or at least assist us in some way.

A. Well, Mr. Ray, I certainly hope that we are able to secure the cooperation that we need between the state and federal governments to get the future development of Snettisham assured. At my request, we did add on to the budget last year for public works, the monies to start that third phase as far as Snettisham is concerned. The difficulty that I have is, having gotten the money appropriated, we have not been able to get it released. I would urge that you do everything you can to make certain that the State of Alaska's portion of that funding is there and waiting, because if there are any strings on it at all, we'll not be able to get the federal money released and we are going to be standing there, you know, on the _____ routine. Crater's participation has to be clear and unequivocal before we can get that money released. So anything you can do, here, will enable us to do what we have to do there. I agree with you one hundred percent about the need for that project. It is a project that was started as a federal project and ought to be continued with federal participation. But it does need state assistance in order to do it.

[END OF SIDE 1, TAPE 1]

. . . I understand that's another project. They said, what would you ever do with the power? In a few short years, we need the power. That was the addition of Crater Lake.

PRESIDENT: Representative Wendte?

Q. Thank you, Mr. President. I hope the Speaker doesn't take the Senator's words too seriously and introduce a four-minute session limit bill. But I do have a question for the Senator. Senator, there is widespread opposition in Alaska, if not total opposition, to the current wording of the Canadian bilateral salmon treaty. Would you care to comment on the gravity of Alaska's position should they oppose that treaty? Perhaps even more importantly, what options are there within the consideration of a international treaty by the Senate to alter or revise the U.S. position on that treaty?

A. Well, answering the last part first -- I do think that there are mechanisms that we have in the Senate. You have all heard of reservations that we are capable of putting on a treaty. We are not able to modify the treaty text as such, but we can condition the Senate's ratification of a treaty on action contained in a reservation of the treaty. My position has been that we ought not to be, as a state, responsible for destroying that treaty process. We need the treaty in the long run more than anyone else. But we don't need this current draft of that treaty -- is pretty obvious. We all have, I think, discovered the inequities and the errors in the current draft of the treaty. We hope to convince our Canadian counterparts that that treaty is inequitable, if you look at the treatment of cohos, you

ALASKA POWER AUTHORITY

334 WEST 5th AVENUE - ANCHORAGE, ALASKA 99501

Phone: (907) 277-7641
(907) 276-0001

February 17, 1983

Honorable John Sackett
Senate Finance Committee
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Senator Sackett:

You have requested information on the Snettisham hydropower project and the potential cost to the State if no or only partial federal funding is provided. As you know, Snettisham is a federal project presently consisting of 47 mw being fed from a reservoir at Long Lake. The phase presently being contemplated is the Crater Lake phase which would add another 27 mw of generation capacity and 106,000,000 kwh of energy. Present wholesale cost of energy is 1.5 ¢/kwh and this is projected to rise to 2.5 ¢/kwh in 1985 for the Long Lake phase.

In that Snettisham is a federal project the Power Authority has conducted no independent assessments of the need or cost of the Crater Lake phase. Thus, we have secured cost estimates from the Corps of Engineers and load demand projections from the federal Alaska Power Administration. On the surface, the project would appear quite economic based on the face value of the information provided by the two federal agencies.

In the event the State requires that a portion of the project is debt financed, power sales contracts would be required from the local utilities. This in turn would necessitate that we attempt to estimate a cost of power for the project. Cost of power would be dependent upon the mix of State, federal, and revenue bond financing provided. Present indications from the Alaska Power Administration are that federal interest rates would be roughly 3.5%. I have yet to see this in writing, however. Theoretically, it could be as high as the prevailing federal interest rate. Not knowing what the federal contribution might be, I have based our preliminary cost of power analysis on a mix of State and revenue bond financing. Our analysis assumes Snettisham is a "stand alone" project and that 10% - 35-year debt financing could be secured. Furthermore, our analysis covers cost of power only from the Crater Lake phase rather than the total melded cost of the two phases. If you wished to determine the melded cost, a close approximation would be two-thirds at 2.5¢/kwh plus one-third at our estimated rates below. Our projections of wholesale power cost are tentative in that there was little time to refine the model and verify the data used to generate the cost of power numbers.

Project Assumptions
(per telephone call from Mr. R. Cross,
Alaska Power Administration, Juneau)

Project Cost	$55,387,000
Project Sales	106 Million Killowatt Hours

First year 60 percent of capacity sales.
Third year 100 percent of capacity sales.

Project Cash Flow:		
	1982	$ 3,770,000
	1983	12,000,000
	1984	27,000,000
	1985	8,000,000
	1986	4,000,000
	1987	617,000
	Total	$55,387,000

Interest During Construction (IDC):

IDC was computed through the end-of-construction (1987) rather than to mid-point due to the lack of time necessary to reprogram the model. This results in an overstatement of IDC, but this should not result in a material distortion in the cost of power.

Inflation: DRI (Approximately seven percent per year.)
Interest: Ten percent, 35-year maturity.
Operation and maintenance: Rough estimate by Power Authority.

Estimated Cost of Power

State Contribution ($ million)	Debt (%)	Cost of Power 1988 (¢/kwh)	Cost of Power 1990 (¢/kwh)
61.4	0%	0.83	0.58
36.8	40%	6.58	4.03
0.0	100%	15.77	9.60

Once again, please note that these are tentative numbers generated on a 24-hour turnaround basis. We have not had sufficient time to varify project data from the Federal Government nor have we projected IDC to the mid-point of construction. Please call upon me if you desire additional information.

Sincerely,

Eric P. Yould

Eric P. Yould
Executive Director

EPY/wfs 3/9
Enclosures
cc: Dick Lyon
Bob Cross
Neil Saling

1983 2 15

CRATER LAKE 0% DEBT CASE D/S=1.10 IDC INCLUDED NO REAL O&M ESCALATION

POWER RATE BASED ON THE INCLUSION OF: CRATER LAKE

PROJECT POWER RATE SUMMARY FOR : CRATER LAKE

YEAR	PROJ COST INCL IDC $MILLIONS	PROJ DEBT DRAW $MILLIONS	SALES GWH	W/O CAP D/S RATE C/KWH	WITH CAP D/S RATE C/KWH	O/M RATE C/KWH	TOTAL RATE C/KWH
1982	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1983	16.28	0.00	0.00	0.00	0.00	0.00	0.00
1984	46.11	0.00	0.00	0.00	0.00	0.00	0.00
1985	55.53	0.00	0.00	0.00	0.00	0.00	0.00
1986	60.57	0.00	0.00	0.00	0.00	0.00	0.00
1987	61.40	0.00	0.00	0.00	0.00	0.00	0.00
1988	61.40	0.00	63.60	0.00	0.00	0.83	0.83
1989	61.40	0.00	84.80	0.00	0.00	0.68	0.68
1990	61.40	0.00	106.00	0.00	0.00	0.58	0.58
1991	61.40	0.00	106.00	0.00	0.00	0.62	0.62
1992	61.40	0.00	106.00	0.00	0.00	0.67	0.67
1993	61.40	0.00	106.00	0.00	0.00	0.71	0.71
1994	61.40	0.00	106.00	0.00	0.00	0.76	0.76
1995	61.40	0.00	106.00	0.00	0.00	0.82	0.82
1996	61.40	0.00	106.00	0.00	0.00	0.87	0.87
1997	61.40	0.00	106.00	0.00	0.00	0.93	0.93
1998	61.40	0.00	106.00	0.00	0.00	1.00	1.00
1999	61.40	0.00	106.00	0.00	0.00	1.07	1.07
2000	61.40	0.00	106.00	0.00	0.00	1.14	1.14
2001	61.40	0.00	106.00	0.00	0.00	1.22	1.22

CRATER LAKE STAND ALONE 0% DEBT D/S=1.10 IDC INCLUDED NO REAL O&M ESCALATION

ALASKA POWER AUTHORITY FINANCIAL FORECAST FOR FISCAL YEARS ENDING JUNE 30 1983 2 15

($MILLIONS)

YEAR	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991
ENERGY GWH	-	-	-	-	-	-	63.6	84.8	106.0	106.0
REAL PRICE- C/KWH	-	-	-	-	-	-	0.5	0.5	0.4	0.4
INFLATION INDEX	100.0	100.0	107.0	114.5	122.5	131.1	140.3	150.1	160.6	171.8
PRICE- C/KWH	-	-	-	-	-	-	0.8	0.7	0.6	0.6
——INCOME——										
REVENUE	-	-	-	-	-	-	0.5	0.6	0.6	0.7
LESS OPERATING COSTS	-	-	-	-	-	-	0.3	0.3	0.3	0.4
OPERATING INCOME	-	-	-	-	-	-	0.2	0.3	0.3	0.3
ADD INTEREST EARNED ON FUNDS	-	-	-	-	-	-	-	0.1	0.1	0.1
LESS INT ON SHORT TERM DEBT	-	-	-	-	-	-	-	0.1	0.1	0.1
LESS INT ON LONG TERM DEBT	-	-	-	-	-	-	-	-	-	-
NET EARNINGS FROM OPERATIONS	-	-	-	-	-	-	0.2	0.3	0.3	0.3
——CASH SOURCE AND USE——										
CASH INCOME FROM OPERATIONS	-	-	-	-	-	-	0.2	0.3	0.3	0.3
STATE GRANTS	-	16.3	29.8	9.4	5.0	0.8	-	-	-	-
LONG TERM DEBT DRAWDOWNS	-	-	-	-	-	-	-	-	-	-
WORCAP DEBT DRAWDOWNS	-	-	-	-	-	-	0.6	-	-	0.1
TOTAL SOURCES OF FUNDS	-	16.3	29.8	9.4	5.0	0.8	0.9	0.3	0.3	0.3
LESS CAPITAL EXPENDITURES	-	16.3	29.8	9.4	5.0	0.8	0.2	0.3	0.3	0.3
LESS WORCAP AND FUNDS	-	-	-	-	-	-	0.6	-	-	0.1
LESS DEBT REPAYMENTS	-	-	-	-	-	-	-	-	-	-
LESS PAYMENT TO STATE	-	-	-	-	-	-	-	-	-	-
CASH SURPLUS(DEFICIT)	-	-	-	-	-	-	-	-	-	-
RECOVERY FROM HB9	-	-	-	-	-	-	-	-	-	-
CASH RECOVERED	-	-	-	-	-	-	-	-	-	-
——BALANCE SHEET——										
RESERVE AND CONT. FUND	-	-	-	-	-	-	0.5	0.6	0.6	0.6
OTHER WORKING CAPITAL	-	-	-	-	-	-	0.1	0.1	0.1	0.1
CUM. CAPITAL EXPENDITURE	-	16.3	46.1	55.5	60.6	61.4	61.6	61.9	62.2	62.5
CAPITAL EMPLOYED	-	16.3	46.1	55.5	60.6	61.4	62.3	62.6	62.9	63.2
STATE CONTRIBUTION	-	16.3	46.1	55.5	60.6	61.4	61.4	61.4	61.4	61.4
RECOVERY FROM HB9	-	-	-	-	-	-	-	-	-	-
RETAINED EARNINGS FROM OPS.	-	-	-	-	-	-	0.2	0.5	0.8	1.1
DEBT OUTSTANDING-SHORT TERM	-	-	-	-	-	-	0.6	0.7	0.7	0.8
DEBT OUTSTANDING-LONG TERM	-	-	-	-	-	-	-	-	-	-
DEBT SERVICE COVER	-	-	-	-	-	-	-	-	-	-
ANNUAL BORROWING $1983	-	-	-	-	-	-	-	-	-	-
CUM. BORROWING $1983	-	-	-	-	-	-	-	-	-	-
ANNUAL STATE GRANTS $1983	-	16.3	27.9	8.2	4.1	0.6	-	-	-	-
CUM. STATE GRANTS $1983	-	16.3	44.2	52.4	56.5	57.1	57.1	57.1	57.1	57.1
TOTAL ANNUAL FINANCING $1983	-	16.3	27.9	8.2	4.1	0.6	-	-	-	-
TOTAL CUM. FINANCING $1983	-	16.3	44.2	52.4	56.5	57.1	57.1	57.1	57.1	57.1

SOURCES:

:PROJECT COST: $55,387,000.00 MID 1982 DOLLARS

:O&M FROM MYLES YERKES OF ALASKA POWER AUTHORITY

:

CRATER LAKE STAND ALONE 0% DEBT D/S=1.10 IDC INCLUDED NO REAL O&M ESCALATION

ALASKA POWER AUTHORITY FINANCIAL FORECAST FOR FISCAL YEARS ENDING JUNE 30 1983 2 15

($MILLIONS)

YEAR	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
ENERGY GWH	106.0	106.0	106.0	106.0	106.0	106.0	106.0	106.0	106.0	106.0
REAL PRICE- C/KWH	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
INFLATION INDEX	183.8	196.7	210.5	225.2	241.0	257.9	275.9	295.2	315.9	338.0
PRICE- C/KWH	0.7	0.7	0.8	0.8	0.9	0.9	1.0	1.1	1.1	1.2
——INCOME——										
REVENUE	0.7	0.8	0.8	0.9	0.9	1.0	1.1	1.1	1.2	1.3
LESS OPERATING COSTS	0.4	0.4	0.4	0.5	0.5	0.5	0.6	0.6	0.7	0.7
OPERATING INCOME	0.3	0.3	0.4	0.4	0.4	[illegible]	0.5	0.5	0.6	0.6
ADD INTEREST EARNED ON FUNDS	0.1	0.1	0.1	0.1	0.1	[illegible]	0.1	0.1	0.1	0.1
LESS INT ON SHORT TERM DEBT	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
LESS INT ON LONG TERM DEBT	-	-	-	-	-	-	-	-	-	-
NET EARNINGS FROM OPERATIONS	0.3	0.3	0.4	0.4	0.4	0.4	0.5	0.5	0.5	0.6
——CASH SOURCE AND USE——										
CASH INCOME FROM OPERATIONS	0.3	0.3	0.4	0.4	0.4	0.4	0.5	0.5	0.5	0.6
STATE GRANTS	-	-	-	-	-	-	-	-	-	-
LONG TERM DEBT DRAWDOWNS	-	-	-	-	-	-	-	-	-	-
WORCAP DEBT DRAWDOWNS	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
TOTAL SOURCES OF FUNDS	0.4	0.4	0.4	0.5	0.5	0.5	0.6	0.6	0.6	0.7
LESS CAPITAL EXPENDITURES	0.3	0.3	0.4	0.4	0.4	0.4	0.5	0.5	0.5	0.6
LESS WORCAP AND FUNDS	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
LESS DEBT REPAYMENTS	-	-	-	-	-	-	-	-	-	-
LESS PAYMENT TO STATE	-	-	-	-	-	-	-	-	-	-
CASH SURPLUS(DEFICIT)	-	-	-	-	-	-	-	-	-	-
RECOVERY FROM HB9	-	-	-	-	-	-	-	-	-	-
CASH RECOVERED	-	-	-	-	-	-	-	-	-	-
——BALANCE SHEET——										
RESERVE AND CONT. FUND	0.7	0.7	0.8	0.9	0.9	1.0	1.0	1.1	1.2	1.3
OTHER WORKING CAPITAL	0.1	0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2
CUM. CAPITAL EXPENDITURE	62.8	63.1	63.5	63.9	64.3	64.7	65.2	65.7	66.2	66.8
CAPITAL EMPLOYED	63.6	64.0	64.4	64.9	65.4	65.9	66.4	67.0	67.7	68.3
STATE CONTRIBUTION	61.4	61.4	61.4	61.4	61.4	61.4	61.4	61.4	61.4	61.4
RECOVERY FROM HB9	-	-	-	-	-	-	-	-	-	-
RETAINED EARNINGS FROM OPS.	1.4	1.7	2.1	2.5	2.9	3.3	3.8	4.3	4.8	5.4
DEBT OUTSTANDING-SHORT TERM	0.8	0.9	0.9	1.0	1.1	1.2	1.2	1.3	1.4	1.5
DEBT OUTSTANDING-LONG TERM	-	-	-	-	-	-	-	-	-	-
DEBT SERVICE COVER	-	-	-	-	-	-	-	-	-	-
ANNUAL BORROWING $1983	-	-	-	-	-	-	-	-	-	-
CUM. BORROWING $1983	-	-	-	-	-	-	-	-	-	-
ANNUAL STATE GRANTS $1983	-	-	-	-	-	-	-	-	-	-
CUM. STATE GRANTS $1983	57.1	57.1	57.1	57.1	57.1	57.1	57.1	57.1	57.1	57.
TOTAL ANNUAL FINANCING $1983	-	-	-	-	-	-	-	-	-	-
TOTAL CUM. FINANCING $1983	57.1	57.1	57.1	57.1	57.1	57.1	57.1	57.1	57.1	57.

SOURCES:

:PROJECT COST: $55,387,000.00 MID 1982 DOLLARS

:O&M FROM MYLES YERKES OF ALASKA POWER AUTHORITY

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1983 2 15

CRATER LAKE 40% DEBT CASE D/S=1.10 IDC INCLUDED NO O&M ESCALATION

POWER RATE BASED ON THE INCLUSION OF: CRATER LAKE

PROJECT POWER RATE SUMMARY FOR : CRATER LAKE

YEAR	PROJ COST INCL IDC $MILLIONS	PROJ DEBT DRAW $MILLIONS	SALES GWH	W/O CAP D/S RATE C/KWH	WITH CAP D/S RATE C/KWH	O/M RATE C/KWH	TOTAL RATE C/KWH
1982	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1983	16.61	6.84	0.00	0.00	0.00	0.00	0.00
1984	47.72	20.05	0.00	0.00	0.00	0.00	0.00
1985	59.33	26.01	0.00	0.00	0.00	0.00	0.00
1986	67.07	30.73	0.00	0.00	0.00	0.00	0.00
1987	70.99	34.15	0.00	0.00	0.00	0.00	0.00
1988	70.99	34.15	63.60	6.12	6.12	0.45	6.58
1989	70.99	34.15	84.80	4.59	4.59	0.42	5.01
1990	70.99	34.15	106.00	3.67	3.67	0.36	4.03
1991	70.99	34.15	106.00	3.67	3.67	0.38	4.05
1992	70.99	34.15	106.00	3.67	3.67	0.40	4.08
1993	70.99	34.15	106.00	3.67	3.67	0.43	4.10
1994	70.99	34.15	106.00	3.67	3.67	0.46	4.14
1995	70.99	34.15	106.00	3.67	3.67	0.52	4.19
1996	70.99	34.15	106.00	3.67	3.67	0.57	4.25
1997	70.99	34.15	106.00	3.67	3.67	0.63	4.31
1998	70.99	34.15	106.00	3.67	3.67	0.70	4.37
1999	70.99	34.15	106.00	3.67	3.67	0.77	4.44
2000	70.99	34.15	106.00	3.67	3.67	0.84	4.52
2001	70.99	34.15	106.00	3.67	3.67	0.92	4.60

-CRATER LAKE STAND ALONE 40% DEBT D/S=1.10 IDC INCLUDED NO REAL O&M ESCALATION INCLUDED

ALASKA POWER AUTHORITY FINANCIAL FORECAST FOR FISCAL YEARS ENDING JUNE 30 1983 2 15

($MILLIONS)

YEAR	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991
ENERGY GWH	-	-	-	-	-	-	63.0	84.8	106.0	106.0
REAL PRICE- C/KWH	-	-	-	-	-	-	4.7	3.3	2.5	2.4
INFLATION INDEX	100.0	100.0	107.0	114.5	122.5	131.1	140.3	150.1	160.6	171.8
PRICE- C/KWH	-	-	-	-	-	-	6.6	5.0	4.0	4.1
——INCOME——										
REVENUE	-	-	-	-	-	-	4.2	4.3	4.3	4.3
LESS OPERATING COSTS	-	-	-	-	-	-	0.3	0.3	0.3	0.4
OPERATING INCOME	-	-	-	-	-	-	3.9	3.9	3.9	3.9
ADD INTEREST EARNED ON FUNDS	-	-	-	-	-	-	-	0.1	0.1	0.1
LESS INT ON SHORT TERM DEBT	-	-	-	-	-	-	-	0.1	0.1	0.1
LESS INT ON LONG TERM DEBT	-	-	-	-	-	-	3.4	3.4	3.4	3.4
NET EARNINGS FROM OPERATIONS	-	-	-	-	-	-	0.5	0.5	0.5	0.5
——CASH SOURCE AND USE——										
CASH INCOME FROM OPERATIONS	-	-	-	-	-	-	0.5	0.5	0.5	0.5
STATE GRANTS	-	9.8	17.9	5.7	3.0	0.5	-	-	-	-
LONG TERM DEBT DRAWDOWNS	-	6.8	13.2	6.0	4.7	3.4	-	-	-	-
WORCAP DEBT DRAWDOWNS	-	-	-	-	-	-	1.0	-	-	-
TOTAL SOURCES OF FUNDS	-	16.6	31.1	11.6	7.7	3.9	1.5	0.5	0.6	0.6
LESS CAPITAL EXPENDITURES	-	16.6	31.1	11.6	7.7	3.9	0.2	0.3	0.3	0.3
LESS WORCAP AND FUNDS	-	-	-	-	-	-	1.0	-	-	-
LESS DEBT REPAYMENTS	-	-	-	-	-	-	0.1	0.1	0.2	0.2
LESS PAYMENT TO STATE	-	-	-	-	-	-	-	-	-	-
CASH SURPLUS(DEFICIT)	-	-	-	-	-	-	0.1	0.1	0.1	0.1
RECOVERY FROM HB9	-	-	-	-	-	-	-	-	-	-
CASH RECOVERED	-	-	-	-	-	-	0.1	0.1	0.1	0.1
——BALANCE SHEET——										
RESERVE AND CONT. FUND	-	-	-	-	-	-	0.5	0.6	0.6	0.6
OTHER WORKING CAPITAL	-	-	-	-	-	-	0.5	0.5	0.5	0.5
CUM. CAPITAL EXPENDITURE	-	16.6	47.7	59.3	67.1	71.0	71.2	71.5	71.8	72.1
CAPITAL EMPLOYED	-	16.6	47.7	59.3	67.1	71.0	72.2	72.5	72.8	73.2
STATE CONTRIBUTION	-	9.8	27.7	33.3	36.3	36.8	36.8	36.8	36.8	36.8
RECOVERY FROM HB9	-	-	-	-	-	-	-	-	-	-
RETAINED EARNINGS FROM OPS.	-	-	-	-	-	-	0.4	0.8	1.2	1.7
DEBT OUTSTANDING-SHORT TERM	-	-	-	-	-	-	1.0	1.0	1.1	1.1
DEBT OUTSTANDING-LONG TERM	-	6.8	20.1	26.0	30.7	34.1	34.0	33.9	33.7	33.6
DEBT SERVICE COVER	-	-	-	-	-	-	1.1	1.1	1.1	1.1
ANNUAL BORROWING $1983	-	6.8	12.3	5.2	3.9	2.6	-	-	-	-
CUM. BORROWING $1983	-	6.8	19.2	24.4	28.2	30.9	30.9	30.9	30.9	30.9
ANNUAL STATE GRANTS $1983	-	9.8	16.7	4.9	2.5	0.4	-	-	-	-
CUM. STATE GRANTS $1983	-	9.8	26.5	31.4	33.9	34.3	34.3	34.3	34.3	34.3
TOTAL ANNUAL FINANCING $1983	-	16.6	29.1	10.1	6.3	3.0	-	-	-	-
TOTAL CUM. FINANCING $1983	-	16.6	45.7	55.8	62.1	65.1	65.1	65.1	65.1	65.1

SOURCES:

:PROJECT COST: $55,387,000.00 MID 1982 DOLLARS

:O&M FROM MYLES YERKES OF ALASKA POWER AUTHORITY

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CRATER-LAKE STAND ALONE 40% DEBT D/S=1.10 IDC INCLUDED NO REAL O&M ESCALATION INCLUDED

ALASKA POWER AUTHORITY FINANCIAL FORECAST FOR FISCAL YEARS ENDING JUNE 30 1983 2 15

($MILLIONS)

YEAR	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
ENERGY GWH	106.0	106.0	106.0	106.0	106.0	106.0	106.0	106.0	106.0	106.0
REAL PRICE- C/KWH	2.2	2.1	2.0	1.9	1.8	1.7	1.6	1.5	1.4	1.4
INFLATION INDEX	183.8	196.7	210.5	225.2	241.0	257.9	275.9	295.2	315.9	338.0
PRICE- C/KWH	4.1	4.1	4.1	4.2	4.2	4.3	4.4	4.4	4.5	4.6
——INCOME——										
REVENUE	4.3	4.3	4.4	4.4	4.5	4.6	4.6	4.7	4.8	4.9
LESS OPERATING COSTS	0.4	0.4	0.4	0.5	0.5	0.5	0.6	0.6	0.7	0.7
OPERATING INCOME	3.9	3.9	4.0	4.0	4.0	4.0	4.1	4.1	4.1	4.2
ADD INTEREST EARNED ON FUNDS	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
LESS INT ON SHORT TERM DEBT	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.2
LESS INT ON LONG TERM DEBT	3.4	3.3	3.3	3.3	3.3	3.2	3.2	3.2	3.1	3.1
NET EARNINGS FROM OPERATIONS	0.5	0.6	0.6	0.6	0.7	0.7	0.8	0.9	0.9	1.0
——CASH SOURCE AND USE——										
CASH INCOME FROM OPERATIONS	0.5	0.6	0.6	0.6	0.7	0.7	0.8	0.9	0.9	1.0
STATE GRANTS	-	-	-	-	-	-	-	-	-	-
LONG TERM DEBT DRAWDOWNS	-	-	-	-	-	-	-	-	-	-
WORCAP DEBT DRAWDOWNS	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
TOTAL SOURCES OF FUNDS	0.6	0.6	0.6	0.7	0.8	0.8	0.9	1.0	1.0	1.1
LESS CAPITAL EXPENDITURES	0.3	0.3	0.4	0.4	0.4	0.4	0.5	0.5	0.5	0.6
LESS WORCAP AND FUNDS	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
LESS DEBT REPAYMENTS	0.2	0.2	0.2	0.2	0.3	0.3	0.3	0.4	0.4	0.4
LESS PAYMENT TO STATE	-	-	-	-	-	-	-	-	-	-
CASH SURPLUS(DEFICIT)	-	-	-	-	-	-	-	-	-	-
RECOVERY FROM HB9	-	-	-	-	-	-	-	-	-	-
CASH RECOVERED	-	-	-	-	-	-	-	-	-	-
——BALANCE SHEET——										
RESERVE AND CONT. FUND	0.7	0.7	0.8	0.9	0.9	1.0	1.0	1.1	1.2	1.3
OTHER WORKING CAPITAL	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.6	0.6	0.6
CUM. CAPITAL EXPENDITURE	72.4	72.7	73.1	73.5	73.9	74.3	74.8	75.3	75.8	76.4
CAPITAL EMPLOYED	73.6	73.9	74.4	74.8	75.3	75.8	76.4	77.0	77.6	78.3
STATE CONTRIBUTION	36.8	36.8	36.8	36.8	36.8	36.8	36.8	36.8	36.8	36.8
RECOVERY FROM HB9	-	-	-	-	-	-	-	-	-	-
RETAINED EARNINGS FROM OPS.	2.2	2.7	3.3	3.9	4.6	5.3	6.1	7.0	7.9	8.9
DEBT OUTSTANDING-SHORT TERM	1.2	1.2	1.3	1.4	1.4	1.5	1.6	1.7	1.8	1.9
DEBT OUTSTANDING-LONG TERM	33.8	33.2	33.0	32.7	32.4	32.1	31.8	31.5	31.1	30.6
DEBT SERVICE COVER	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.2	1.2
ANNUAL BORROWING $1983	-	-	-	-	-	-	-	-	-	-
CUM. BORROWING $1983	30.9	30.9	30.9	30.9	30.9	30.9	30.9	30.9	30.9	30.9
ANNUAL STATE GRANTS $1983	-	-	-	-	-	-	-	-	-	-
CUM. STATE GRANTS $1983	34.3	34.3	34.3	34.3	34.3	34.3	34.3	34.3	34.3	34.3
TOTAL ANNUAL FINANCING $1983	-	-	-	-	-	-	-	-	-	-
TOTAL CUM. FINANCING $1983	65.1	65.1	65.1	65.1	65.1	65.1	65.1	65.1	65.1	65.1

SOURCES:

:PROJECT COST: $55,387,000.00 MID 1982 DOLLARS

:O&M FROM MYLES YERKES OF ALASKA POWER AUTHORITY

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1983 2 15

CRATER LAKE 100% DEBT CASE D/S=1.10 IDC INCLUDED NO REAL O&M ESCALATIOPN

POWER RATE BASED ON THE INCLUSION OF: CRATER LAKE

PROJECT POWER RATE SUMMARY FOR : CRATER LAKE

YEAR	PROJ COST INCL IDC $MILLIONS	PROJ DEBT DRAW $MILLIONS	SALES GWH	W/O CAP D/S RATE C/KWH	WITH CAP D/S RATE C/KWH	O/M RATE C/KWH	TOTAL RATE C/KWH
1982	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1983	17.10	17.10	0.00	0.00	0.00	0.00	0.00
1984	50.13	50.13	0.00	0.00	0.00	0.00	0.00
1985	65.03	65.03	0.00	0.00	0.00	0.00	0.00
1986	76.83	76.83	0.00	0.00	0.00	0.00	0.00
1987	85.37	85.37	0.00	0.00	0.00	0.00	0.00
1988	85.37	85.37	63.60	15.31	15.31	0.45	15.77
1989	85.37	85.37	84.80	11.48	11.48	0.49	11.97
1990	85.37	85.37	106.00	9.19	9.19	0.41	9.60
1991	85.37	85.37	106.00	9.19	9.19	0.43	9.62
1992	85.37	85.37	106.00	9.19	9.19	0.46	9.65
1993	85.37	85.37	106.00	9.19	9.19	0.48	9.67
1994	85.37	85.37	106.00	9.19	9.19	0.51	9.70
1995	85.37	85.37	106.00	9.19	9.19	0.54	9.73
1996	85.37	85.37	106.00	9.19	9.19	0.57	9.76
1997	85.37	85.37	106.00	9.19	9.19	0.61	9.79
1998	85.37	85.37	106.00	9.19	9.19	0.64	9.83
1999	85.37	85.37	106.00	9.19	9.19	0.68	9.87
2000	85.37	85.37	106.00	9.19	9.19	0.72	9.91
2001	85.37	85.37	106.00	9.19	9.19	0.77	9.95

CRATER LAKE STAND ALONE 100% DEBT D/S=1.10 IDC INCLUDED NO REAL O&M ESCALATION

ALASKA POWER AUTHORITY FINANCIAL FORECAST FOR FISCAL YEARS ENDING JUNE 30 1983 2 15

($MILLIONS)

YEAR	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991
ENERGY GWH	-	-	-	-	-	-	63.6	84.8	106.0	106.0
REAL PRICE- C/KWH	-	-	-	-	-	-	11.2	8.0	6.0	5.6
INFLATION INDEX	100.0	100.0	107.0	114.5	122.5	131.1	140.3	150.1	160.6	171.8
PRICE- C/KWH	-	-	-	-	-	-	15.8	12.0	9.6	9.6
——INCOME——										
REVENUE	-	-	-	-	-	-	10.0	10.2	10.2	10.2
LESS OPERATING COSTS	-	-	-	-	-	-	0.3	0.3	0.3	0.4
OPERATING INCOME	-	-	-	-	-	-	9.7	9.8	9.8	9.8
ADD INTEREST EARNED ON FUNDS	-	-	-	-	-	-	-	0.1	0.1	0.1
LESS INT ON SHORT TERM DEBT	-	-	-	-	-	-	-	0.2	0.2	0.2
LESS INT ON LONG TERM DEBT	-	-	-	-	-	-	8.5	8.5	8.5	8.4
NET EARNINGS FROM OPERATIONS	-	-	-	-	-	-	1.2	1.2	1.3	1.3
——CASH SOURCE AND USE——										
CASH INCOME FROM OPERATIONS	-	-	-	-	-	-	1.2	1.2	1.3	1.3
STATE GRANTS	-	-	-	-	-	-	-	-	-	-
LONG TERM DEBT DRAWDOWNS	-	17.1	33.0	14.9	11.8	8.5	-	-	-	-
WORCAP DEBT DRAWDOWNS	-	-	-	-	-	-	1.6	0.1	-	-
TOTAL SOURCES OF FUNDS	-	17.1	33.0	14.9	11.8	8.5	2.8	1.3	1.3	1.4
LESS CAPITAL EXPENDITURES	-	17.1	33.0	14.9	11.8	8.5	0.2	0.3	0.3	0.3
LESS WORCAP AND FUNDS	-	-	-	-	-	-	1.6	0.1	-	-
LESS DEBT REPAYMENTS	-	-	-	-	-	-	0.3	0.3	0.4	0.4
LESS PAYMENT TO STATE	-	-	-	-	-	-	-	-	-	-
CASH SURPLUS(DEFICIT)	-	-	-	-	-	-	0.6	0.6	0.6	0.6
RECOVERY FROM HB9	-	-	-	-	-	-	-	-	-	-
CASH RECOVERED	-	-	-	-	-	-	0.6	0.6	0.6	0.6
——BALANCE SHEET——										
RESERVE AND CONT. FUND	-	-	-	-	-	-	0.5	0.6	0.6	0.6
OTHER WORKING CAPITAL	-	-	-	-	-	-	1.0	1.1	1.1	1.1
CUM. CAPITAL EXPENDITURE	-	17.1	50.1	65.0	76.8	85.4	85.6	85.9	86.1	86.4
CAPITAL EMPLOYED	-	17.1	50.1	65.0	76.8	85.4	87.2	87.5	87.8	88.2
STATE CONTRIBUTION	-	-	-	-	-	-	-	-	-	-
RECOVERY FROM HB9	-	-	-	-	-	-	-	-	-	-
RETAINED EARNINGS FROM OPS.	-	-	-	-	-	-	0.6	1.2	1.8	2.5
DEBT OUTSTANDING-SHORT TERM	-	-	-	-	-	-	1.6	1.6	1.7	1.7
DEBT OUTSTANDING-LONG TERM	-	17.1	50.1	65.0	76.8	85.4	85.1	84.7	84.3	83.9
DEBT SERVICE COVER	-	-	-	-	-	-	1.1	1.1	1.1	1.1
ANNUAL BORROWING $1983	-	17.1	30.9	13.0	9.6	6.5	-	-	-	-
CUM. BORROWING $1983	-	17.1	48.0	61.0	70.6	77.1	77.1	77.1	77.1	77.1
ANNUAL STATE GRANTS $1983	-	-	-	-	-	-	-	-	-	-
CUM. STATE GRANTS $1983	-	-	-	-	-	-	-	-	-	-
TOTAL ANNUAL FINANCING $1983	-	17.1	30.9	13.0	9.6	6.5	-	-	-	-
TOTAL CUM. FINANCING $1983	-	17.1	48.0	61.0	70.6	77.1	77.1	77.1	77.1	77.1

SOURCES:

:PROJECT COST: $55,387,000.00 MID 1982 DOLLARS

:O&M FROM MYLES YERKES OF ALASKA POWER AUTHORITY

:

CRATER LAKE STAND ALONE 100% DEBT D/S=1.10 ISC INCLUDED NO REAL O&M ESCALATION

ALASKA POWER AUTHORITY FINANCIAL FORECAST FOR FISCAL YEARS ENDING JUNE 30 1983 2 15

($MILLIONS)

YEAR	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
ENERGY GWH	106.0	106.0	106.0	106.0	106.0	106.0	106.0	106.0	106.0	106.0
REAL PRICE- C/KWH	5.2	4.9	4.6	4.3	4.0	3.8	3.6	3.3	3.1	2.9
INFLATION INDEX	183.8	196.7	210.5	225.2	241.0	257.9	275.9	295.2	315.9	338.0
PRICE- C/KWH	9.6	9.7	9.7	9.7	9.8	9.8	9.8	9.9	9.9	10.0
——INCOME——										
REVENUE	10.2	10.3	10.3	10.3	10.3	10.4	10.4	10.5	10.5	10.5
LESS OPERATING COSTS	0.4	0.4	0.4	0.5	0.5	0.5	0.6	0.6	0.7	0.7
OPERATING INCOME	9.8	9.8	9.8	9.8	9.8	9.8	9.8	9.9	9.9	9.9
ADD INTEREST EARNED ON FUNDS	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
LESS INT ON SHORT TERM DEBT	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
LESS INT ON LONG TERM DEBT	8.4	8.3	8.3	8.2	8.2	8.1	8.0	8.0	7.9	7.8
NET EARNINGS FROM OPERATIONS	1.3	1.4	1.4	1.5	1.6	1.6	1.7	1.8	1.9	2.0
——CASH SOURCE AND USE——										
CASH INCOME FROM OPERATIONS	1.3	1.4	1.4	1.5	1.6	1.6	1.7	1.8	1.9	2.0
STATE GRANTS	-	-	-	-	-	-	-	-	-	-
LONG TERM DEBT DRAWDOWNS	-	-	-	-	-	-	-	-	-	-
WORCAP DEBT DRAWDOWNS	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
TOTAL SOURCES OF FUNDS	1.4	1.4	1.5	1.6	1.6	1.7	1.8	1.9	2.0	2.1
LESS CAPITAL EXPENDITURES	0.3	0.3	0.4	0.4	0.4	0.4	0.5	0.5	0.5	0.6
LESS WORCAP AND FUNDS	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
LESS DEBT REPAYMENTS	0.5	0.5	0.6	0.6	0.7	0.7	0.8	0.9	1.0	1.1
LESS PAYMENT TO STATE	-	-	-	-	-	-	-	-	-	-
CASH SURPLUS(DEFICIT)	0.6	0.5	0.5	0.5	0.5	0.4	0.4	0.4	0.3	0.3
RECOVERY FROM HB9	-	-	-	-	-	-	-	-	-	-
CASH RECOVERED	0.6	0.5	0.5	0.5	0.5	0.4	0.4	0.4	0.3	0.3
——BALANCE SHEET——										
RESERVE AND CONT. FUND	0.7	0.7	0.8	0.9	0.9	1.0	1.0	1.1	1.2	1.3
OTHER WORKING CAPITAL	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.2
CUM. CAPITAL EXPENDITURE	86.8	87.1	87.5	87.8	88.3	88.7	89.2	89.7	90.2	90.8
CAPITAL EMPLOYED	88.5	88.9	89.3	89.8	90.3	90.8	91.3	91.9	92.6	93.2
STATE CONTRIBUTION	-	-	-	-	-	-	-	-	-	-
RECOVERY FROM HB9	-	-	-	-	-	-	-	-	-	-
RETAINED EARNINGS FROM OPS.	3.3	4.2	5.1	6.1	7.2	8.3	9.6	11.0	12.6	14.2
DEBT OUTSTANDING-SHORT TERM	1.8	1.8	1.9	2.0	2.0	2.1	2.2	2.3	2.3	2.4
DEBT OUTSTANDING-LONG TERM	83.5	82.9	82.4	81.8	81.1	80.4	79.5	78.6	77.7	76.6
DEBT SERVICE COVER	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1
ANNUAL BORROWING $1983	-	-	-	-	-	-	-	-	-	-
CUM. BORROWING $1983	77.1	77.1	77.1	77.1	77.1	77.1	77.1	77.1	77.1	77.1
ANNUAL STATE GRANTS $1983	-	-	-	-	-	-	-	-	-	-
CUM. STATE GRANTS $1983	-	-	-	-	-	-	-	-	-	-
TOTAL ANNUAL FINANCING $1983	-	-	-	-	-	-	-	-	-	-
TOTAL CUM. FINANCING $1983	77.1	77.1	77.1	77.1	77.1	77.1	77.1	77.1	77.1	77.1

SOURCES:

:PROJECT COST: $55,387,000.00 MID 1982 DOLLARS

:O&M FROM MYLES YERKES OF ALASKA POWER AUTHORITY

:

Alaska State Legislature

Advisory Council Members
Senator Kerttula, Chairman
Senator Bennett
Senator Dankworth
Senator Fahrenkamp

Pouch V
State Capital
Juneau, Alaska 99811
Phone: (907) 465-3114

SENATE ADVISORY COUNCIL

MEMORANDUM

TO: Senator Ray

FROM: Kurt S. Dzinich KSD
Senior Advisor

RE: Crater Lake

DATE: February 1, 1983

Since my previous memo of November 3, 1982, the following significant events have taken place:

1. The U.S. Congress passed a continuing resolution for FY83 urging the Corps of Engineers to proceed with the construction of the third unit and chided them for not initiating the construction in FY82 with the $2,000,000 appropriated for that purpose.

2. The AEL&P has requested a moratorium on new electric space heating and hot water installation.

3. Colonel Saling, District Engineer, Alaska District Corps of Engineers, has initiated action through his chain of command to obtain $2,000,000 in FY83 funds (in addition to carry-over funds of $250,000 from FY82) and permission to initiate construction in FY83 (ends on September 30, 1983).

4. Introduction of HB134 by Representatives Duncan and Miller amending earlier Snettisham legislation. Copy attached.

Assuming that the Corps can obtain permission to start the construction in FY83, of the 2.25 million total requirement in FY83 about 1.3 million would be for construction while the remainder would be for engineering and design. In FY84 the requirement would be about 12 million of which 10 million would be for construction. Power-on-line would be in 1987 according to their current schedule.

The best and simplest solution remains for the Corps to finish the Snettisham project using only Federal funds. It is essential that the project construction be initiated in 1983 and completed as expeditiously as possible in order to minimize the negative impacts on the Juneau community.

Given sufficient funds, I don't see any reasons why the Corps should not complete the project in three years i.e. power-on-line in 1986. In order for this scenario to succeed, maximum participation and pushing will be required by our Congressional Delegation. As an additional inducement to obtain Federal funding, we could offer to start negotiations for the eventual takeover of Federal power projects in Alaska.

If the construction is initiated by the Feds in 1983 and if they provide all needed funds in a manner allowing for the most expeditious completion of the project, then there is not much left for the State to do. If, however, the Feds choose not to initiate construction in 1983, or if they provide insufficient funds to allow for an expeditious completion of the project, then there is something that the State could and should do.

If the Feds do not want to fund the start of construction in 1983, the State should provide the funds to the Corps on the basis of some type of cost sharing. (It should be made clear to all that this cost sharing would not have anything to do with the "Innovative Financing" program proposed by the Administration and the Corps last year). In order for the cost sharing to work the following would have to be accomplished:

1. The Corps must obtain Congressional approval to receive the State funds.

2. The Corps must obtain permission to initiate construction in 1983 as desired by Congress.

3. The State must appropriate sufficient funds to the Corps with minimum red tape to allow for the most expeditious start and completion of the project. (In this regard, recently introduced HB134 will probably have to be revised.)

With reference to item 3 above, I believe that the best way of coming up with a fund transfer mechanism would be to have the Legal Services draft appropriate legislation. Towards that end I have prepared a memo to Bill Berrier and attached it for your signature.

For the longer term, pending completion of ongoing intertie studies by the Alaska Power Administration, we will probably need to have a study to determine the next best energy source for the Juneau area after Snettisham. As you are probably aware, interties to Canada or other S.E. communities and additional hydro such as Dorothy Lake are just some of the more attractive alternatives. Because of the various ongoing actions, it would probably be better to wait until the FY85.

Please let me know if you need additional information.

Alaska State Legislature

Advisory Council Members
Senator Kerttula, Chairman
Senator Bennett
Senator Dankworth
Senator Fahrenkamp

Pouch V
State Capital
Juneau, Alaska 99811
Phone: (907) 465-3114

SENATE ADVISORY COUNCIL

MEMORANDUM

TO: Senator Bill Ray

FROM: Kurt S. Dzinich KSD
Senior Advisor

RE: Crater Lake

DATE: November 3, 1982

According to the latest forecasts by the Alaska Power Administration, and based on Juneau remaining the Capital, the second stage of the Snettisham project -- Crater Lake -- should be completed as soon as possible. If the Hoonah intertie is built, the energy use would increase an additional 13% (includes Noranda).

Due to a phenomenal growth in the past couple of years, Juneau's energy demand is expected to grow 23% and peak demand by 30% just between 1981 and 1982. The energy demand has almost equaled the existing Snettisham capacity. In order to preclude serious energy problems, it is essential that Crater Lake construction be initiated in 1983, and completed as expeditiously as practical. Any delays in the construction of Crater Lake will significantly constrain the economic growth and diversification of the Juneau area.

Since you are well up on the history of Snettisham, as well as the current Federal status of the project, I would like to explore the alternatives under which Crater Lake can be built. In my opinion these are:

Alternative 1. Federal Government completes the project using Federal funds and the Corps of Engineers and Alaska Power Administration operates the project

Alternative 2. Federal and State cost sharing; built by the Corps and operated by APA(DOE)

Alternative 3. State funds totally, Corps builds, APA(DOE) operates

Alternative 4. State funds totally, APA builds and operates

Alternative 5. State completes project as part of a takeover package deal of APA(DOE) functions and facilities

Based on my experience with Bradley Lake project and attempts to resolve many complex issues, many or all of which will again be involved in Crater Lake, my evaluation of the above alternatives is as follows:

Alternative 1. In view of the Administration's policies to date, there is very little likelihood of the Feds totally funding this project with an estimated cost now at about 68 million. Except for that, this alternative is the cleanest method with the least number of pitfalls.

Alternative 2. This method is very similar to the one we tried to implement on the Bradley project. These were the key issues that had to be resolved:

a. Three way agreement between APA, APA(DOE) and Corps
b. Bonding and ownership
c. Congressional approval for Corps to proceed with State funds
d. Use of State funds for a Federal project

To make a long story short, the agreement was not consummated because bonding experts convinced the APA and its Board of Directors that revenue bonding would be almost impossible without ownership and because it appeared that the Corps would have difficulty in obtaining Congressional approval. Only the issue of using State funds for a Federal project was successfully solved through legislative action.

Because Alaska is now perceived as being rich, the chances of Feds sharing in the costs of building Crater Lake are only slightly better than Alternative 1, while all other unresolved issues would still have to be solved.

Alternative 3. This is better than the previous two because the State can appropriate the funds as needed thereby expediting construction as much as possible. If the State can not appropriate all of the funds, then it could provide a low interest loan. By providing all of the funds, the issue of bonding vs. ownership can be avoided although a special agreement between APA, APA(DOE) and the Corps would still be required. In order to make it easier to achieve the agreement, Crater Lake should be built as a special project outside of the existing criteria applying to other projects in the Energy Program.

Under both Alternative 2 & 3, existing State legislation would have to be amended to allow the use of the 4.5 million for construction, as well as supplemental funding to allow maximum progress in 1983. This alternative is better than the previous two. Maximum progress in 1983 would probably require more than 14 million currently envisioned by the Corps and based on their Oct. 87 power on live date.

Alternative 4. Under this scenario APA would take the project over and construct it with State funds only, or in combination with bond financing. The takeover agreement would be quite complex as Snettisham would be Federal

while Crater would be State owned. I believe the complexity and the risk of delays to be the greatest under this scenario.

Alternative 5. This scenario is similar to Alternative 4 above except the State would take over Crater Lake as part of a package of taking over all APA(DOE) facilities and functions. Based on similar problems as the Railroad, I believe that the negotiations would be hard and long -- one to two years -- and that considerable delay of power on line would result.

Based on the above, I would recommend proceeding with Alternative 3 as the option with the highest chance of succeeding in a timely fashion. Because the power consumption has increased over 50% in the last two years, time is of essence and the implementing actions designed to start construction in 1983 will have to be pursued aggressively and wholeheartedly by all concerned.

Proceeding expeditiously with Alternative 3 will require action by the Congressional as well as Juneau's legislative delegations. Authority for the Corps to use State funds could be obtained at the upcoming lame duck session as part of an appropriation bill. Failing that, the issue would have to be addressed by the next Congress early in 1983. This action has to be accomplished regardless of whether the costs are shared or solely State funded.

On the State side, the Legislature would have to pass legislation authorizing use of existing funds for construction and provide additional appropriations if at all possible, probably as part of FY83 supplemental appropriations. Specific language would also have to be provided to insure that the project is not needlessly delayed. The bottom line would be to allow the Corps to start construction as early as possible in 1983.

I would be happy to discuss the problem and solution(s) with you at your convenience.

Department Of Energy
Alaska Power Administration
P.O. Box 50
Juneau, Alaska 99802

December 6, 1982

Honorable Bill Ray
Alaska Senate
Pouch V
Juneau, AK 99811

Dear Mr. Ray:

Here's the information packet we are using to alert Juneau area power consumers on limits of the area hydro supply pending completion of the Crater Lake Unit.

Sincerely,

Robert J. Cross
Administrator

Enclosure

Department Of Energy
[illegible]

November 19, 1982

NOTES ON JUNEAU AREA POWER SUPPLY

Juneau faces an important electric energy supply problem for the next few years. Starting in the 1982-1983 winter, power use levels will equal or exceed the energy supply available from APA and AEL&P hydro-electric projects. The difference, or hydro energy deficit, is expected to get larger each year until power becomes available from the Crater Lake Unit of Snettisham. With a 1983 construction start, Crater Lake power would be available in the 1986-1987 winter. However, funding has not yet been secured for construction.

The deficits can be met in only two ways: reducing growth in demand or producing power from oil-fired generators.

Most Juneau power consumers are aware that producing power from oil is very expensive. Fuel is the major cost item, amounting to over 10 cents per kilowatt-hour. Thus it will be very important to the community to try to keep the deficit as small as possible.

This paper is intended to provide current information on several of the issues relating to the power supply problem as well as the status on Crater Lake.

The attachments provide additional detail:

- November 3, 1982, summary sheet on costs, capacity, and energy capability for the Snettisham Project, including Crater Lake.
- November 10, 1982, update of Juneau area power requirement study.
- November 1982 APA policy statement on electric space and water heating.

Status of Crater Lake

The 1962 legislation which authorized the Snettisham Project covers both the present or Long Lake stage and the Crater Lake stage. The Corps of Engineers, which has design and construction responsibility, is presently

preparing the detailed design and construction specifications and is prepared to initiate construction in 1983 if funding is secured. The Corps estimates power on line in June 1986, again depending on funding.

The Crater Lake Unit would be rated at 27 MW and estimated new firm energy is 106 million kWh/year. This is approximately a 60 percent increase in firm energy capability for the project.

Congress appropriated $2 million for Crater Lake in FY 1982 which is being used by the Corps for designs and specifications.

The President's FY 1983 budget request did not include funds to continue construction of Crater Lake. Alaska's congressional delegation requested funding for the project, however, Congress has not yet completed action on the 1983 appropriations.

Amount of Deficit

APA estimates of hydro deficit are contained in table 6 of the power requirement study. Separate numbers are shown for "firm" and "average" conditions.

Firm hydro energy is the amount expected in a critical year of low water supply. More energy is available in most years, so average available energy is higher than the firm.

Expected firm energy deficits and the approximate fuel costs associated with the deficits are as follows:

	Requirements	Deficit		Fuel cost at
	kWh x 10^6	kWh x 10^6	%	10c/kWh
FY 1983	232	11	4	$1,100,000
FY 1984	253	32	13	3,200,000
FY 1985	273	52	19	5,200,000
FY 1986	301	80	27	8,000,000

Table 6 also indicates the deficits could be reduced significantly if the trend to electric space heating is abated.

The weather, the area economy, and individual decisions on power use are the factors that will determine the size of the hydro deficits, and the fuel bills that accompany them.

From the power supply side, amount of energy available in the winter controls. This is limited by storage in the reservoir and water inflow during the winter. Water inflow is smallest when the weather is the coldest. In a mild, wet winter the inflow is higher and more energy can be produced.

Power use is also related to the weather--normally the highest use levels occur in the coldest days of winter. APA estimates that weather factors can cause at least a 10 percent difference in winter season electric energy use--higher use levels if the weather is unusually cold; lower if the winter is mild. The weather impact on peak demands is even more noticeable.

Increases in Juneau area electric energy and peak demand since 1970 are shown on table 1 of the load forecast. Increases in 1981 and 1982 are substantially larger than in the earlier years. The FY 1982 increases of 21.7 percent for energy and 30.4 percent for peak demand are by far the largest of record. Part of this very large increase is attributable to weather (the 1981-1982 winter season was much colder than the prior year); part is due to the continued strength in the Juneau economy; part is due to the trend to use of electric energy for space and water heating.

APA's estimates of future requirements involve somewhat lower rates of growth than in recent years. FY 1983 growth is estimated at 14.3 percent; 1984 at 9.1 percent, and 1985 at 7.9 percent. If the growth turns out to be higher, the deficits would be larger.

The immediate outlook for 1982-1983 is not too bad: a fairly small deficit if critical year water supply conditions occur, but a "most probable" outlook that hydro energy supply will be sufficient if consumers use the energy wisely.

However, the outlook for the following years is not so good. The deficits will get larger each year until Crater Lake becomes available.

Department of Energy
Alaska Power Administration
P.O. Box [illegible]
Juneau, Alaska 99811

November 3, 1982

COST DATA, CAPACITY, AND ENERGY CAPABILITY
FOR SNETTISHAM PROJECT

Investment and repayment obligations, for first or Long Lake stage of Snettisham Project. (Figures as of the end of FY 1981.)

Cumulative Investment:	$79,414,583
Balance to be Repaid:	77,767,774
Deferred Interest:	12,941,794
Total Repayment Obligation:	$90,709,568

Cost estimates for second or Crater Lake stage. (Data from Corps of Engineers, 8/82.)

	(1,000's)
(1) Est. expenditures thru FY 1982	$3,770
(2) Balance to completion	51,617
(3) Construction cost of Crater Lake Unit	55,387

Funding requirements by year ($1,000's):

1	$12,000
2	27,000
3	8,000
4	4,000
5	617
	$51,617

($ millions)
Funding requirements, with allowance for inflation

Year	Inflation estimate	1984 Start	1983 Start	Inflation multiplier
1983	7%	--	12.8	1.07
1984	9%	14.0	31.6	1.17
1985	10.5%	34.8	11.3	1.29
1986	10.5%	11.4	3.7	1.42
1987	10.5%	6.3	1.0	1.57
1988	10.5%	1.1	--	1.73
		67.6	61.4	
		(POL 1987)	(POL 1986)	

Alaska Power Administration

Part 1 Update of July 1982 Juneau Load Forecast

November 1982

Introduction

Alaska Power Administration (APA) has compared the actual Juneau area power requirements through the end of fiscal year 1982 (September 30, 1982) with projections made in July 1982. The earlier projections were based on data through April 1982 and this comparison reflects any changes due to a differing growth pattern than originally forecast for the remainder of the fiscal year.

Basic Data

The basic data and assumptions used previously were essentially the same for this study with minor changes in the distribution among user classes made to reflect actual conditions.

The projections for the base case and the case with electric heat restrictions at the end of FY 1983 were updated and new projections were also made for a case involving electric heat restrictions at the end of calendar year 1982.

Results and Conclusions

Table 1 presents annual system net generation and peak demand for fiscal years 1970 through 1982 along with annual percent increases. The only elements differing from the July 1982 study are the net generation and percent increase for 1982. The actual net generation for 1982 was 202,900 MWh for an increase of 21.7 percent. The earlier study had forecast only slightly higher figures--205,000 MWh and a 23 percent increase.

Table 2 presents the estimates of future demand for the base case. Compared to the earlier projections the actual totals for FY82 were:

- higher for total residential customers (2%)
- higher for general class (8%)
- lower for hot water class (9%)
- lower for all electric class (5%)
- total residential use slightly lower (3%)
- commercial use slightly higher (5%)

The residential sector was expected to have fewer general class customers than the previous year due to customers switching from general class to hot water class. This apparently did not happen as there were actually more general class customers than the previous year. Slight adjustments were thus made to reflect this in future years. The total sales and net generation were also adjusted for future years to reflect slightly lower figures for FY82 than expected. This resulted in somewhat lower total loads in the forecast.

Table 1. Juneau Area Energy and Peak Demand

Fiscal Year	System Net Generation MWH*	MWH % Annual Increase	Peak Demand Mw	MW % Annual Increase
1970	58,266		12.4	
		9.5		11.3
1971	63,786		13.8	
		10.1		8.0
1972	70,255		14.9	
		7.8		4.0
1973	75,753		15.5	
		9.6		4.5
1974	83,059		16.2	
		13.9		9.9
1975	94,609		17.8	
		12.4		11.2
1976	106,296		19.8	
		5.6		3.0
1977	112,197		20.4	
		13.0		14.7
1978	126,800		23.4	
		9.5		-1.3
1979	138,900		23.1 (R)	
		4.5		13.4
1980	145,200		26.2	
		14.8		22.9
1981	166,700		32.2	
		21.7		30.4
1982	202,900		42.0	

* Includes AEL&P and GHEA sales and losses.
(R) Revised from previously published data.

APA 11/82

Table 2. Estimate of Future Demands
Base Case

Fiscal Year	1901	1902	1903	1904	1905	1906	1907	1908	1909	1990	1995	2000
Population	20,005	21,495	22,353	23,250	24,100	25,146	25,650	26,160	26,605	27,220	30,050	33,100
People per Customer	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6
Residential Customers (Average)	7,725	8,267	8,600	8,940	9,300	9,670	9,865	10,060	10,260	10,470	11,560	12,760
Residential Sales												
General Class, Customers	5,165	5,207	5,160	4,900	4,880	4,860	4,730	4,790	4,945	4,505	4,055	4,065
KWH/Customer	6,074	7,052	7,003	6,890	6,890	6,890	6,890	6,750	6,620	6,480	5,870	5,870
KWH, Million	31.4	37.3	36.6	34.3	33.6	33.5	32.6	32.3	30.1	29.2	23.8	23.9
Hot Water Class, Customers	2,040	1,935	1,900	2,005	2,190	2,295	2,375	2,455	2,535	2,615	2,765	2,805
KWH/Customer	12,000	13,100	12,900	12,900	12,900	12,900	12,900	12,900	12,900	12,900	12,900	12,900
KWH, Million	24.5	25.3	25.3	26.9	28.3	29.6	30.6	31.7	32.7	33.7	35.7	37.2
All Electric Class, Customers	520	1,043	1,460	1,875	2,230	2,515	2,760	2,815	3,100	3,350	4,740	[illegible]010
KWH/Customer	23,800	26,700	27,500	27,500	27,500	27,500	27,500	27,500	27,500	27,500	27,500	[illegible],500
KWH, Million	12.4	27.8	40.2	51.6	61.3	69.2	75.9	77.4	87.5	92.1	130.4	159.8
Subtotal Residential, KWH, Million	68.4	90.5	102.2	112.8	123.2	132.3	139.1	141.4	150.2	155.1	189.8	220.9
Commercial Sales (historic (30%) Subtotal Commercial, KWH, Million	39.7	46.7	53.7	59.0	64.0	69.0	71.0	74.0	77.0	80.0	95.0	110.0
Government Sales (historic (26%) Subtotal Govt., GWH	34.9	37.1	44.6	47.0	48.9	50.9	60.8	62.7	64.6	72.9	82.4	102.0
Street Lighting, Residential & Government, GWH			1.1	1.2	1.2	1.2	1.2	1.3	1.3	1.3	1.4	1.5
Total Sales, GWH	142.5	174.2	201.6	220.0	237.3	261.4	272.1	279.4	293.1	309.3	368.6	434.4
Net Generation, GWH (115% of Sales)	164.7	202.9	231.9	253.0	272.9	300.6	312.9	321.3	337.1	359.6	423.9	499.5
System Cap. Factor %	59.0	55.0	55.0	55.0	55.0	55.0	55.0	55.0	55.0	55.0	55.0	55.0
Peak Demand, MW	32.2	42.0	48.1	52.5	56.6	62.4	65.0	66.7	70.0	73.8	88.0	103.7

(Revised) APA 11/83

Table 3 and 4 present the estimates of future demand if electric heat--including hot water--is restricted at the start of calendar year 1983 and fiscal year 1984 respectively. Restricting electric heat at the earlier date would result in about 8 percent lower net generation in 1985 and 16 percent lower in 1990. Restrictions at the later date would result in 5 percent lower in 1985 and 14 percent lower in 1990 compared to the base case. Table 5 summarizes the net generation and peak demand for the three cases.

Table 6 compares the hydro resources and estimated loads for the Juneau area under the three cases. The firm energy figure for Snettisham is higher than used in previous studies. Original power studies by the Corps had indicated 168 GWh of firm energy while the latest studies associated with the design of Crater Lake show 179 GWh of firm energy. Both these figures are theoretical and actual firm energy will have to be proven through operation of the project. All cases indicate an energy deficit of firm energy while only the base case experiences deficits of average energy in a few years. Restricting electric space and hot water heating in January versus October of 1983 would result in slightly lower deficits of firm energy.

Table 4. Estimate of Future Demands
Electric Heat Restricted 10/03

Fiscal Year	1901	1902	1903	1904	1905	1906	1907	1908	1909	1990	1995	2000
Population	20,085	21,495	22,395	23,250	24,180	25,146	25,650	26,160	26,685	27,220	30,050	33,180
People per Customer	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6
Residential Customers (Average)	7,725	8,267	8,600	8,940	9,300	9,670	9,865	10,060	10,260	10,470	11,560	12,760
Residential Sales												
General Class, Customers	5,165	5,289	5,160	5,185	5,545	5,915	6,110	6,305	6,505	6,715	7,805	9,005
KWH/Customer	6,074	7,052	7,083	6,760	6,900	7,040	6,900	6,760	6,630	6,500	5,090	5,090
KWH, Million	31.4	37.3	36.6	35.1	38.3	41.6	42.2	42.6	43.1	43.6	46.0	53.0
Hot Water Class, 1/ Customers	2,040	1,935	1,980	2,055	2,055	2,055	2,055	2,055	2,055	2,055	2,055	2,055
KWH/Customer	12,000	13,100	12,900	12,900	12,900	12,900	12,900	12,900	12,900	12,900	12,900	12,900
KWH, Million	24.5	25.3	25.5	26.5	26.5	26.5	26.5	26.5	26.5	26.5	26.5	26.5
All Electric Class, Customers	520	1,043	1,460	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700
KWH/Customer	23,800	26,700	27,500	27,500	27,500	27,500	27,500	27,500	27,500	27,500	27,500	27,500
KWH, Million	12.4	27.8	40.2	46.8	46.8	46.8	46.8	46.8	46.8	46.8	46.8	46.8
Subtotal Residential, KWH, Million	68.4	90.5	102.2	108.5	111.5	114.9	115.4	115.9	116.4	116.9	119.3	126.3
Commercial Sales (historic (30%) Subtotal Commercial, KWH, Million	39.7	46.7	51.6	53.6	56.2	57.0	58.0	59.0	60.0	61.0	66.0	71.0
Government Sales (historic (26%) Subtotal Govt., GWH	34.9	37.1	44.6	46.5	46.4	51.1	53.0	54.9	55.0	57.0	67.3	76.0
Street Lighting, Residential & Government, GWH			1.1	1.2	1.2	1.2	1.2	1.3	1.3	1.3	1.4	1.5
Total Sales, GWH	142.5	174.2	197.5	209.6	215.3	224.2	227.6	231.1	233.5	237.0	253.9	275.6
Net Generation, GWH (115% of Sales)	166.7	202.9	229.5	241.1	247.6	257.8	261.8	265.7	268.5	272.6	292.0	316.9
System Cap. Factor %	59.0	55.0	57.0	55.0	55.0	55.0	55.0	55.0	55.0	55.0	55.0	55.0
Peak Demand, MW	32.2	42.0	47.6	50.0	51.4	53.5	54.3	55.2	55.7	56.6	60.6	65.0

1/ Hot Water Class included in restriction.

APA 11/02

Table 3. Estimate of Future Demands
Electric Heat Restricted 1/03

Fiscal Year	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1995	2000
Population	20,300	21,495	22,350	23,250	24,100	25,146	25,650	26,160	26,680	27,220	30,050	33,180
People per Customer	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6
Residential Customers (Average)	7,725	8,267	8,600	8,940	9,300	9,670	9,865	10,060	10,260	10,470	11,560	12,760
Residential Sales												
General Class, Customers	5,165	5,209	5,220	5,560	5,920	6,290	6,400	6,600	6,800	7,070	8,100	9,300
KWH/Customer	6,074	7,052	7,083	6,760	6,900	7,040	6,900	6,760	6,630	6,500	5,090	5,090
KWH, Million	31.4	37.3	37.0	37.6	40.8	44.3	44.7	45.2	45.6	46.1	40.2	55.2
Hot Water Class, 1/ Customers	2,040	1,935	1,900	1,900	1,900	1,900	1,900	1,900	1,900	1,900	1,900	1,900
KWH/Customer	12,000	13,100	12,900	12,900	12,900	12,900	12,900	12,900	12,900	12,900	12,900	12,900
KWH, Million	24.5	25.3	25.5	25.5	25.5	25.5	25.5	25.5	25.5	25.5	25.5	25.5
All Electric Class, Customers	520	1,043	1,400 2/	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400
KWH/Customer	23,000	26,700	27,500	27,500	27,500	27,500	27,500	27,500	27,500	27,500	27,500	27,500
KWH, Million	12.4	27.8	38.5	38.5	38.5	38.5	38.5	38.5	38.5	38.5	38.5	38.5
Subtotal Residential, KWH, Million	68.4	90.3	101.0	101.6	104.9	108.3	108.8	109.2	109.7	110.1	112.2	119.3
Commercial Sales (historic (30%) Subtotal Commercial, KWH, Million	39.7	46.7	51.6	53.6	56.2	57.0	58.0	59.0	60.0	61.0	66.0	71.0
Government Sales (historic (26%) Subtotal Govt., GWH	34.9	37.1	44.6	46.5	46.4	51.1	53.0	54.9	55.8	57.0	67.3	76.8
Street Lighting, Residential & Government, GWH			1.1	1.2	1.2	1.2	1.2	1.3	1.3	1.3	1.4	1.5
Total Sales, GWH	142.5	174.2	198.3	202.9	208.7	217.6	221.0	224.4	226.8	230.2	246.9	268.6
Net Generation, GWH (115% of Sales)	166.7	202.9	228.1	233.4	240.0	250.3	254.1	258.1	260.8	264.8	284.0	308.9
System Cap. Factor %	57.0	55.0	55.0	55.0	55.0	55.0	55.0	55.0	55.0	55.0	55.0	55.0
Peak Demand, MW	33.2	42.0	47.3	48.4	49.8	51.9	52.7	53.6	54.1	55.0	58.9	64.1

1/ Hot Water Class included in restriction.
2/ Total all electric customers on 9/30/02 was 1,300.

APA 11/02

Table 5. Juneau Area Power Requirements

Fiscal Year		Basic Case	Electric Heat Restricted 1/83	Electric Heat Restricted 10/83
1981	GWH	166.7		
	MW	32.2		
1982	GWH	202.9	202.9	202.9
	MW	42.0	42.0	42.0
1983	GWH	232	228	230
	MW	48	47	48
1984	GWH	253	233	241
	MW	52	48	50
1985	GWH	273	240	248
	MW	57	50	51
1986	GWH	301	250	258
	MW	62	52	54
1990	GWH	356	265	273
	MW	74	55	57
1995	GWH	424	284	292
	MW	88	59	61
2000	GWH	500	309	317
	MW	104	64	66

(Revised) AFA 11/82

Table 6. Comparison of Juneau Area Hydro Resources and Estimated Loads

Resource

	Annual Energy GWH Firm	Annual Energy GWH Average
Snettisham Long Lake	179 (R)	216 (R)
AEL&P Hydro	42	48
	221	264

Estimated Loads and Deficits

	Base Case			Electric Heat Restricted 1/83*			Electric Heat Restricted 10/83*		
FY	Estimated Loads-GWH	Deficit-GWH Firm	Deficit-GWH Average	Estimated Loads-GWH	Deficit-GWH Firm	Deficit-GWH Average	Estimated Loads-GWH	Deficit-GWH Firm	Deficit-GWH Average
1983	232	-11	+32	228	-7	+36	230	-9	+34
1984	253	-32	+11	233	-12	+31	241	-20	+23
1985	273	-52	-9	240	-19	+24	248	-27	+15
1986	301	-80	-37	250	-29	+14	259	-38	+5
1987	313	-92	-49	254	-33	+10	262	-41	+2

(R) Revised from previously published data.
* Includes electric hot water heating.

(Revised) APA 11/82

Department Of Energy
Alaska Power Administration
P.O. Box 50
Juneau, Alaska 99802

November 1982

POLICY STATEMENT/ELECTRIC SPACE AND
WATER HEATING FOR JUNEAU

Juneau has had substantial growth in use of electricity for space and water heating in the past several years. This is most notable in residential classes of consumers, but is significant also for commercial, industrial, and government customers.

There have been substantial benefits--important amount of oil saved through substitution of electricity from hydro, improved utilization of the hydro resource, and so forth, as well as substantial dollar benefits to consumers and local firms.

The hydro resources are finite. The latest studies show power demands will exceed firm hydro energy capability from now until completion of the Crater Lake unit of Snettisham. This is further complicated because the funding for Crater Lake construction has not yet been secured. Longer term concerns include knowledge that future hydro projects (after completion of Snettisham) will have substantially higher financing and construction costs--depending of course on future inflation and interest rates.

Much work has been accomplished in identifying energy options for Juneau. Increased use of local renewable resources (principally hydro and wood) and reduced dependency on petroleum products have been proposed as desirable objectives and supported by the community, along with the all important objective of increasing efficiency of all energy uses.

Now we face at least a short term future in which increases in electric power consumption will also increase consumption of oil. That situation calls for careful examination of policies of APA and area utilities which may influence consumer decisions on power use.

The following policy guides are considered appropriate for the current situation:

A. With respect to electric space heat:

1. Continue for the present policies of:

   a. No promotion of electric heat.

   b. Encouraging builders and owners who are considering electric heat first to seek optimum building efficiency, and second consider maximizing efficiency of heating systems.

2. Provide added emphasis on builder/owner options such as audits, dual heating systems, sectional controls, load management, and proper sizing of installations.

3. Encourage those contemplating conversion to electric heat to:

   a. Consider deferring the conversion for a few years until power from Crater Lake is available.

   b. Plan on retaining oil systems as a backup wherever possible.

4. Encourage those contemplating electric heat in new construction to:

   a. Strive for heating efficiency at least as great as average heat pump performance in a "code" building through a combination of additional thermal efficiency measures and heating system design.

   b. Include a backup heating system.

B. With respect to electric hot water heating:

1. Encourage maximum efficiency in design of heating system, including consideration to pre-heating methods and insulation.

2. Encourage use of dual systems which can use oil for water heating as well as electricity.

C. With respect to all classes of power use:

1. Encourage continued activities by consumers to improve efficiency of power use.

2. Monitor overall system loads and be prepared to institute program to actively discourage or prohibit new electric heating applications if necessary.

It is noted that AEL&P is considering additional measures including a possible prohibition of new all-electric services pending availability of Crater Lake power and seasonal rates. APA supports and endorses those measures.

Robert J. Cross
Administrator

MISCELLANEOUS

DATA

SHEETS

NET GENERATION (million kWh)

FY	Snettisham		AEL&P Hydro		AEL&P Diesel		Total
78	78.4 (5%)	(62%)	42.9	(34%)	5.5	(4%)	126.8
79	82.3 (15%)	(59%)	47.6	(34%)	8.9	(7%)	138.9
80	94.6 (24%)	(65%)	49.1	(34%)	1.5	(1%)	145.2
81	117.0 (25%)	(70%)	48.7	(29%)	1.0	(1%)	166.7
82	146.5	(72%)	39.9	(20%)	16.5	(8%)	202.9

ELECTRIC HEAT

	1979	1980	1981	1982
All Electric Homes	69	145	520	1,043

SNETTISHAM PROJECT DATA

Stage	Installed Capacity Kw	Energy Million kWh Firm	Energy Million kWh Average
Existing	47,160	179	216
Crater Lake	27,000	106	118
Long Lake Dam	---	57	25
Total	74,160	342	359

Snettisham Peaks -- Dec. '79 = 23.2 MW; Nov. '82 = 36 MW

ADDITIONAL PROJECTS

	Installed Capacity Kw	Firm Energy kWh
Lake Dorothy	34,000	150
Sweetheart Lake	29,000	125
Speel River	63,000	275
Tease Creek	16,000	70
Total	142,000	620

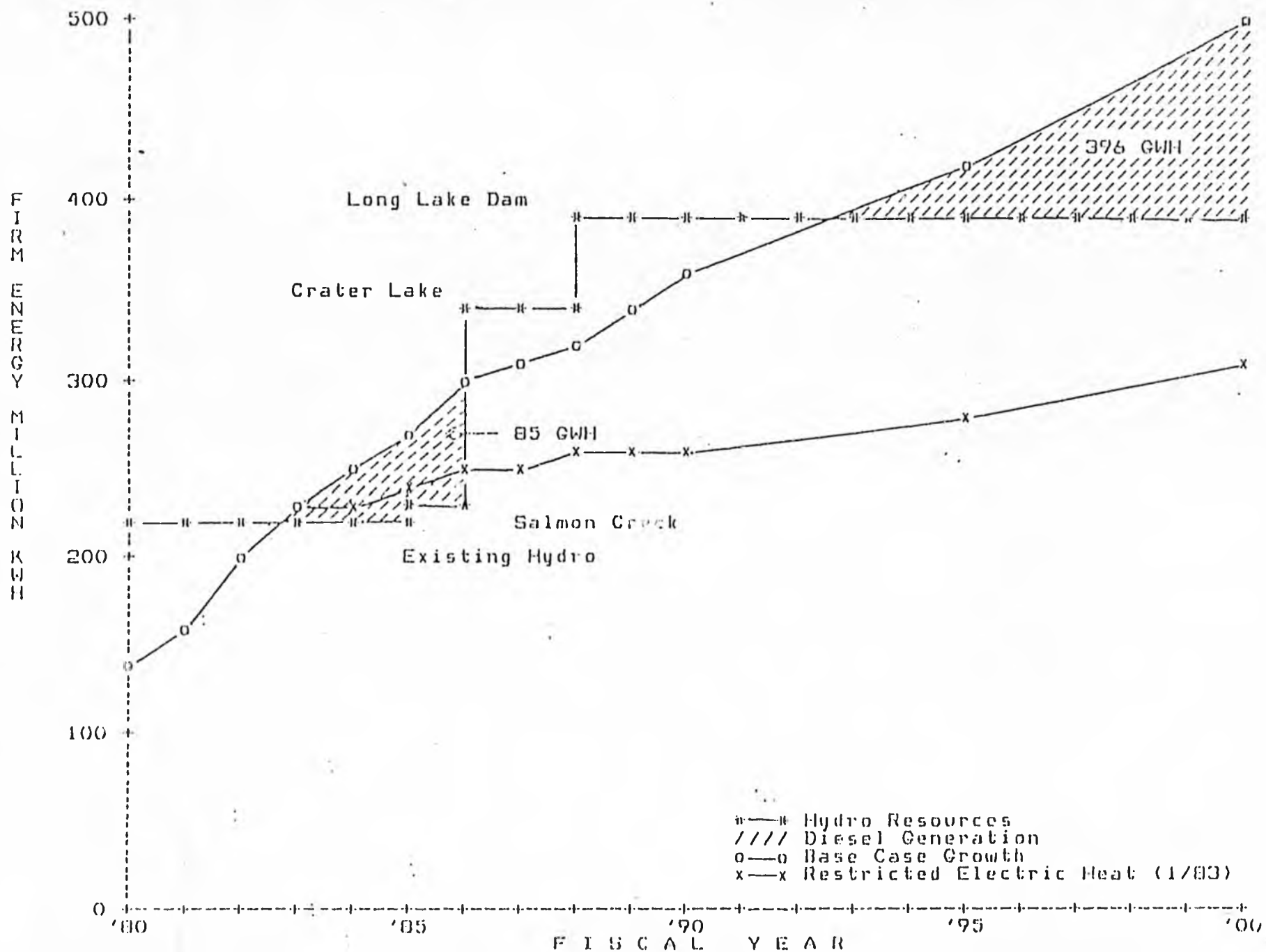
JUNEAU AREA HISTORIC ENERGY AND PEAK DEMAND

Fiscal Year	System Generation MWh	Peak Demand MW
1970	58,266	12.4
1971	63,786	13.8
1972	70,255	14.9
1973	75,753	15.5
1974	83,059	16.2
1975	94,609	17.8
1976	106,296	19.8
1977	112,197	20.4
1978	126,818	23.4
1979	138,922	23.1
1980	145,200	26.2
1981	166,700	32.2
1982	202,900	42.0

EXISTING JUNEAU AREA GENERATION CAPABILITY

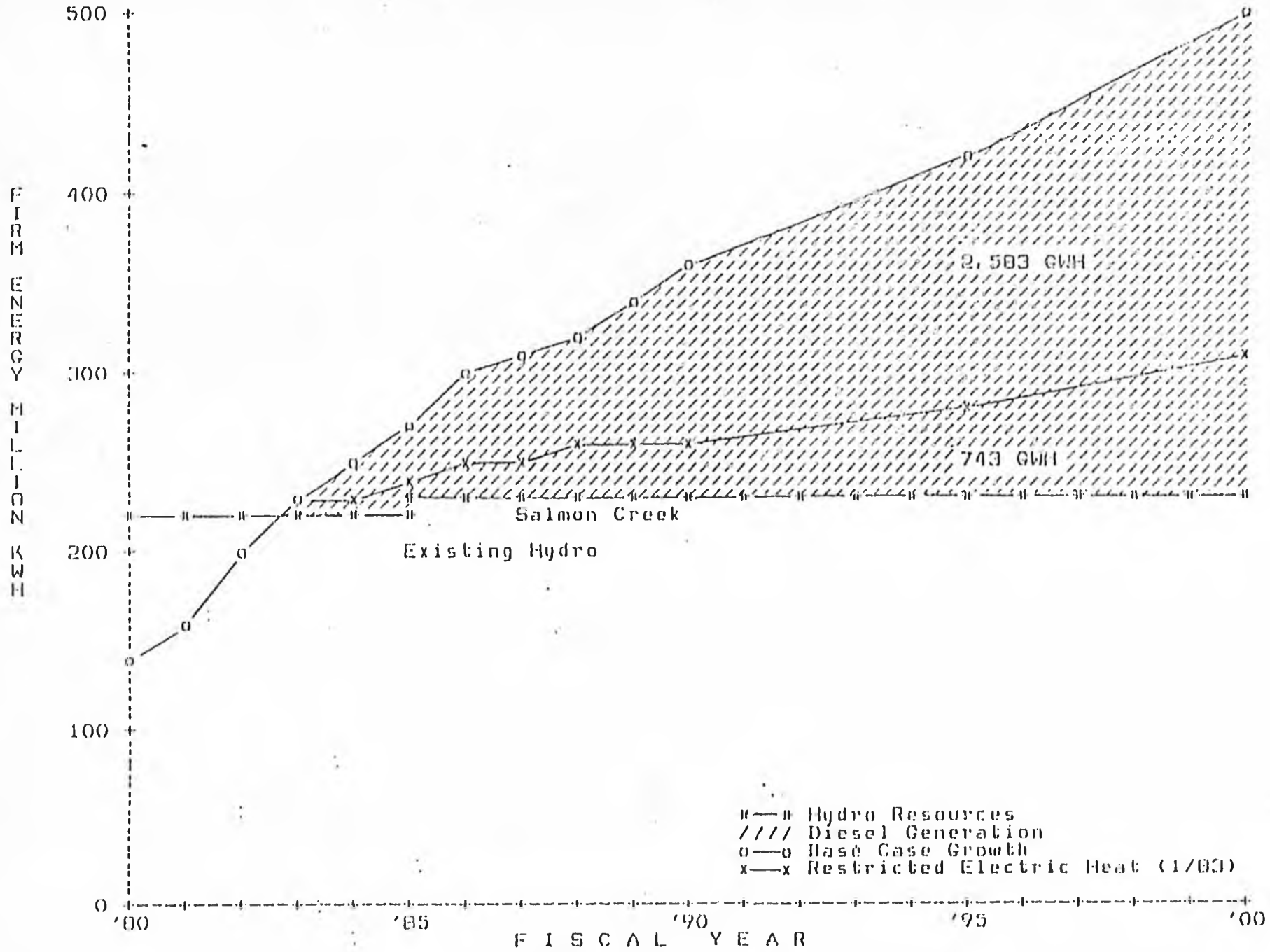
PROJECT	Capacity (kW)	Firm Energy (kWh)
Snettisham	47,160	179 million
Utility Hydro	8,200	42 million
Utility Diesel *	38,200	
	93,560	221 million

* - includes combustion turbine unit



JUNEAU LOADS & RESOURCES

APA
11/82



JUNEAU LOADS & RESOURCES
WITHOUT CRATER LAKE

APA
11/82

BACKGROUND
Snettisham Project

The Snettisham Project was authorized and designed as a staged project to meet the long-term power needs of the Juneau area. The Corps of Engineers is responsible for design and construction, and the Alaska Power Administration is responsible for operation and maintenance of Federal project facilities. The first or Long Lake stage was completed and has been in commercial operation since October 1975.

Snettisham is the largest hydroelectric project in Alaska and the main power source for Juneau, Alaska's capital city. The Snettisham Powerplant is 28 air miles southeast of Juneau.

The Long Lake stage, now on-line, includes a low dam at the outlet of Long Lake, power tunnel and penstock totaling 10,000 feet in length, and an underground powerplant with two generators, each with a rated capacity of 23,580 kilowatts. Power is transmitted to Juneau over a 44-mile-long, 138,000-volt transmission line, which includes a 3-mile underwater section. The Juneau Substation, located 4 miles south of Juneau, is the point of delivery to the local utility system. Supervisory control equipment provides for operating the Snettisham Powerplant from the Juneau Substation.

The powerplant site is remote, accessible only by air or water. Onsite facilities include an air strip, barge dock and boat harbor, a local road system, living quarters, warehouses, and water and sewer systems, all maintained by the APA maintenance staff stationed at the Project. The staff also has capability to operate the project onsite in case of problems with the supervisory control system.

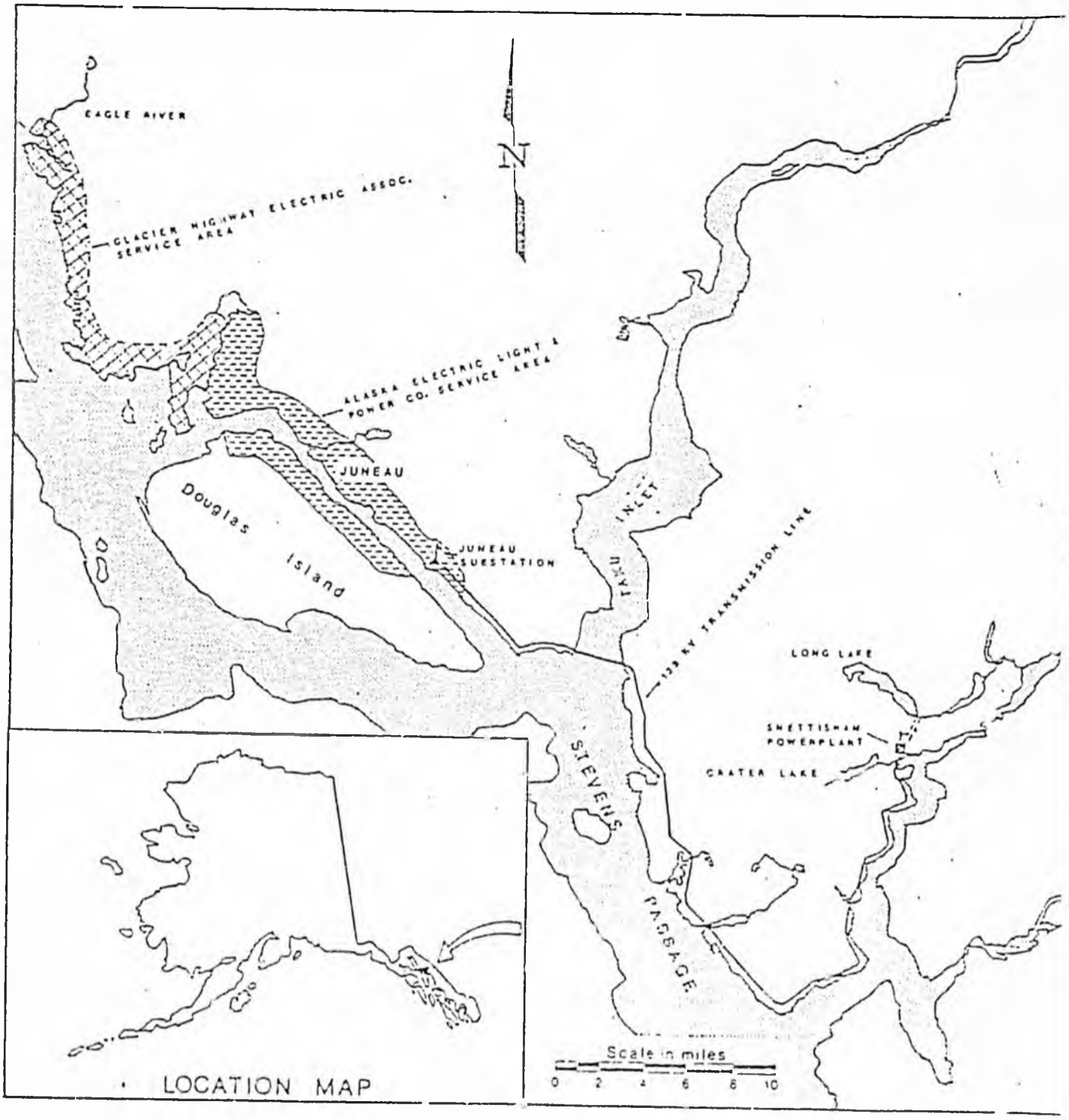
Crater Lake stage is an authorized future addition which would add 27,000 kilowatts of capacity and 106 million kWh per year annual firm energy. New facilities to develop Crater Lake include a tunnel and penstock to tap the existing lake and installation of a new turbine-generator set in the existing powerplant. The existing powerplant was constructed with provisions for the Crater Lake turbine-generator set.

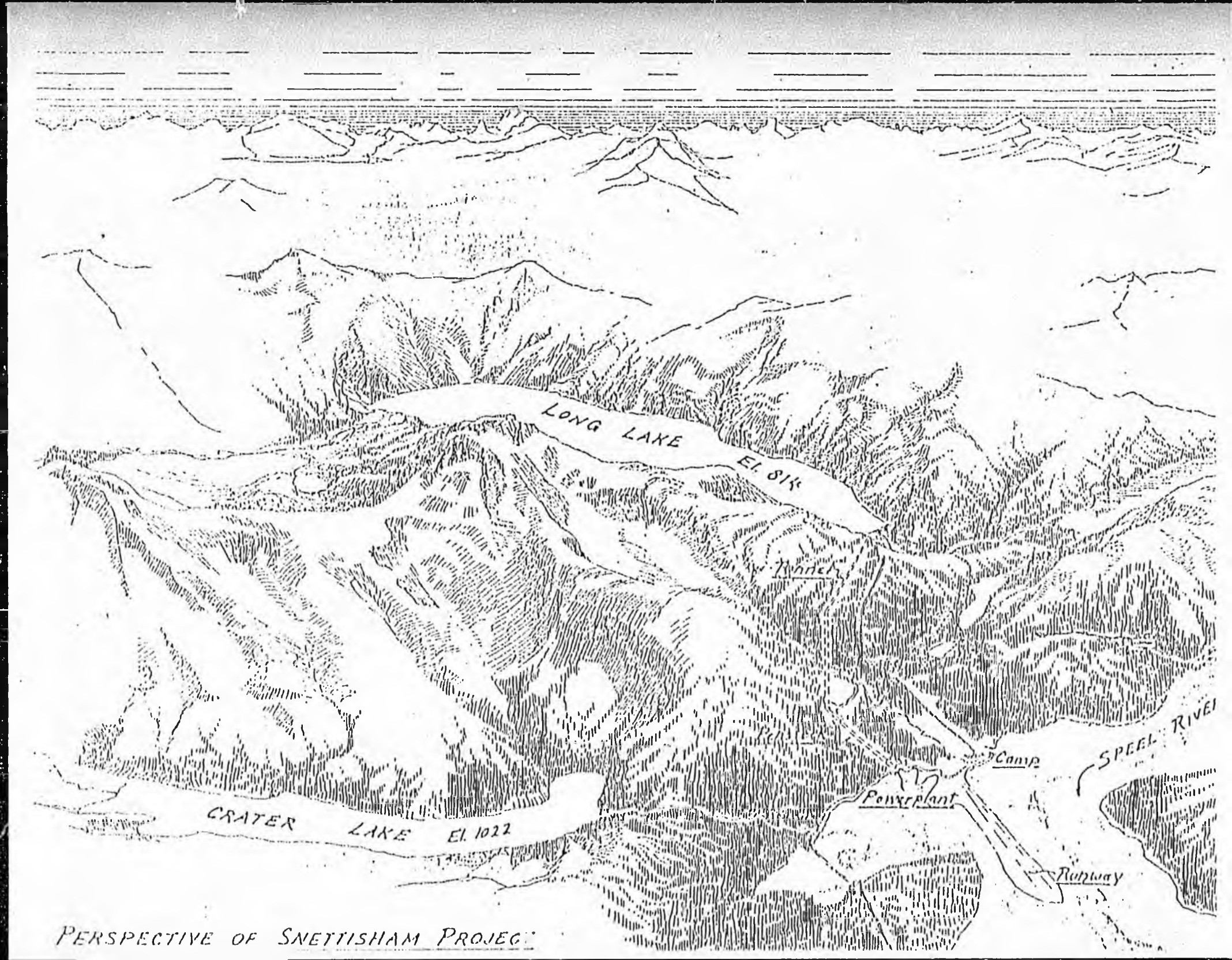
The addition of Long Lake dam would add 57 million kWh of firm annual energy to the project. The new dam would raise the water surface elevation of Long Lake from the present maximum of 813 feet MSL to elevation 885 feet MSL.

The existing transmission line is capable of transmitting the additional power from the Crater Lake and Long Lake dam features.

LOCATION MAP

Snettisham Project and Juneau Power Market Area





PERSPECTIVE OF SNETTISHAM PROJECT

A summary of the capabilities of the existing Snettisham Project and the Crater/Long Additions is shown in the following table:

Project	Capacity (kW)	Firm Annual Energy (1,000 kWh)
Existing	47,160	179,000
Crater Lake	27,000	106,000
Long Lake Dam	------	57,000
Total Project	74,160	342,000

Snettisham Project repayment criteria are governed by language in the initial project authorization (Flood Control Act of 1962) as amended by the Water Resources Development Act of 1976. The present wholesale rate of 15.6 mills per kilowatt-hour reflects deferral of portions of the interest expense for an initial 10-year period pursuant to the 1976 Act. All costs, including the deferred interest, are to be repaid in a subsequent 50-year period which begins in 1986.

SB
108

HOUSE CS FOR CS FOR SENATE BILL 108 (Rules), STATE FORESTS

RINGSTAD AMENDMENT

---Deletes approximately 19,500 acres in Nenana Ridge unit of Tanana Valley State Forest between Fairbanks and Nenana, including area burned in Rosy Creek

---Deletes 13,000 acres in Quartz Lake Unit near Big Delta.

---Deletes 4160 acres along the Chatanika River north of Fairbanks accessible at the end of Bennett Road.

---Adds Back 35,000 acres in Salcha unit between Eielson and Big Delta.

---Adds back 18,000 acres in Tower Bluff unit near Tok.

---Adds back 50,000 acres in Gerstle Unit between Delta Junction and Tok.

This amendment intended to strike a better balance between designating lands for timber harvesting, firewood use and other public uses versus retaining the option of possible future disposal and/or development of these state lands. Areas deleted would be road accessible primarily.

COMPARISON WITH SENATE-PASSED BILL

---With the Ringstad amendment the House bill would contain about 25,000 acres less than Senate bill in the Nenana Ridge unit near Fairbanks.

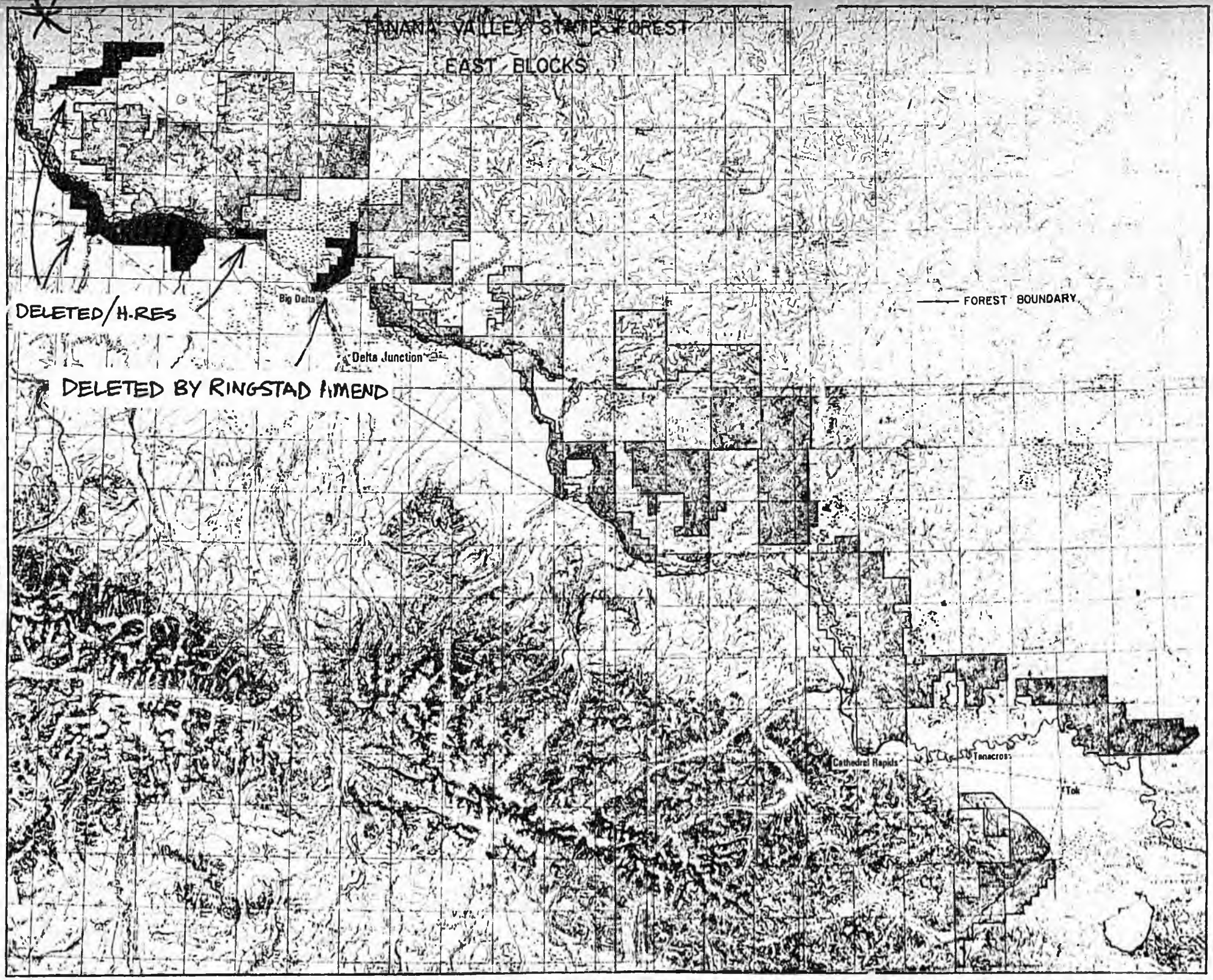
---House bill would contain about 9000 acres less than Senate bill along the Chatanika River north of Fairbanks.

---House bill would contain about 45,000 acres less in the Salcha unit between Eielson and Big Delta.

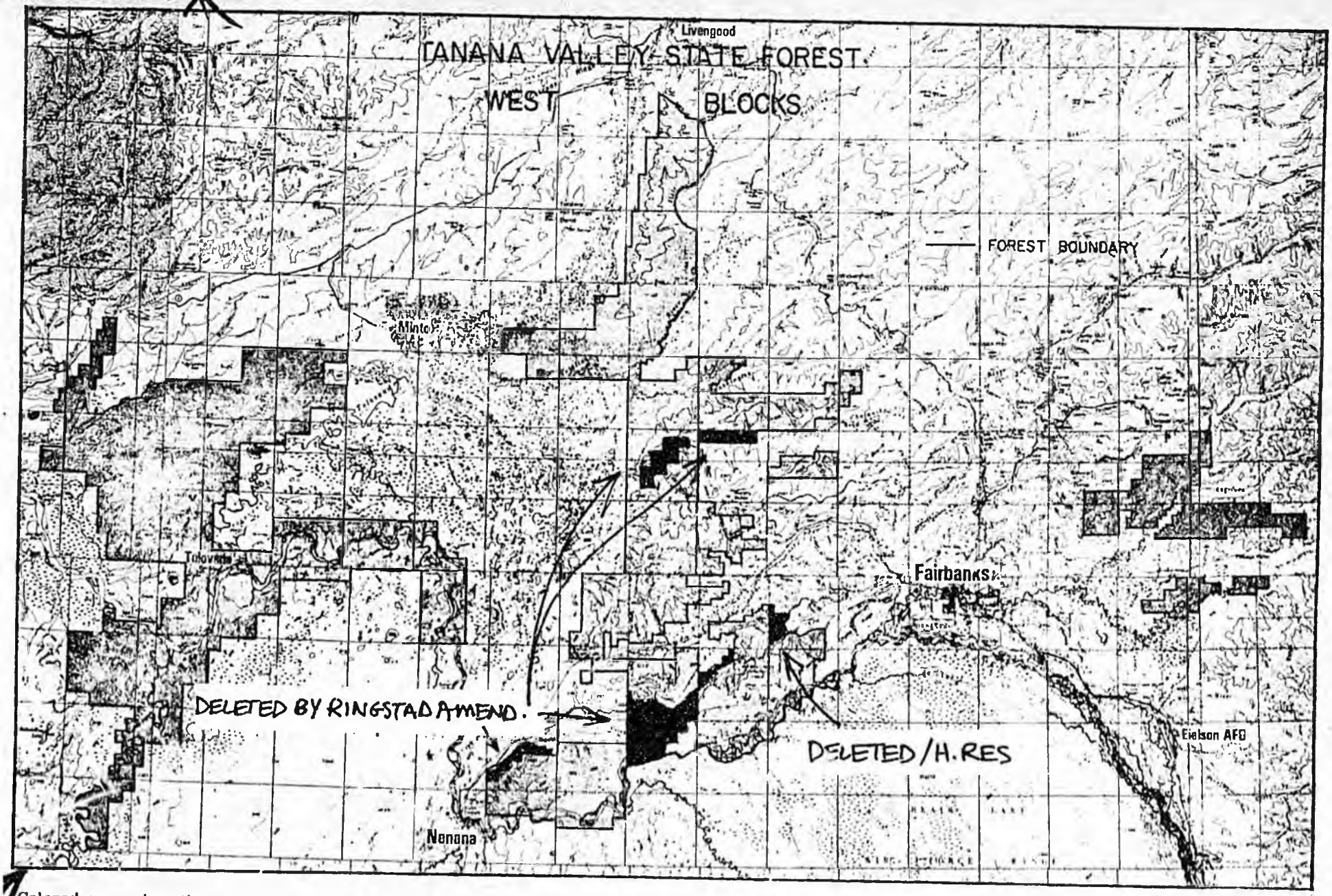
---House bill would contain about 13,000 acres less in the Quartz Lake unit near Big Delta.

---House bill contains shorter time frames for completion of management plans and somewhat more specific management prescriptions than Senate bill.

---House bill also contains several additional townships of land north of Tok which are not contained in the Senate bill.


TANANA VALLEY STATE FOREST
EAST BLOCKS
DELETED/H.RES
Big Delta
Delta Junction
DELETED BY RINGSTAD AMEND
FOREST BOUNDARY
Cathedral Rapids
Tanacross
Tok

May 7, 1983



Colored areas show the 1.7-million-acre Tanana Valley State Forest proposed in Senate bill 108.

AMENDMENT

OFFERED IN THE HOUSE: BY: Ringstad

TO: HCS CSSB 108 (Rules) HOUSE BILL No. _____

SENATE BILL No. _____

PAGE: 5 LINE: 2

Delete Section 3, and insert in its place the following new section:

2 * Sec. 3. AS 41.17 is amended by adding a new section to read:

3 ARTICLE 4. TANANA VALLEY STATE FOREST.

4 Sec. 41.17.400. TANANA VALLEY STATE FOREST. (a) Subject to
5 valid existing rights and except for land owned by or transferred to
6 the University of Alaska under a settlement agreement between the
7 state and the university, the state-owned or acquired land and water
8 lying within the parcels described in (d) of this section is desig-
9 nated as the Tanana Valley State Forest.

10 (b) The commissioner shall prepare a management plan for the
11 Tanana Valley State Forest under AS 41.17.230. The commissioner shall
12 submit the management plan to the legislature for its approval within
13 the first 10 days of the Second Session of the Fourteenth State
14 Legislature. The management plan for the Tanana Valley State Forest
15 is approved unless the legislature adopts legislation disapproving the
16 management plan.

17 (c) The commissioner shall consider and permit the uses de-
18 scribed in AS 41.17.230(e) within the Tanana Valley State Forest,
19 subject to the procedures established in AS 41.17.230(f). The commis-
20 sioner may establish transportation corridors within the Tanana Valley
21 State Forest.

22 (d) The Tanana Valley State Forest includes the state-owned or
23 acquired land and water lying within the following described parcels.

24 Township 1 North, Range 2 East, Fairbanks Meridian

25 Sections 1 - 3

26 Sections 10 - 12

27 Sections 13 - 15, N1/2

28 Township 1 North, Range 3 East, Fairbanks Meridian

29 Section 1, E1/2, E1/2SW1/4, SW1/4SW1/4, SE1/4NW1/4

Section 2, NW1/4, NW1/4SW1/4

Sections 3 - 5

Section 6, N1/2

Section 7, E1/2E1/2

Sections 8 - 9

Section 10, NW1/4SW1/4, N1/2NW1/4, SW1/4NW1/4

Section 11, E1/2, S1/2SW1/4

Sections 12 - 14

Section 15, S1/2NE1/4, NE1/4NE1/4, S1/2

Township 1 North, Range 4 East, Fairbanks Meridian

Sections 1 - 12

Sections 16 - 18

Township 1 North, Range 5 East, Fairbanks Meridian

Sections 6 - 10

Sections 15 - 16

Township 1 North, Range 4 West, Fairbanks Meridian

Section 5, W1/2

Sections 6 - 11

Section 15

Sections 16 - 24

Section 27

Section 28, NE1/4, NE1/4SE1/4

Section 29, S1/2, W1/2NW1/4

Sections 30 - 32

Section 33, W1/2

Township 1 North, Range 5 West, Fairbanks Meridian

Township 1 North, Range 8 West, Fairbanks Meridian

Sections 17 - 20

Sections 29 - 34

Section 35, W1/2

Township 1 North, Range 9 West, Fairbanks Meridian

Sections 13 - 36

Township 1 North, Range 10 West, Fairbanks Meridian

Sections 13 - 36

Township 1 North, Range 11 West, Fairbanks Meridian

Sections 5 - 7

Sections 18 - 19

Sections 30 - 36

Township 1 North, Range 12 West, Fairbanks Meridian

Township 1 North, Range 13 West, Fairbanks Meridian

Sections 1 - 3

Sections 10 - 15

Sections 22 - 26

Sections 35 - 36

Township 2 North, Range 2 East, Fairbanks Meridian

Sections 34 - 36

Township 2 North, Range 3 East, Fairbanks Meridian

Sections 13 - 16

Sections 21 - 29

Sections 31 - 36

Township 2 North, Range 4 East, Fairbanks Meridian

Sections 5 - 8

Sections 17 - 19

Section 30, N1/2

Township 2 North, Range 3 West, Fairbanks Meridian

Section 11, S1/2

Section 12, S1/2

Sections 13 - 17

Sections 19 - 24

Township 2 North, Range 5 West, Fairbanks Meridian

Section 1

Section 2, N½

Section 3, N½

Sections 4 - 8

Section 9, N½

Section 11, S½

Sections 12 - 14

Section 15, S½

Section 17, N½

Sections 18 - 19

Sections 21 - 36

Township 2 North, Range 10 West, Fairbanks Meridian

Sections 4 - 7

Township 2 North, Range 11 West, Fairbanks Meridian

Sections 1 - 12

Sections 16 - 21

Sections 28 - 33

Township 2 North, Range 12 West, Fairbanks Meridian

Township 2 North, Range 13 West, Fairbanks Meridian

Sections 1 - 30

Sections 33 - 36

Township 2 North, Range 14 West, Fairbanks Meridian

Sections 23 - 26

Township 3 North, Range 2 West, Fairbanks Meridian

Section 7, Tract E, ASLS 81-20

Section 8, Tracts H,J,K,L, ASLS 81-20

Section 17, Tracts M,N,O, ASLS 81-20

Section 18, Tracts A,B, ASLS 81-20

Section 19

Township 3 North, Range 3 West, Fairbanks Meridian

Section 13

Sections 19 - 36

Township 3 North, Range 4 West, Fairbanks Meridian

Section 3, west of Washington Creek

Section 4 - 7

Section 8, west of Washington Creek

Section 9 - 10, west of Washington Creek

Section 17, west of Washington Creek

Section 18 - 36

Township 3 North, Range 5 West, Fairbanks Meridian

Section 1

Sections 4 - 5, north of left limit of Tatalina River

Sections 6 - 7

Sections 11 - 36

Township 3 North, Range 6 West, Fairbanks Meridian

Sections 1 - 12

Township 3 North, Range 7 West, Fairbanks Meridian

Sections 1 - 3

Sections 10 - 12

Township 3 North, Range 10 West, Fairbanks Meridian

Sections 1 - 10

Sections 15 - 33

Township 3 North, Range 11 West, Fairbanks Meridian

Sections 1 - 3

Sections 10 - 15

Sections 19 - 36

Township 3 North, Range 12 West, Fairbanks Meridian

Sections 1[illegible] - 21, east of right limit of Hutlitakwa Creek

Sections 22 - 29

Section 30, east of right limit of Hutlitakwa Creek

Sections 31 - 36

Township 3 North, Range 13 West, Fairbanks Meridian

Sections 3 - 4

Section 9

Sections 16 - 17

Sections 19 - 20

Section 21, W1/2

Sections 25 - 26, east of right limit of Hutlitakwa

Creek

Sections 29 - 32

Sections 34 - 35, east of right limit of Hutlitakwa Creek

Section 36

Township 3 North, Range 14 West, Fairbanks Meridian

Section 25, E1/2

Section 36

Township 4 North, Range 5 West, Fairbanks Meridian

Section 1, west of left limit of Tatalina River

Sections 2 - 10

Sections 11 - 12, west of left limit of Tatalina River

Sections 14 - 15, west of left limit of Tatalina River

Sections 16 - 21

Section 22, west of left limit of Tatalina River

Sections 27 - 28, west of left limit of Tatalina River

Sections 29 - 32

Section 33, west of left limit of Tatalina River

Township 4 North, Range 6 West, Fairbanks Meridian

Section 1

Sections 10 - 15

Sections 22 - 36

Township 4 North, Range 7 West, Fairbanks Meridian

Sections 25 - 29

Sections 32 - 36

Township 4 North, Range 13 West, Fairbanks Meridian

Section 27

Section 33, SE1/4

Section 34

Township 5 North, Range 5 West, Fairbanks Meridian

Sections 1 - 2, west of Slate Creek

Sections 3 - 5

Section 6, E1/2

Section 7, E1/2

Sections 8 - 11

Section 12, west of Slate Creek

Sections 13 - 17

Section 18, E1/2

Sections 19 - 36

Township 6 North, Range 4 West, Fairbanks Meridian

Section 5, west of Alyeska Pipeline right-of-way and north of left limit of Slate Creek

Section 6, west of Alyeska Pipeline right-of-way

Sections 7 - 8, west of left limit of Slate Creek

Sections 18 - 19, west of left limit of Slate Creek

Township 6 North, Range 5 West, Fairbanks Meridian

Sections 1 - 4

Section 5, E1/2

Section 8, E1/2

Sections 9 - 16

Section 17, E1/2

Sections 20 - 23

Sections 24 - 26, west of left limit of Slate Creek

Sections 27 - 29

Sections 32 - 34

Section 35, west of left limit of Slate Creek

Township 7 North, Range 4 West, Fairbanks Meridian

Sections 30 - 31, west of Alyeska Pipeline right-

of-way

Township 7 North, Range 5 West, Fairbanks Meridian

Section 15, west of Alyeska Pipeline right-of-way

Section 16, E1/2

Section 21, E1/2

Sections 22 - 23, west of Alyeska Pipeline right-of-way

Sections 25 - 26, west of Alyeska Pipeline right-of-way

Section 27

Section 28, E1/2

Section 33, E1/2

Sections 34 - 36

Township 15 North, Range 11 East, Copper River Meridian

Sections 1 - 2

Section 3, excl. ASLS 78-42

Sections 4 - 8

Sections 17 - 19

Section 30

Section 31

Township 16 North, Range 11 East, Copper River Meridian

Sections 1 - 3

Sections 10 - 15

Sections 22 - 36

Township 16 North, Range 12 East, Copper River Meridian

Sections 1 - 12

Sections 14 - 22

Sections 28 - 32

Township 17 North, Range 11 East, Copper River Meridian

Sections 1 - 3

Sections 10 - 15

Township 17 North, Range 12 East, Copper River Meridian

Sections 5 - 6, west of Eagle Trail

Sections 7 - 8

Section 9, west of Eagle Trail

Sections 15 - 16, west of Eagle Trail

Sections 17 - 21

Sections 22 - 23, west of Eagle Trail

Section 26, west of Eagle Trail

Sections 27 - 34

Section 35, west of Eagle Trail

Township 18 North, Range 11 East, Copper River Meridian

Section 26, west of Eagle Trail

Sections 27 - 33

Sections 34 - 36, west of Eagle Trail

Township 19 North, Range 8 East, Copper River Meridian

Sections 1 - 2, east of left limit of Tanana River

Sections 12 - 13, east of left limit of Tanana River

Sections 24 - 25, east of left limit of Tanana River

Township 19 North, Range 9 East, Copper River Meridian

Sections 1 - 21

Sections 22 - 25, north of left limit of Tanana River

Sections 28 - 32, north of left limit of Tanana River

Township 19 North, Range 13 East, Copper River Meridian

Sections 1 - 4

Sections 5 - 6, excl. F028758

Sections 7 - 16

Section 17, northeast of Tanana River

Section 18, north of Tanana River

Section 20, northeast of Tanana River

Section 21, north of Tanana River

Sections 22 - 27

Section 28, north of Tanana River

Section 29, east of Tanana River

Section 34, north and east of Tanana River

Section 35, north of Tanana River

Section 36

Township 19 North, Range 14 East, Copper River Meridian

Township 19 North, Range 15 East, Copper River Meridian

Township 20 North, Range 8 East, Copper River Meridian

Sections 1 - 2

Section 3, east of Alaska Highway

Section 10, east of Alaska Highway

Sections 11 - 13

Section 14, east of Alaska Highway

Section 23, east of Alaska Highway

Sections 24 - 25

Section 26, east of Alaska Highway

Section 35, east of Alaska Highway

Section 36

Township 20 North, Range 9 East, Copper River Meridian

Township 20 North, Range 10 East, Copper River Meridian

Township 20 North, Range 11 East, Copper River Meridian

Sections 1 - 16

Section 17, excl. NA, Par. C, F12548

Section 18

Sections 20 - 23

Sections 28 - 29

Section 32

Section 33, excl. USS 4377, NA, Par. A, F12549, NA, Par. B, F-14422

Township 20 North, Range 12 East, Copper River Meridian

Sections 20 - 23

Section 24, excl. NA, F-12107

Sections 25 - 29

Sections 34 - 36

Township 20 North, Range 13 East, Copper River Meridian

Township 21 North, Range 8 East, Copper River Meridian

Sections 8 - 17

Sections 21 - 25

Sections 26 - 27, excl. USS 3620

Section 34, excl. USS 5622A

Section 36

Township 21 North, Range 9 East, Copper River Meridian

Township 21 North, Range 10 East, Copper River Meridian

Township 22 North, Range 5 East, Copper River Meridian

Sections 1 - 12

Sections 13 - 18, north of Alaska Highway

Township 22 North, Range 8 East, Copper River Meridian

Sections 1 - 5

Sections 8 - 18

Sections 20 - 24

Sections 27 - 32

Sections 34 - 36

Township 22 North, Range 9 East, Copper River Meridian

Township 23 North, Range 5 East, Copper River Meridian

Sections 1 - 3

Sections 10 - 15

Sections 21 - 24

Township 23 North, Range 6 East, Copper River Meridian

Sections 5 - 7

Township 23 North, Range 7 East, Copper River Meridian

Sections 1 - 30

Township 23 North, Range 8 East, Copper River Meridian

Township 24 North, Range 5 East, Copper River Meridian

Sections 1 - 5

Sections 8 - 17

Sections 20 - 29

Sections 34 - 36

Township 24 North, Range 6 East, Copper River Meridian

Township 24 North, Range 7 East, Copper River Meridian

Sections 1 - 30

Sections 32 - 36

Township 25 North, Range 6 East, Copper River Meridian

Township 25 North, Range 8 East, Copper River Meridian

Township 26 North, Range 5 East, Copper River Meridian

Township 26 North, Range 6 East, Copper River Meridian

Township 1 South, Range 3 East, Fairbanks Meridian

- Section 1
- Sections 11 - 14
- Section 15, S1/2, S1/2N1/2
- Section 16
- Section 23, NE1/4
- Section 24, N1/2

Township 1 South, Range 4 East, Fairbanks Meridian

- Sections 1 - 2
- Section 4, S1/2
- Section 5, S1/2, NW1/4
- Sections 6 - 7
- Section 8, north of Chena River
- Section 9, the NW1/4 north of Chena River, N1/2NE1/4
- Section 10, NE1/4
- Section 11
- Section 12, N1/2
- Section 17, north of Chena River
- Section 18

T wnship 1 South, Range 5 East, Fairbanks Meridian

- Section 6

Township 1 South, Range 3 West, Fairbanks Meridi

- Section 26, S1/2 south of Parks Highway
- Sections 27 - 28, south of Parks Highway
- Section 29, west of Old Nenana Highway and south of Parks Highway
- Sections 31 - 34, south of Parks Highway

Section 35

Township 1 South, Range 4 West, Fairbanks Meridian

Section 4, SW1/4

Sections 7 - 8

Section 9, NW1/4

Section 18, N1/2

Section 23, SE1/4, SE1/4NE1/4

Sections 24 - 29

Section 32, N1/2N1/2

Section 34, excl. NW1/4NW1/4

Sections 35 - 36

Township 1 South, Range 5 West, Fairbanks Meridian

Sections 2 - 12

Section 13, N1/2

Sections 14 - 23

Sections 28 - 30

Section 31, N1/2,N1/2S1/2

Section 32, N1/2, N1/2S1/2

Township 1 South, Range 6 West, Fairbanks Meridian

Sections 1 - 4

Sections 9 - 16

Sections 21 - 28

Sections 32 - 34

Section 35, E1/2

Section 36, N1/2

Township 1 South, Range 8 West, Fairbanks Meridian

Sections 3 - 10

Sections 15 - 22

Sections 27 - 34

Township 1 South, Range 10 West, Fairbanks Meridian

Sections 1 - 6

Township 1 South, Range 11 West, Fairbanks Meridian

Sections 1 - 24

Sections 27 - 34

Township 1 South, Range 12 West, Fairbanks Meridian

Sections 1 - 2

Sections 11 - 14

Section 21, south of the unnamed creek

Sections 22 - 28

Sections 31 - 32, south of right limit of Tanana River

Sections 33 - 36

Township 1 South, Range 13 West, Fairbanks Meridian

Section 27, north of a branch of Tanana River

Sections 34 - 36, north of a branch of Tanana River

Township 2 South, Range 3 West, Fairbanks Meridian

Section 2, N1/2, tract F, ASLS 80 - 118

Sections 3 - 10

Section 13, Lots A and C

Section 14, Lots 5 - 7, NE1/4, SW1/4

Section 15, west of left limit of Tanana River

Sections 16 - 19

Sections 20 - 24, north of military reservation

Sections 28 - 29, north of military reservation

Sections 30 - 31

Section 32, north of military reservation

Township 2 South, Range 4 West, Fairbanks Meridian

Sections 1 - 3

Section 7, SE¼SE¼

Section 8, south of Parks Highway

Section 9, south of Parks Highway

Section 10 - 16

Section 17, south of Parks Highway

Section 18, south of Parks Highway

Section 19, south of Parks Highway

Sections 20 - 36

Township 2 South, Range 5 West, Fairbanks Meridian

Sections 1 - 2

Sections 7 - 23

Section 24, north of Parks Highway

Section 26, north of Parks Highway

Section 27, north of Parks Highway

Township 2 South, Range 6 West, Fairbanks Meridian

Section 3

Section 4, N1/2, SE1/4, SW1/4SW1/4

Section 5

Sections 10 - 12

Section 16

Township 2 South, Range 7 West, Fairbanks Meridian

Section 35, SE1/4SE1/4

Section 36, SE1/4, SE1/4NE1/4, E1/2SW1/4, SW1/4SW1/4

Township 2 South, Range 11 West, Fairbanks Meridian

Section 6

Township 2 South, Range 12 West, Fairbanks Meridian

Sections 1 - 24

Sections 27 - 34

Township 2 South, Range 13 West, Fairbanks Meridian

Sections 1 - 6

Section 7, Tracts A,B and C, ASLS 81-54 SW1/4

Section 8, NE1/4, Tracts D,E,F, ASLS 81-54

Sections 9 - 30

Sections 33 - 36

Township 3 South, Range 3 West, Fairbanks Meridian

Sections 6 - 7, north of military reservation

Township 3 South, Range 4 West, Fairbanks Meridian

Sections 1 - 11

Section 12, north of military reservation

Sections 14 - 15, north of military reservation

Section 16

Section 17, north of military reservation

Sections 20 - 22, north of military reservation

Township 3 South, Range 5 West, Fairbanks Meridian

Section 1

Sections 11 - 12

Section 13, NW1/4NW1/4, Lots 2 - 4

Sections 14 - 15, north of left limit of Tanana River

Section 19, north of left limit of Tanana River, excl. NE1/4NE1/4

Section 20, north of left limit of Tanana River, excl. Lot 3

Section 21, north of left limit of Tanana River

Section 31, Lot 2

Township 3 South, Range 6 West, Fairbanks Meridian

Sections 13 - 36

Township 3 South, Range 7 West, Fairbanks Meridian

Section 1

Section 2, E1/2, E1/2SW1/4, SW1/4SW1/4

Section 3, SE1/4SE1/4

Section 9, south of Parks Highway

Section 10, that portion of NE1/4 which lies south of Parks Highway; SW1/4SE1/2

Section 11, N1/2, N1/2SE1/4

Section 12, N1/2, N1/2S1/2

Section 20, S½

Sections 22 - 29

Sections 31 - 36

Township 3 South, Range 12 West, Fairbanks Meridian

Sections 3 - 10

Sections 15 - 19

Section 30

Township 3 South, Range 13 West, Fairbanks Meridian

Section 12, E1/2

Section 13

Section 14, E1/2

Sections 24 - 25

Section 26, E1/2

Sections 35 - 36

Township 4 South, Range 4 East, Fairbanks Meridian

Sections 30 - 32, west of Richardson Highway

Township 4 South, Range 6 West, Fairbanks Meridian

Sections 1 - 12

Sections 14 - 18

Township 4 South, Range 7 West, Fairbanks Meridian

Sections 1 - 12

Sections 13 - 14, north of left limit of Tanana River

Section 18, Lots 3-6

Township 4 South, Range 13 West, Fairbanks Meridian

Sections 1 - 2

Sections 3 - 4, east of left limit of Kantishna River

Sections 8 - 10 east of left limit of Kantishna River

Section 11

Section 15

Sections 16 - 17, east of left limit of Kantishna River

Sections 20 - 21, east of left limit of Kantishna River

Section 22

Sections 27 - 29, east of left limit of Kantishna River

Sections 33 - 34, east of left limit of Kantishna River

Township 5 South, Range 4 East, Fairbanks Meridian

Sections 5 - 6

Section 7, east of military reservation

Section 8

Section 17

Sections 18 - 19, east of military reservation

Section 20

Section 29

Section 30, east of military reservation

Section 31

Section 32, excl. NE1/4SE1/4, Lots 1-4

Township 5 South, Range 5 East, Fairbanks Meridian

Sections 25 - 29

Sections 33 - 36

Township 5 South, Range 6 East, Fairbanks Meridian

Sections 28 - 29

Section 30, S1/2

Sections 31 - 34

Section 36, S1/2

Township 5 South, Range 8 East, Fairbanks Meridian

Sections 1 - 6

Sections 8 - 17

Sections 20 - 30

Sections 32 - 36

Township 5 South, Range 9 East, Fairbanks Meridian

Sections 4 - 9

Sections 13 - 36

Township 6 South, Range 4 East, Fairbanks Meridian

Section 5, excl. Lots 1,2

Sections 6 - 7, east of military reservation

Section 3

Section 9, excl. N1/2NE1/4SE1/4, S1/2S1/2NE1/4, GL-5

Section 14, Lot 4

Section 15, south of Tanana River

Section 16

Section 21, east of military reservation

Section 22

Section 23, NE1/4NE1/4, that portion west of Richardson Highway

Section 25, south of Richardson Highway

Section 26, excl. Lot 1

Section 27, east of military reservation

Section 35

Section 36, W1/2SW1/4

Township 6 South, Range 5 East, Fairbanks Meridian

Sections 1 - 4

Sections 9 - 15

Section 16, S1/2, NE1/4

Section 20, S1/2

Sections 21 - 28

Section 29, N1/2

Section 36

Township 6 South, Range 6 East, Fairbanks Meridian

Section 1

Sections 3 - 9

Section 10, W1/2

Section 11, E1/2

Sections 12 - 36

Township 6 South, Range 7 East, Fairbanks Meridian

Sections 3 - 36

Township 6 South, Range 8 East, Fairbanks Meridian

Township 6 South, Range 9 East, Fairbanks Meridian

Township 6 South, Range 10 East, Fairbanks Meridian

Township 7 South, Range 6 East, Fairbanks Meridian

Sections 1 - 5

Sections 8 - 15

Sections 21-24

Sections 25-27, north of left limit of Tanana River

Section 28

Section 29, S½

Section 30, S½

Sections 31-32

Section 33, north of left limit of Tanana River

Township 7 South, Range 7 East, Fairbanks Meridian

Sections 1-18

Sections 23-26

Sections 35-36, excl. ASLS 81-213 except Tract A

Township 7 South, Range 8 East, Fairbanks Meridian

Sections 1-12

Sections 15-21

Sections 28-34

Township 7 South, Range 9 East, Fairbanks Meridian

Sections 3 - 10

Sections 15 - 16, N1/2

Township 7 South, Range 10 East, Fairbanks Meridian

Sections 24 - 25

Sections 35 - 36

Township 7 South, Range 11 East, Fairbanks Meridian

Sections 1 - 2

Sections 11 - 14

Sections 19 - 36

Township 7 South, Range 12 East, Fairbanks Meridian

Township 8 South, Range 7 East, Fairbanks Meridian

Section 1

Township 8 South, Range 8 East, Fairbanks Meridian

Sections 4-6

Township 8 South, Range 10 East, Fairbanks Meridian

Section 1

Sections 12-13

Township 8 South, Range 11 East, Fairbanks Meridian

Sections 1 - 18

Sections 22 - 27

Section 36

Township 8 South, Range 12 East, Fairbanks Meridian

Sections 1 - 10

Sections 15 - 22

Sections 27 - 34

Township 8 South, Range 13 East, Fairbanks Meridian

Sections 25 - 26

Sections 33 - 36

Township 9 South, Range 11 East, Fairbanks Meridian

Section 3, S1/2

Sections 4 - 5

Sections 8 - 11

Sections 13 - 16

Section 17, E1/2, NE1/4SW1/4, SW1/4NW1/4

Sections 21 - 27

Section 28, excl. F02662

Township 9 South, Range 12 East, Fairbanks Meridian

Sections 19 - 21

Sections 28 - 36

Township 9 South, Range 13 East, Fairbanks Meridian

Sections 1 - 3

Section 10, E1/2

Sections 11 - 13

Section 24 - 25

Section 26, S1/2

Section 27

Sections 34 - 36

Township 9 South, Range 14 East, Fairbanks Meridian

Township 9 South, Range 16 East, Fairbanks Meridian

Township 10 South, Range 2 East, Fairbanks Meridian

Sections 1 - 3

Sections 4 - 6, north of left limit of Tanana River

Sections 10 - 12, north of left limit of Tanana River

Township 10 South, Range 13 East, Fairbanks Meridian

Sections 1 - 6

Sections 7 - 8, north of left limit of Tanana River

Sections 9 - 12

Sections 14 - 15, N1/2

Township 10 South, Range 14 East, Fairbanks Meridian

Sections 1 - 20

Section 21, NE1/4SE1/4, W1/2, N1/2NE1/4

Sections 22 - 24

Section 25, excl. Tract C

Section 26, excl. SW1/4SW1/4

Section 27, N1/2NE1/4, NE1/4NW1/4

Section 28, W1/2

Section 29

Section 30, NE1/4NE1/4

Section 32, excl. Tract U, Delta I

Section 33, W1/2

Township 10 South, Range 16 East, Fairbanks Meridian

Sections 1 - 35

Township 11 South, Range 14 East, Fairbanks Meridian

Section 4, NW1/4, Tracts A,B,E

Section 5, excluding Tract U, Delta Barley I

Section 9, Tracts A,B, E1/2

Section 10, Tracts B,C

Section 15, Tracts B,C

Section 16, E1/2, Tracts A,B

Section 21, Tracts A,B

Section 22, NW1/4, Tracts A,B,D

Section 23, Tracts A,B,D,E

Section 26, Tracts A,B,C,D

Section 35, E1/2, Tracts A,B

Section 36, Tracts A,B,C,D,E

Township 11 South, Range 16 East, Fairbanks Meridian

Township 12 South, Range 14 East, Fairbanks Meridian

Section 1, excl. USS 4013

Section 2, excl. ASLS 79-93

Section 11 excl. ASLS 79-93

Sections 12 - 13

Section 14, excl. ASLS 79-93

Sections 23 - 25, excl. ASLS 79-93

Section 36, excl. ASLS 79-93

Township 12 South, Range 15 East, Fairbanks Meridian

Sections 2 - 6

Section 7, excl. SE1/4SW1/4

Sections 8 - 14

Section 15, E1/2, E1/2NE1/4

Sections 18 - 19, W1/2W1/2

Section 21, S1/2SE1/4

Section 22, excl. N1/2NW1/4

Sections 23 - 30

Section 31, SW1/4

Section 32, SE1/4, S1/2SW1/4

Sections 33 - 36

Township 12 South, Range 16 East, Fairbanks Meridian

Sections 1 - 5

Sections 9 - 16

Sections 21 - 28

Sections 34 - 36

Township 13 South, Range 15 East, Fairbanks Meridian

Sections 1 - 3

Section 4, N1/2SE1/4, NE1/4, N1/2NW1/4, SW1/4NW1/4, NW1/4SW1/4

Section 5, Tracts A and C

Section 6, north of Alaska Highway

Section 11, Tracts D and F

Section 12

Section 13, Tracts B and C

Township 13 South, Range 16 East, Fairbanks Meridian

Section 1

Sections 6 - 7

Section 12, excl. George Lake Subdivision

Sections 16 - 18

Sections 19 - 20, north of left limit of Tanana River

Section 21

Section 27

Sections 28 - 29, north of left limit of Tanana River

Sections 32 - 33, north of left limit of Tanana River

Sections 34 - 35

Township 14 South, Range 16 East, Fairbanks Meridian

Sections 1 - 3

Section 4, north of left limit of Tanana River

Sections 10 - 11, north of left limit of Tanana River

Section 12

Offered: 3/24/83
Referred: Finance

Original sponsors: Fahrenkamp, V.Fischer, Sturgulewski, et al

1 IN THE SENATE BY THE RESOURCES COMMITTEE

2 CS FOR SENATE BILL NO. 108 (Resources)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act establishing the Tanana Valley State Forest
7 and a program for the management of state forests and
8 forest land of the state; and providing for an effec-
9 tive date."

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

11 * Section 1. AS 41.17 is amended by adding new sections to read:

12 ARTICLE 2. STATE FOREST SYSTEM.

13 Sec. 41.17.200. STATE FOREST PURPOSES. The purpose of
14 AS 41.17.200 - 41.17.230 is to permit the establishment of designated
15 state-owned or acquired land and water areas as state forests. The
16 primary purpose in the establishment of state forests is the perpetua-
17 tion of land, water, scenic, and recreational resources to ensure a
18 variety of personal, commercial, and other beneficial uses through
19 multiple-use management.

20 Sec. 41.17.210. STATE FOREST RECOMMENDATIONS AND DESIGNATIONS.
21 (a) After planning and classification procedures identifying primary
22 uses of the state lands in an area under AS 38.04 and AS 38.05 have
23 been completed, the governor shall propose to the legislature the
24 establishment of state forests, consisting primarily of forest land
25 determined by the governor to be desirable for retention in state
26 ownership and for management under the principles of multiple-use and
27 sustained yield.

28 (b) A state forest established by the legislature shall be
29 retained in state ownership.

1 Sec. 41.17.220. MANAGEMENT OF STATE FORESTS. Land within a
2 state forest or within a unit of a state forest shall be managed under
3 (1) the principles of multiple-use and sustained yield;
4 (2) this chapter; and
5 (3) a management plan prepared by the department.
6 Sec. 41.17.230. MANAGEMENT PLANS. (a) The department shall
7 establish and maintain a management plan for each state forest and for
8 each unit of a state forest to assist in meeting the requirements of
9 this chapter. A management plan shall be adopted and implemented
10 within five years of the establishment of a state forest. An opera-
11 tional level forest inventory shall be completed before a management
12 plan for the state forest or the unit of a state forest is adopted.
13 (b) A management plan may not be adopted or substantially
14 revised without prior review by the Board of Forestry and by other
15 appropriate state agencies or without public hearings held in a
16 community proximately located to the state forest or to a unit of a
17 state forest.
18 (c) The department shall review a management plan at least once
19 every five years and may revise the plan if appropriate.
20 (d) A copy of a management plan and any revision to the plan
21 prepared by the department shall be provided to the legislature within
22 30 days of its adoption or revision or within the first 10 days of the
23 first regular session of the legislature to convene after its adoption
24 or revision.
25 (e) The following uses are permitted and must be considered
26 under a management plan adopted under (a) of this section:
27 (1) commercial timber harvest and related activities;
28 (2) harvest of forest products for personal use;
29 (3) mining, mining claim, and mineral leasehold location;

1 (4) mineral leasing;

2 (5) material extraction;

3 (6) recreation;

4 (7) wildlife and fisheries habitat management including

5 critical habitat management;

6 (8) greenbelts;

7 (9) hunting, trapping, and fishing;

8 (10) grazing;

9 (11) watershed management;

10 (12) research;

11 (13) other traditional, compatible uses.

12 * Sec. 2. AS 41.17 is amended by adding new sections to read:

13 ARTICLE 3. STATE LAND REFORESTATION.

14 Sec. 41.17.300. STATE LAND REFORESTATION FUND. A state land

15 reforestation fund is established in the department. The money in the

16 state land reforestation fund may be used only for the reforestation

17 of state land, including site preparation, seed and seedling

18 acquisition and cultivation, planting, and other reforestation

19 measures, timber stand improvement, and the development of materials

20 and techniques for the reforestation of state land.

21 Sec. 41.17.310. APPROPRIATIONS TO STATE LAND REFORESTATION FUND.

22 (a) The state land reforestation fund consists of money appropriated

23 by the legislature and contributions from private donors. It is the

24 intent of the legislature that the appropriations made to the fund

25 equal no less than 25 percent of the revenues from the sale of timber

26 and other forest products from state land as well as the total reve-

27 nues from

28 (1) compensation for loss or damage to land within a state

29 forest; and

1 (2) the federal government and other governmental units for
2 reforestation.
3 (b) Money appropriated to or paid into the state land
4 reforestation fund does not lapse.
5 Sec. 41.17.320. REPORT TO THE LEGISLATURE. The commissioner
6 shall make an annual report to the legislature within the first 10
7 days of each session of the legislature on the uses of the money in
8 the state land reforestation fund, the proposed uses of the fund in
9 the following fiscal year, and the balance in the fund.
10 * Sec. 3. AS 41.17 is amended by adding a new section to read:
11 ARTICLE 4. TANANA VALLEY STATE FOREST.
12 Sec. 41.17.400. TANANA VALLEY STATE FOREST. (a) Subject to
13 valid existing rights and except for land owned by or transferred to
14 the University of Alaska under a settlement agreement between the
15 state and the university, the state-owned or acquired land and water
16 lying within the parcels described in (b) of this section is
17 designated as the Tanana Valley State Forest.
18 (b) The Tanana Valley State Forest includes the state-owned or
19 acquired land and water lying within the following described parcels,
20 containing approximately 1,745,000 acres.
21 Township 1 North, Range 2 East, Fairbanks Meridian
22 Sections 1 - 3
23 Sections 10 - 12
24 Sections 13 - 15, N1/2
25 Township 1 North, Range 3 East, Fairbanks Meridian
26 Section 1, E1/2, E1/2SW1/4, SW1/4SW1/4, SE1/4NW1/4
27 Section 2, NW1/4, NW1/4SW1/4
28 Sections 3 - 5
29 Section 6, N1/2

Section 7, E1/2E1/2

Sections 8 - 9

Section 10, NW1/4SW1/4, N1/2NW1/4, SW1/4NW1/4

Section 11, E1/2, S1/2SW1/4

Sections 12 - 14

Section 15, S1/2NE1/4, NE1/4NE1/4, S1/2

Township 1 North, Range 4 East, Fairbanks Meridian

Sections 1 - 12

Sections 16 - 18

Township 1 North, Range 5 East, Fairbanks Meridian

Sections 6 - 10

Sections 15 - 16

Township 1 North, Range 4 West, Fairbanks Meridian

Section 5, W1/2

Sections 6 - 11

Section 15

Sections 16 - 24

Section 27

Section 28, NE1/4, NE1/4SE1/4

Section 29, S1/2, W1/2NW1/4

Sections 30 - 32

Section 33 W1/2

Township 1 North, Range 5 West, Fairbanks Meridian

Township 1 North, Range 8 West, Fairbanks Meridian

Sections 17 - 20

Sections 29 - 34

Section 35, W1/2

Township 1 North, Range 9 West, Fairbanks Meridian

Sections 13 - 36

1 Township 1 North, Range 10 West, Fairbanks Meridian
2 Sections 13 - 36
3 Township 1 North, Range 11 West, Fairbanks Meridian
4 Sections 5 - 7
5 Sections 18 - 19
6 Sections 30 - 36
7 Township 1 North, Range 12 West, Fairbanks Meridian
8 Township 1 North, Range 13 West, Fairbanks Meridian
9 Sections 1 - 3
10 Sections 10 - 15
11 Sections 22 - 26
12 Sections 35 - 36
13 Township 2 North, Range 2 East, Fairbanks Meridian
14 Sections 34 - 36
15 Township 2 North, Range 3 East, Fairbanks Meridian
16 Sections 13 - 16
17 Sections 21 - 29
18 Sections 31 - 36
19 Township 2 North, Range 4 East, Fairbanks Meridian
20 Sections 5 - 8
21 Sections 17 - 19
22 Section 29, N1/2
23 Township 2 North, Range 3 West, Fairbanks Meridian
24 Section 11, S1/2
25 Section 12, S1/2
26 Sections 13 - 17
27 Sections 19 - 24
28 Township 2 North, Range 4 West, Fairbanks Meridian
29 Sections 2 - 6

Township 2 North, Range 5 West, Fairbanks Meridian

Township 2 North, Range 10 West, Fairbanks Meridian

Sections 4 - 7

Township 2 North, Range 11 West, Fairbanks Meridian

Sections 1 - 12

Sections 16 - 21

Sections 28 - 33

Township 2 North, Range 12 West, Fairbanks Meridian

Township 2 North, Range 13 West, Fairbanks Meridian

Sections 1 - 30

Sections 33 - 36

Township 2 North, Range 14 West, Fairbanks Meridian

Sections 23 - 26

Township 3 North, Range 2 West, Fairbanks Meridian

Section 7, Tract E, ASLS 81-20

Section 8, Tracts H,J,K,L, ASLS 81-20

Section 17, Tracts M,N,O, ASLS 81-20

Section 18, Tracts A,B, ASLS 81-20

Section 19

Township 3 North, Range 3 West, Fairbanks Meridian

Section 13

Sections 19 - 34 36

Township 3 North, Range 4 West, Fairbanks Meridian

Section 3, west of Washington Creek

Sections 4 - 8

Sections 9 - 10, west of Washington Creek

Section 17, west of Washington Creek

Sections 18 - 36

Township 3 North, Range 5 West, Fairbanks Meridian

Section 1

Sections 4 - 5, north of left limit of Tatalina River

Sections 6 - 7

Sections 11 - 36

Township 3 North, Range 6 West, Fairbanks Meridian

Sections 1 - 12

Township 3 North, Range 7 West, Fairbanks Meridian

Sections 1 - 3

Sections 10 - 12

Township 3 North, Range 10 West, Fairbanks Meridian

Sections 1 - 10

Sections 15 - 33

Township 3 North, Range 11 West, Fairbanks Meridian

Sections 1 - 3

Sections 10 - 15

Sections 19 - 36

Township 3 North, Range 12 West, Fairbanks Meridian

Sections 19 - 21, east of right limit of Hutlitakwa Creek

Sections 22 - 29

Section 30, east of right limit of Hutlitakwa Creek

Sections 31 - 36

Township 3 North, Range 13 West, Fairbanks Meridian

Sections 3 - 4

Section 9

Sections 16 - 17

Sections 19 - 20

Section 21, W1/2

Sections 25 - 26, east of right limit of Hutlitakwa

1 Creek

2 Sections 29 - 32

3 Sections 34 - 35, east of right limit of Hutlitakwa

4 Creek

5 Section 36

6 Township 3 North, Range 14 West, Fairbanks Meridian

7 Section 25, E1/2

8 Section 36

9 Township 4 North, Range 5 West, Fairbanks Meridian

10 Section 1, west of left limit of Tatalina River

11 Sections 2 - 10

12 Sections 11 - 12, west of left limit of Tatalina River

13 Sections 14 - 15, west of left limit of Tatalina River

14 Sections 16 - 21

15 Section 22, west of left limit of Tatalina River

16 Sections 27 - 28, west of left limit of Tatalina River

17 Sections 29 - 32

18 Section 33, west of left limit of Tatalina River

19 Township 4 North, Range 6 West, Fairbanks Meridian

20 Section 1

21 Sections 10 - 15

22 Sections 22 - 36

23 Township 4 North, Range 7 West, Fairbanks Meridian

24 Sections 25 - 29

25 Sections 32 - 36

26 Township 4 North, Range 13 West, Fairbanks Meridian

27 Section 27

28 Section 33, SE1/4

29 Section 34

1 Township 5 North, Range 5 West, Fairbanks Meridian
2 Sections 1 - 2, west of Slate Creek
3 Sections 3 - 5
4 Section 6, E1/2
5 Section 7, E1/2
6 Sections 8 - 11
7 Section 12, west of Slate Creek
8 Sections 13 - 17
9 Section 18, E1/2
10 Sections 19 - 36
11 Township 6 North, Range 4 West, Fairbanks Meridian
12 Section 5, west of Alyeska Pipeline right-of-way
13 and north of left limit of Slate Creek
14 Section 6, west of Alyeska Pipeline right-of-way
15 Sections 7 - 8, west of left limit of Slate Creek
16 Sections 18 - 19, west of left limit of Slate Creek
17 Township 6 North, Range 5 West, Fairbanks Meridian
18 Sections 1 - 4
19 Section 5, E1/2
20 Section 8, E1/2
21 Sections 9 - 16
22 Section 17, E1/2
23 Sections 20 - 23
24 Sections 24 - 26, west of left limit of Slate Creek
25 Sections 27 - 29
26 Sections 32 - 34
27 Section 35, west of left limit of Slate Creek
28 Township 7 North, Range 4 West, Fairbanks Meridian
29 Sections 30 - 31, west of Alyeska Pipeline right-

of-way

Township 7 North, Range 5 West, Fairbanks Meridian

Section 15, west of Alyeska Pipeline right-of-way

Section 16, E1/2

Section 21, E1/2

Sections 22 - 23, west of Alyeska Pipeline right-of-way

Sections 25 - 26, west of Alyeska Pipeline right-of-way

Section 27

Section 28, E1/2

Section 33, E1/2

Sections 34 - 36

Township 15 North, Range 11 East, Copper River Meridian

Sections 1 - 2

Section 3, excl. ASLS 78-42

Sections 4 - 8

Sections 17 - 19

Section 30

Section 31

Township 16 North, Range 11 East, Copper River Meridian

Sections 1 - 3

Sections 10 - 15

Sections 22 - 36

Township 16 North, Range 12 East, Copper River Meridian

Sections 1 - 12

Sections 14 - 22

Sections 28 - 32

Township 17 North, Range 11 East, Copper River Meridian

Sections 1 - 3

Sections 10 - 1

Township 17 North, Range 12 East, Copper River Meridian

Sections 5 - 6, west of Eagle Trail

Sections 7 - 8

Section 9, west of Eagle Trail

Sections 15 - 16, west of Eagle Trail

Sections 17 - 21

Sections 22 - 23, west of Eagle Trail

Section 26, west of Eagle Trail

Sections 27 - 34

Section 35, west of Eagle Trail

Township 18 North, Range 11 East, Copper River Meridian

Section 26, west of Eagle Trail

Sections 27 - 33

Sections 34 - 36, west of Eagle Trail

Township 19 North, Range 8 East, Copper River Meridian

Sections 1 - 2, east of left limit of Tanana River

Sections 12 - 13, east of left limit of Tanana River

Sections 24 - 25, east of left limit of Tanana River

Township 19 North, Range 9 East, Copper River Meridian

Sections 1 - 21

Sections 22 - 25, north of left limit of Tanana River

Sections 28 - 32, north of left limit of Tanana River

Township 19 North, Range 13 East, Copper River Meridian

Sections 1 - 4

Sections 5 - 6, excl. F028758

Sections 7 - 16

Section 17, northeast of Tanana River

Section 18, north of Tanana River

Section 20, northeast of Tanana River

Section 21, north of Tanana River

Sections 22 - 27

Section 28, north of Tanana River

Section 29, east of Tanana River

Section 34, north and east of Tanana River

Section 35, north of Tanana River

Section 36

Township 19 North, Range 14 East, Copper River Meridian

Sections 5 - 8

Sections 13 - 34

Section 35, excl. USS 2547

Section 36

Township 19 North, Range 15 East, Copper River Meridian

Sections 16 - 22

Section 23, west of Taylor Highway

Sections 26 - 27, west of Taylor Highway

Sections 28 - 32

Sections 33 - 34, west of Taylor Highway

Township 20 North, Range 8 East, Copper River Meridian

Sections 1 - 2

Section 3, east of Alaska Highway

Section 10, east of Alaska Highway

Sections 11 - 13

Section 14, east of Alaska Highway

Section 23, east of Alaska Highway

Sections 24 - 25

Section 26, east of Alaska Highway

1 Section 35, east of Alaska Highway
2 Section 36
3 Township 20 North, Range 9 East, Copper River Meridian
4 Township 20 North, Range 10 East, Copper River Meridian
5 Sections 1 - 4
6 Section 7, excl. NA, Par. E, F1655
7 Sections 8 - 12
8 Sections 15 - 16
9 Sections 17 - 18, excl. NA, Par. D, F12113
10 Sections 19 - 21
11 Sections 28 - 33
12 Township 20 North, Range 11 East. Copper River Meridian
13 Sections 1 - 16
14 Section 17, excl. NA, Par. C, F12548
15 Section 18
16 Sections 20 - 23
17 Sections 28 - 29
18 Section 32
19 Section 33, excl. USS 4377, NA, Par. A, F12549, NA,
20 Par. B, F-14422
21 Township 20 North. Range 12 East, Copper River Meridian
22 Sections 20 - 23
23 Section 24, excl. NA, F-12107
24 Sections 25 - 29
25 Sections 34 - 36
26 Township 20 North, Range 13 East, Copper River Meridian
27 Sections 19 - 36
28 Township 21 North, Range 8 East, Copper River Meridian
29 Sections 1 - 5

Sections 8 - 17

Sections 21 - 25

Sections 26 - 27, excl. USS 3620

Section 34, excl. USS 5622A

Section 36

Township 21 North, Range 9 East, Copper River Meridian

Sections 3 - 23

Sections 26 - 35

Township 22 North, Range 5 East, Copper River Meridian

Sections 1 - 12

Sections 13 - 18, north of Alaska Highway

Township 22 North, Range 8 East, Copper River Meridian

Township 22 North, Range 9 East, Copper River Meridian

Sections 4 - 9

Sections 16 - 36

Township 23 North, Range 5 East, Copper River Meridian

Sections 1 - 3

Sections 10 - 15

Sections 21 - 24

Township 23 North, Range 6 East, Copper River Meridian

Sections 5 - 7

Township 23 North, Range 7 East, Copper River Meridian

Sections 1 - 30

Township 23 North, Range 8 East, Copper River Meridian

Sections 6 - 7

Section 18

Sections 25 - 27

Sections 32 - 36

Township 24 North, Range 5 East, Copper River Meridian

1 Sections 1 - 5

2 Sections 8 - 17

3 Sections 20 - 29

4 Sections 34 - 36

5 Township 24 North, Range 7 East, Copper River Meridian

6 Sections 1 - 30

7 Sections 32 - 36

8 Township 25 North, Range 6 East, Copper River Meridian

9 Township 25 North, Range 8 East, Copper River Meridian

10 Township 26 North, Range 5 East, Copper River Meridian

11 Sections 1 - 20

12 Township 26 North, Range 6 East, Copper River Meridian

13 Township 1 South, Range 3 East, Fairbanks Meridian

14 Section 1

15 Sections 11 - 14

16 Section 15, S1/2, S1/2N1/2

17 Section 16

18 Section 23, NE1/4

19 Section 24, N1/2

20 Township 1 South, Range 4 East, Fairbanks Meridian

21 Sections 1 - 2

22 Section 4, S1/2

23 Section 5, S1/2, NW1/4

24 Sections 6 - 7

25 Section 8, north of Chena River

26 Section 9, the NW1/4 north of Chena River, N1/2NE1/4

27 Section 10, NE1/4

28 Section 11

29 Section 12, N1/2

Section 17, north of Chena River

Section 18

Township 1 South, Range 5 East, Fairbanks Meridian

Section 6

Township 1 South, Range 3 West, Fairbanks Meridian

Section 18, SW1/4

Section 19

Section 20, west of Old Nenana Highway

Section 26, S1/2 south of Parks Highway

Sections 27 - 28, south of Parks Highway

Section 29, west of Old Nenana Highway and south of Parks Highway

Sections 30 - 32

Sections 33 - 34, south of Parks Highway

Section 35

Township 1 South, Range 4 West, Fairbanks Meridian

Section 4, SW1/4

Sections 7 - 8

Section 9, NW1/4

Section 18, N1/2

Section 23, SE1/4, SE1/4NE1/4

Sections 24 - 29

Section 32, N1/2N1/2

Section 34, excl. NW1/4NW1/4

Sections 35 - 36

Township 1 South, Range 5 West, Fairbanks Meridian

Sections 2 - 12

Section 13, N1/2

Sections 14 - 23

Sections 28 - 30

Section 31, N1/2,N1/2S1/2

Section 32, N1/2, N1/2S1/2

Township 1 South, Range 6 West, Fairbanks Meridian

Sections 1 - 4

Sections 9 - 16

Sections 21 - 28

Sections 32 - 34

Section 35, E1/2

Section 36, N1/2

Township 1 South, Range 8 West, Fairbanks Meridian

Sections 3 - 10

Sections 15 - 22

Sections 27 - 34

Township 1 South, Range 10 West, Fairbanks Meridian

Sections 1 - 6

Township 1 South, Range 11 West, Fairbanks Meridian

Sections 1 - 24

Sections 27 - 34

Township 1 South, Range 12 West, Fairbanks Meridian

Sections 1 - 2

Sections 11 - 14

Section 21, south of the unnamed creek

Sections 22 - 28

Sections 31 - 32, south of right limit of Tanana River

Sections 33 - 36

Township 1 South, Range 13 West, Fairbanks Meridian

Section 27, north of a branch of Tanana River

Sections 34 - 36, north of a branch of Tanana River

Township 2 South, Range 3 West, Fairbanks Meridian

Section 2, N1/2, Tract F, ASLS 80-118

Sections 3 - 10

Section 13, Lots A and C

Section 14, Lots 5 - 7, NE1/4SW1/4

Section 15, west of left limit of Tanana River

Sections 16 - 19

Sections 20 - 24, north of military reservation

Sections 28 - 29, north of military reservation

Sections 30 - 31

Section 32, north of military reservation

Township 2 South, Range 4 West, Fairbanks Meridian

Sections 1 - 3

~~Section 4, S1/2, NE1/4~~

Section 7, SE1/4SE1/4

Section 8, ~~S1/2NE1/4, SE1/4, SW1/4SW1/4, E1/2SW1/4~~ south of Parks Hwy

Sections 9 ~~- 36~~ South of Parks Hwy 10-16, 17 s of Parks, 18 s of Parks 19, south of Parks 20-36

Township 2 South, Range 5 West, Fairbanks Meridian

Sections 1 - 2

Sections 7 - ~~36~~ 23 24 north of Parks Hwy, 26 " " " 27 " " "

Township 2 South, Range 6 West, Fairbanks Meridian

Section 3

Section 4, N1/2, SE1/4, SW1/4SW1/4

Section 5

Sections 10 - 12

Section 16

Township 2 South, Range 7 West, Fairbanks Meridian

Section 35, SE1/4SE1/4

Section 36, SE1/4, SE1/4NE1/4, E1/2SW1/4, SW1/4SW1/4

Township 2 South, Range 11 West, Fairbanks Meridian

Section 6

Township 2 South, Range 12 West, Fairbanks Meridian

Sections 1 - 24

Sections 27 - 34

Township 2 South, Range 13 West, Fairbanks Meridian

Sections 1 - 6

Section 7, Tracts A,B and C, ASLS 81-54 SW1/4

Section 8, NE1/4, Tracts D,E,F, ASLS 81-54

Sections 9 - 30

Sections 33 - 36

Township 3 South, Range 3 West, Fairbanks Meridian

Sections 6 - 7, north of military reservation

Township 3 South, Range 4 West, Fairbanks Meridian

Sections 1 - 11

Section 12, north of military reservation

Sections 14 - 15, north of military reservation

Section 16

Section 17, north of military reservation

Sections 20 - 22, north of military reservation

Township 3 South, Range 5 West, Fairbanks Meridian

~~Sections 1 - 5~~

~~Section 6, S1/2S1/2~~

~~Sections 7 - 12~~

Section 13, NW1/4NW1/4, Lots 2 - 4

Sections ~~14 - 16~~ 14-15, north of ~~right~~ left limit of Tanana River

~~Section 17, north of right limit of Tanana River, excl. SW1/4SW1/4~~

~~Section 18, north of right limit of Tanana River,~~

Sec. 1

" 11-12

~~excl. SE1/4SE1/4~~

Section 19, north of ~~right~~ left limit of Tanana River, excl. NE1/4NE1/4

Section 20, north of ~~right~~ left limit of Tanana River, excl. Lot 3

Section 21, north of ~~right~~ left limit of Tanana River

Section 31, Lot 2

Township 3 South, Range 6 West, Fairbanks Meridian

Sections 13 - 36

Township 3 South, Range 7 West, Fairbanks Meridian

Section 1

Sections 2, E1/2, E1/2SW1/4, SW1/4SW1/4

Section 3, SE1/4SE1/4

Section 9, south of Parks Highway

Section 10, that portion of NE1/4 which lies south of Parks Highway; SW1/4SE1/4

Section 11, N1/2, N1/2SE1/4

Section 12, N1/2, N1/2S1/2

OUT ~~Section 13, SW1/4~~

OUT ~~Section 14, S1/2, S1/2N1/2~~

OUT ~~Section 15~~

OUT ~~Sections 16 - 17, south of Parks Highway~~

OUT ~~Section 20, south of Parks Highway~~

Sections 21, ~~- 36~~ South 1/2 Sec. 22-29 & 31-36

Township 3 South, Range 12 West, Fairbanks Meridian

Sections 3 - 10

Sections 15 - 19

Section 30

Township 3 South, Range 13 West, Fairbanks Meridian

Section 12, E1/2

Section 13

Section 14, E1/2

Sections 24 - 25

Section 26, E1/2

Sections 35 - 36

IN Township 4 South, Range 4 East, Fairbanks Meridian

Sections 30 - 32, west of Richardson Highway

Township 4 South, Range 5 East, Fairbanks Meridian

OUT Sections 23 - 26

Sections 35 - 36

Township 4 South, Range 6 East, Fairbanks Meridian

OUT Sections 19 - 23

Sections 27 - 29, N1/2

Section 30

Township 4 South, Range 6 West, Fairbanks Meridian

Sections 1 - 12

Sections 14 - 18

Township 4 South, Range 7 West, Fairbanks Meridian

Sections 1 - 12

Sections 13 - 14, north of left limit of Tanana River

Section 18, Lots 3-6

Township 4 South, Range 13 West, Fairbanks Meridian

Sections 1 - 2

Sections 3 - 4, east of left limit of Kantishna River

Sections 8 - 10, east of left limit of Kantishna River

Section 11

Section 15

Sections 16 - 17, east of left limit of Kantishna

River

Sections 20 - 21, east of left limit of Kantishna River

Section 22

Sections 27 - 29, east of left limit of Kantishna River

Sections 33 - 34, east of left limit of Kantishna River

Township 5 South, Range 4 East, Fairbanks Meridian

Sections 5 - 6

Section 7, east of military reservation

Section 8

~~Section 12~~

OUT ~~Sections 13 - 14, N1/2~~

IN

Section 17

Sections 18 - 19, east of military reservation

Section 20

Section 29

Section 30, east of military reservation

Section 31

Section 32, excl. NE1/4SE1/4, Lots 1-4

Township 5 South, Range 5 East, Fairbanks Meridian

Sections 1 - 4

Section 6, S1/2

Sections 7 - 10

Sections 25 - 29

Sections 33 - 36

Township 5 South, Range 6 East, Fairbanks Meridian

Sections 28 - 29

Section 30, S1/2

Sections 31 - 34

Section 36, S1/2

Township 5 South, Range 8 East, Fairbanks Meridian

Sections 1 - 6

Sections 8 - 17

Sections 20 - 30

Sections 32 - 36

Township 5 South, Range 9 East, Fairbanks Meridian

Sections 4 - 9

Sections 13 - 36

Township 6 South, Range 4 East, Fairbanks Meridian

Section 5, excl. Lots 1,2

Sections 6 - 7, east of military reservation

Section 8

Section 9, excl. N1/2NE1/4SE1/4, S1/2S1/2NE1/4, GL-5

Section 14, Lot 4

Section 15, south of Tanana River

Section 16

Section 21, east of military reservation

Section 22

Section 23, NE1/4NE1/4, that portion west of Richardson Highway

Section 25, south of Richardson Highway

Section 26, excl. Lot 1

Section 27, east of military reservation

Section 35

Section 36, W1/2SW1/4

Township 6 South, Range 5 East, Fairbanks Meridian

Sections 1 - 4

Sections 9 - 15

Section 16, S1/2, NE1/4

Section 20, S1/2

Sections 21 - 28

Section 29, N1/2

Section 36

Township 6 South, Range 6 East, Fairbanks Meridian

Section 1

Sections 3 - 9

Section 10, W1/2

Section 11, E1/2

Sections 12 - 36

Township 6 South, Range 7 East, Fairbanks Meridian

Sections 3 - 36

Township 6 South, Range 8 East, Fairbanks Meridian

Township 6 South, Range 9 East, Fairbanks Meridian

Township 6 South, Range 10 East, Fairbanks Meridian

Township 7 South, Range 4 East, Fairbanks Meridian

Section 1, excl. GL 2-4

Section 2, east of military reservation

Sections 11 - 12, east of military reservation

Township 7 South, Range 5 East, Fairbanks Meridian

Section 1, N1/2

Section 5, west of right limit of Tanana River

Sections 6 - 9

Sections 15 - 17

Sections 20 - 22

Section 23, west of right limit of Tanana River

Section 26, west of right limit of Tanana River

1 Section 27

2 Sections 34 - 36

3 Township 7 South, Range 6 East, Fairbanks Meridian

4 Sections 1 - 5

5 Sections 8 - 15

6 Sections 21 - 28

7 Section 29, S1/2

8 Section 30, S1/2

9 Sections 31 - 36

10 Township 7 South, Range 7 East, Fairbanks Meridian

11 Sections 1 - 36, excl. ASLS 81-213 except Tract A

12 Township 7 South, Range 8 East, Fairbanks Meridian

13 Sections 1 - 12

14 Sections 15 - 21

15 Sections 28 - 34

16 Township 7 South, Range 9 East, Fairbanks Meridian

17 Sections 3 - 10

18 Sections 15 - 16, N1/2

19 Township 7 South, Range 10 East, Fairbanks Meridian

20 Sections 24 - 25

21 Sections 35 - 36

22 Township 7 South, Range 11 East, Fairbanks Meridian

23 Sections 1 - 2

24 Sections 11 - 14

25 Sections 19 - 36

26 Township 7 South, Range 12 East, Fairbanks Meridian

27 Township 8 South, Range 5 East, Fairbanks Meridian

28 Section 1

29 Sections 2 - 3, north of military reservation

Sections 11 - 12, north of military reservation

Township 8 South, Range 6 East, Fairbanks Meridian

Sections 1 - 12

Township 8 South, Range 7 East, Fairbanks Meridian

Section 1

Section 2, excl. Lot B

Sections 3 - 10

Section 11, west of Delta Creek

Section 14, west of Delta Creek

Sections 15 - 17

Sections 20 - 21

Section 22, west of Delta Creek

Sections 27 - 28, west of Delta Creek

Section 29

Township 8 South, Range 8 East, Fairbanks Meridian

Sections 4 - 6

Township 8 South, Range 10 East, Fairbanks Meridian

Sections 1 - 2

Section 8, excl. Quartz Lake Subdivision

Sections 9 - 15

Section 21, E1/2

Section 22

Section 23, W1/2

Sections 27 - 28

Section 29, E1/2

Sections 31 - 32

Sections 33 - 34, north of Tanana River

Township 8 South, Range 11 East, Fairbanks Meridian

Sections 1 - 18

Sections 22 - 27

Section 36

Township 8 South, Range 12 East, Fairbanks Meridian

Sections 1 - 10

Sections 15 - 22

Sections 27 - 34

Township 8 South, Range 13 East, Fairbanks Meridian

Sections 25 - 26

Sections 33 - 36

Township 9 South, Range 10 East, Fairbanks Meridian

Sections 4 - 6, north of left limit of Tanana River

Section 7, GL-1

Township 9 South, Range 11 East, Fairbanks Meridian

Section 3, S1/2

Sections 4 - 5

Sections 8 - 11

Sections 13 - 16

Section 17, E1/2, NE1/4SW1/4, SW1/4NW1/4

Sections 21 - 27

Section 28, excl. F02662

Township 9 South, Range 12 East, Fairbanks Meridian

Sections 19 - 21

Sections 28 - 36

Township 9 South, Range 13 East, Fairbanks Meridian

Sections 1 - 3

Section 10, E1/2

Sections 11 - 13

Section 24 - 25

Section 26, S1/2

Section 27

Sections 34 - 36

Township 9 South, Range 14 East, Fairbanks Meridian

Township 9 South, Range 16 East, Fairbanks Meridian

Sections 19 - 36

Township 10 South, Range 12 East, Fairbanks Meridian

Sections 1 - 3

Sections 4 - 6, north of left limit of Tanana River

Sections 10 - 12, north of left limit of Tanana River

Township 10 South, Range 13 East, Fairbanks Meridian

Sections 1 - 6

Sections 7 - 8, north of left limit of Tanana River

Sections 9 - 12

Sections 14 - 15, N1/2

Township 10 South, Range 14 East, Fairbanks Meridian

Sections 1 - 20

Section 21, NE1/4SE1/4, W1/2, N1/2NE1/4

Sections 22 - 24

Section 25, excl. Tract C

Section 26, excl. SW1/4SW1/4

Section 27, N1/2NE1/4, NE1/4NW1/4

Section 28, W1/2

Section 29

Section 30, NE1/4NE1/4

Section 32, excl. Tract U, Delta I

Section 33, W1/2

Township 10 South, Range 16 East, Fairbanks Meridian

Sections 1 - 35

Township 11 South, Range 14 East, Fairbanks Meridian

Section 4, NW1/4, Tracts A,B,E

Section 5, excluding Tract U, Delta Barley I

Section 9, Tracts A,B, E1/2

Section 10, Tracts B,C

Section 15, Tracts B,C

Section 16, E1/2, Tracts A,B

Section 21, Tracts A,B

Section 22, NW1/4, Tracts A,B,D

Section 23, Tracts A,B,D,E

Section 26, Tracts A,B,C,D

Section 35, E1/2, Tracts A,B

Section 36, Tracts A,B,C,D,E

Township 12 South, Range 14 East, Fairbanks Meridian

Section 1, excl. USS 4013

Section 2, excl. ASLS 79-93

Section 11, excl. ASLS 79-93

Sections 12 - 13

Section 14, excl. ASLS 79-93

Sections 23 - 25, excl. ASLS 79-93

Section 36, excl. ASLS 79-93

Township 12 South, Range 15 East, Fairbanks Meridian

Sections 2 - 6

Section 7, excl. SE1/4SW1/4

Sections 8 - 14

Section 15, E1/2, E1/2NE1/4

Sections 18 - 19, W1/2W1/2

Section 21, S1/2SE1/4

Section 22, excl. N1/2NW1/4

Sections 23 - 30

Section 31, SW1/4

Section 32, SE1/4, S1/2SW1/4

Sections 33 - 36

Township 12 South, Range 16 East, Fairbanks Meridian

Sections 1 - 5

Sections 9 - 16

Sections 21 - 28

Sections 34 - 36

Township 13 South, Range 15 East, Fairbanks Meridian

Sections 1 - 3

Section 4, N1/2SE1/4, NE1/4, N1/2NW1/4, SW1/4NW1/4, NW1/4SW1/4

Section 5, Tracts A and C

Section 6, north of Alaska Highway

Section 11, Tracts D and F

Section 12

Section 13, Tracts B and C

Township 13 South, Range 16 East, Fairbanks Meridian

Section 1

Sections 6 - 7

Section 12, excl. George Lake Subdivision

Sections 16 - 18

Sections 19 - 20, north of left limit of Tanana River

Section 21

Section 27

Sections 28 - 29, north of left limit of Tanana River

Sections 32 - 33, north of left limit of Tanana River

Sections 34 - 35

Township 14 South, Range 16 East, Fairbanks Meridian

1 Sections 1 - 3
2 Section 4, north of left limit of Tanana River
3 Sections 10 - 11, north of left limit of Tanana River
4 Section 12
5 * Sec. 4. Notwithstanding AS 41.17.400 as enacted in sec. 3 of this
6 Act, the Fairbanks North Star Borough may, before July 1, 1984, select for
7 conveyance to the borough under AS 29.18.201 - 29.18.213 all or a portion
8 of the land within one or more sites described in this section for use as
9 an industrial park:
10 Tanana Site:
11 Township 2 South, Range 5 West, Fairbanks Meridian
12 Section 34, E1/2
13 Sections 35 - 36
14 Township 3 South, Range 4 West, Fairbanks Meridian
15 Section 6, W1/2
16 Section 7, W1/2
17 Township 3 South, Range 5 West, Fairbanks Meridian
18 Sections 1 - 2
19 Section 3, E1/2
20 Sections 11 - 12
21 Section 13, Lots 2 and 3
22 Section 14, NE1/4NE1/4, Lots 1 to 4 inclusive
23 Ohio Creek Site:
24 Township 2 South, Range 5 West, Fairbanks Meridian
25 Section 1, S1/2
26 Section 2, S1/2
27 Sections 11 - 12
28 Section 13, W1/2
29 Section 14

Section 23

Section 26, NE1/4, E1/2NW1/4

Two Rivers Site:

Township 1 South, Range 3 East, Fairbanks Meridian

Section 11, N1/2SE1/4, N1/2S1/2SE1/4, SE1/4SE1/4SE1/4, E1/2SW1/4SE1/4SE1/4, NW1/4SW1/4SE1/4SE1/4, NE1/4-SE1/4SW1/4SE1/4, W1/2SE1/4SW1/4SE1/4, SW1/4SW1/2SE1/4

Section 14, W1/2W1/2NE1/4, W1/2NE1/4SW1/4NE1/4, SE1/4-SW1/4NE1/4, W1/2NW1/4SE1/4, NE1/4NW1/4SE1/4, NW1/4-SE1/4NW1/4SE1/4, NW1/4NW1/4SW1/2SE1/4, N1/2SW1/4, N1/2NE1/4SE1/4SW1/4, N1/2NE1/4SW1/2SW1/4, NW1/4SW1/4-SW1/4SW1/4, NW1/4SW1/4SW1/4, NW1/4

Section 15, S1/2N1/2, S1/2

Section 16

Martin Site:

Township 1 North, Range 4 West, Fairbanks Meridian

Section 23, S1/2

Section 24, S1/2

Section 27, NE1/4, S1/2

* Sec. 5. AS 41.17.020(c) is repealed.

* Sec. 6. This Act takes effect July 1, 1983.

Offered: 6/20/83
Referred: Rules

Original sponsors: Fahrenkamp, V.Fischer, Sturgulewski, et al

1 IN THE SENATE BY THE RULES COMMITTEE

2 HOUSE CS FOR CS FOR SENATE BILL NO. 108 (Rules)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act establishing the Tanana Valley State Forest
7 and a program for the management of state forests and
8 forest land of the state; and providing for an effec-
9 tive date."

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

11 * Section 1. AS 41.17 is amended by adding new sections to read:

12 ARTICLE 2. STATE FOREST SYSTEM.

13 Sec. 41.17.200. STATE FOREST PURPOSES. The purpose of AS 41.-
14 17.200 - 41.17.230 is to permit the establishment of designated state-
15 owned or acquired land and water areas as state forests. The primary
16 purpose in the establishment of state forests is the perpetuation of
17 personal, commercial, and other beneficial uses of resources through
18 multiple-use management.

19 Sec. 41.17.210. STATE FORESTS. (a) The governor may propose to
20 the legislature the establishment of state forests consisting primar-
21 ily of commercially valuable forest land determined by the governor to
22 be necessary for retention in state ownership for management under the
23 principles of multiple use and sustained yield and consistent with
24 AS 38.04.005. The proposal of the governor shall include a report and
25 recommendations of the commissioner including

26 (1) a preliminary forest inventory;

27 (2) a summary of the testimony offered at public hearings
28 held on the management of the proposed state forest in communities
29 proximately located to a proposed state forest;

(3) the findings of the commissioner on anticipated incompatibilities of uses described in AS 41.17.230(e) under AS 41.17.230(f);

(4) written comments from appropriate state agencies on the compatibility of the uses described in AS 41.17.230(e) within the proposed state forest;

(5) an estimate of the cost of a full implementation of an operational level forest inventory and the management plan.

(b) A state forest established by the legislature shall be retained in state ownership.

Sec. 41.17.220. MANAGEMENT OF STATE FORESTS. Land within a state forest or within a unit of a state forest shall be managed under

(1) the principles of multiple-use and sustained yield;

(2) this chapter; and

(3) a management plan prepared by the department.

Sec. 41.17.230. MANAGEMENT PLANS. (a) The commissioner shall prepare a management plan consistent with AS 38.04.005 and this chapter for each state forest and for each unit of a state forest to assist in meeting the requirements of this chapter. An operational level forest inventory shall be completed before a management plan for the state forest or the unit of a state forest is adopted. The management plan shall be adopted, implemented and maintained within three years of the establishment of a state forest by the legislature.

(b) The commissioner shall review a management plan at least once every five years and may revise the plan when necessary.

(c) A management plan may not be adopted or revised after the establishment of the state forest without prior review by the Board of Forestry and by other appropriate state agencies or without public hearings held in a community proximately located to the state forest

or to a unit of a state forest.

(d) A copy of a management plan or a revision to a management plan adopted or prepared by the commissioner shall be provided to the legislature within 30 days of its adoption or revision or within the first 10 days of the first regular session of the legislature to convene after its adoption or revision.

(e) The commissioner shall consider and permit the following uses under a management plan prepared under (a) or (b) of this section subject to a determination under (f) of this section:

(1) commercial timber harvest and related activities;

(2) harvest of forest products for personal use;

(3) mining, mining claim, and mineral leasehold location;

(4) mineral leasing;

(5) material extraction;

(6) recreation;

(7) wildlife and fisheries habitat management including critical habitat management;

(8) greenbelts;

(9) trapping and sport and subsistence fishing and hunting;

(10) grazing;

(11) watershed management;

(12) research;

(13) uses consistent with the policies of AS 38.04.015; and

(14) other traditional, compatible uses.

(f) A management plan prepared by the commissioner shall consider and permit the uses described in (e) of this section. If the commissioner finds that a permitted use is incompatible with one or more other uses in a portion of a state forest, the commissioner shall affirmatively state in the management plan that finding of

1 incompatibility for the specific area where the incompatibility is
2 anticipated to exist and the time period when the incompatibility is
3 anticipated to exist together with the reasons for each finding.
4 * Sec. 2. AS 41.17 is amended by adding new sections to read:
5 ARTICLE 3. STATE LAND REFORESTATION.
6 Sec. 41.17.300. STATE LAND REFORESTATION FUND. A state land
7 reforestation fund is established in the department. The money in the
8 state land reforestation fund may be used only for the reforestation
9 of state land, including site preparation, seed and seedling acquisi-
10 tion and cultivation, planting, and other reforestation measures,
11 timber stand improvement, and the development of materials and tech-
12 niques for the reforestation of state land.
13 Sec. 41.17.310. APPROPRIATIONS TO STATE LAND REFORESTATION FUND.
14 (a) The state land reforestation fund consists of money appropriated
15 by the legislature and contributions from private donors. It is the
16 intent of the legislature that the appropriations made to the fund
17 equal no less than 25 percent of the revenues from the sale of timber
18 and other forest products from state land as well as the total reve-
19 nues from
20 (1) compensation for loss or damage to land within a state
21 forest; and
22 (2) the federal government and other governmental units for
23 reforestation.
24 (b) Money appropriated to or paid into the state land reforesta-
25 tion fund does not lapse.
26 Sec. 41.17.320. REPORT TO THE LEGISLATURE. The commissioner
27 shall make an annual report to the legislature within the first 10
28 days of each session of the legislature on the uses of the money in
29 the state land reforestation fund, the proposed uses of the fund in

1 the following fiscal year, and the balance in the fund.

2 * Sec. 3. AS 41.17 is amended by adding a new section to read:

3 ARTICLE 4. TANANA VALLEY STATE FOREST.

4 Sec. 41.17.400. TANANA VALLEY STATE FOREST. (a) Subject to
5 valid existing rights and except for land owned by or transferred to
6 the University of Alaska under a settlement agreement between the
7 state and the university, the state-owned or acquired land and water
8 lying within the parcels described in (d) of this section is desig-
9 nated as the Tanana Valley State Forest.

10 (b) The commissioner shall prepare a management plan for the
11 Tanana Valley State Forest under AS 41.17.230. The commissioner shall
12 submit the management plan to the legislature for its approval within
13 the first 10 days of the Second Session of the Fourteenth State
14 Legislature. The management plan for the Tanana Valley State Forest
15 is approved unless the legislature adopts legislation disapproving the
16 management plan.

17 (c) The commissioner shall consider and permit the uses de-
18 scribed in AS 41.17.230(e) within the Tanana Valley State Forest,
19 subject to the procedures established in AS 41.17.230(f). The commis-
20 sioner may establish transportation corridors within the Tanana Valley
21 State Forest.

22 (d) The Tanana Valley State Forest includes the state-owned or
23 acquired land and water lying within the following described parcels.

24 Township 1 North, Range 2 East, Fairbanks Meridian

25 Sections 1 - 3

26 Sections 10 - 12

27 Sections 13 - 15, N1/2

28 Township 1 North, Range 3 East, Fairbanks Meridian

29 Section 1, E1/2, E1/2SW1/4, SW1/4SW1/4, SE1/4NW1/4

Section 2, NW1/4, NW1/4SW1/4

Sections 3 - 5

Section 6, N1/2

Section 7, E1/2E1/2

Sections 8 - 9

Section 10, NW1/4SW1/4, N1/2NW1/4, SW1/4NW1/4

Section 11, E1/2, S1/2SW1/4

Sections 12 - 14

Section 15, S1/2NE1/4, NE1/4NE1/4, S1/2

Township 1 North, Range 4 East, Fairbanks Meridian

Sections 1 - 12

Sections 16 - 18

Township 1 North, Range 5 East, Fairbanks Meridian

Sections 6 - 10

Sections 15 - 16

Township 1 North, Range 4 West, Fairbanks Meridian

Section 5, W1/2

Sections 6 - 11

Section 15

Sections 16 - 24

Section 27

Section 28, NE1/4, NE1/4SE1/4

Section 29, S1/2, W1/2NW1/4

Sections 30 - 32

Section 33, W1/2

Township 1 North, Range 5 West, Fairbanks Meridian

Township 1 North, Range 8 West, Fairbanks Meridian

Sections 17 - 20

Sections 29 - 34

Section 35, W1/2

Township 1 North, Range 9 West, Fairbanks Meridian

Sections 13 - 36

Township 1 North, Range 10 West, Fairbanks Meridian

Sections 13 - 36

Township 1 North, Range 11 West, Fairbanks Meridian

Sections 5 - 7

Sections 18 - 19

Sections 30 - 36

Township 1 North, Range 12 West, Fairbanks Meridian

Township 1 North, Range 13 West, Fairbanks Meridian

Sections 1 - 3

Sections 10 - 15

Sections 22 - 26

Sections 35 - 36

Township 2 North, Range 2 East, Fairbanks Meridian

Sections 34 - 36

Township 2 North, Range 3 East, Fairbanks Meridian

Sections 13 - 16

Sections 21 - 29

Sections 31 - 36

Township 2 North, Range 4 East, Fairbanks Meridian

Sections 5 - 8

Sections 17 - 19

Section 30, N1/2

Township 2 North, Range 3 West, Fairbanks Meridian

Section 11, S1/2

Section 12, S1/2

Sections 13 - 17

1 Sections 19 - 24

2 ~~Township 2 North, Range 4 West, Fairbanks Meridian~~

3 ~~Sections 2 - 6~~

4 Township 2 North, Range 5 West, Fairbanks Meridian

5 (A) Township 2 North, Range 10 West, Fairbanks Meridian

6 Sections 4 - 7

7 Township 2 North, Range 11 West, Fairbanks Meridian

8 Sections 1 - 12

9 Sections 16 - 21

10 Sections 28 - 33

11 Township 2 North, Range 12 West, Fairbanks Meridian

12 Township 2 North, Range 13 West, Fairbanks Meridian

13 Sections 1 - 30

14 Sections 33 - 36

15 Township 2 North, Range 14 West, Fairbanks Meridian

16 Sections 23 - 26

17 Township 3 North, Range 2 West, Fairbanks Meridian

18 Section 7, Tract E, ASLS 81-20

19 Section 8, Tracts H,J,K,L, ASLS 81-20

20 Section 17, Tracts M,N,O, ASLS 81-20

21 Section 18, Tracts A,B, ASLS 81-20

22 Section 19

23 Township 3 North, Range 3 West, Fairbanks Meridian

24 Section 13

25 Sections 19 - ~~24~~ 36
~~Sections 26 - 30~~

26 Township 3 North, Range 4 West, Fairbanks Meridian

27 Section 3, west of Washington Creek

Sec 9 - 10 west of WA Creek
Sec 17 west of WA Creek
Sec 18 - 36

28 Sections 4 - ~~8~~ 7
Sec. 8 west of WA Creek

29 Township 3 North, Range 5 West, Fairbanks Meridian

INSERT A

Section 1

2 N½

3 N½

4-8

9 N½

11 S½

12-14

15 S½

17 N½

18-19

21-36

Section 1

Sections 4 - 5, north of left limit of Tatalina River

Sections 6 - 7

Sections 11 - 36

Township 3 North, Range 6 West, Fairbanks Meridian

Sections 1 - 12

Township 3 North, Range 7 West, Fairbanks Meridian

Sections 1 - 3

Sections 10 - 12

Township 3 North, Range 10 West, Fairbanks Meridian

Sections 1 - 10

Sections 15 - 33

Township 3 North, Range 11 West, Fairbanks Meridian

Sections 1 - 3

Sections 10 - 15

Sections 19 - 36

Township 3 North, Range 12 West, Fairbanks Meridian

Sections 19 - 21, east of right limit of Hutlitakwa Creek

Sections 22 - 29

Section 30, east of right limit of Hutlitakwa Creek

Sections 31 - 36

Township 3 North, Range 13 West, Fairbanks Meridian

Sections 3 - 4

Section 9

Sections 16 - 17

Sections 19 - 20

Section 21, W1/2

Sections 25 - 26, east of right limit of Hutlitakwa

Creek

Sections 29 - 32

Sections 34 - 35, east of right limit of Hutlitakwa Creek

Section 36

Township 3 North, Range 14 West, Fairbanks Meridian

Section 25, E1/2

Section 36

Township 4 North, Range 5 West, Fairbanks Meridian

Section 1, west of left limit of Tatalina River

Sections 2 - 10

Sections 11 - 12, west of left limit of Tatalina River

Sections 14 - 15, west of left limit of Tatalina River

Sections 16 - 21

Section 22, west of left limit of Tatalina River

Sections 27 - 28, west of left limit of Tatalina River

Sections 29 - 32

Section 33, west of left limit of Tatalina River

Township 4 North, Range 6 West, Fairbanks Meridian

Section 1

Sections 10 - 15

Sections 22 - 36

Township 4 North, Range 7 West, Fairbanks Meridian

Sections 25 - 29

Sections 32 - 36

Township 4 North, Range 13 West, Fairbanks Meridian

Section 27

Section 33, SE1/4

Section 34

Township 5 North, Range 5 West, Fairbanks Meridian

Sections 1 - 2, west of Slate Creek

Sections 3 - 5

Section 6, E1/2

Section 7, E1/2

Sections 8 - 11

Section 12, west of Slate Creek

Sections 13 - 17

Section 18, E1/2

Sections 19 - 36

Township 6 North, Range 4 West, Fairbanks Meridian

Section 5, west of Alyeska Pipeline right-of-way and north of left limit of Slate Creek

Section 6, west of Alyeska Pipeline right-of-way

Sections 7 - 8, west of left limit of Slate Creek

Sections 18 - 19, west of left limit of Slate Creek

Township 6 North, Range 5 West, Fairbanks Meridian

Sections 1 - 4

Section 5, E1/2

Section 8, E1/2

Sections 9 - 16

Section 17, E1/2

Sections 20 - 23

Sections 24 - 26, west of left limit of Slate Creek

Sections 27 - 29

Sections 32 - 34

Section 35, west of left limit of Slate Creek

Township 7 North, Range 4 West, Fairbanks Meridian

Sections 30 - 31, west of Alyeska Pipeline right-

of-way

Township 7 North, Range 5 West, Fairbanks Meridian

Section 15, west of Alyeska Pipeline right-of-way

Section 16, E1/2

Section 21, E1/2

Sections 22 - 23, west of Alyeska Pipeline right-of-way

Sections 25 - 26, west of Alyeska Pipeline right-of-way

Section 27

Section 28, E1/2

Section 33, E1/2

Sections 34 - 36

Township 15 North, Range 11 East, Copper River Meridian

Sections 1 - 2

Section 3, excl. ASLS 78-42

Sections 4 - 8

Sections 17 - 19

Section 30

Section 31

Township 16 North, Range 11 East, Copper River Meridian

Sections 1 - 3

Sections 10 - 15

Sections 22 - 36

Township 16 North, Range 12 East, Copper River Meridian

Sections 1 - 12

Sections 14 - 22

Sections 28 - 32

Township 17 North, Range 11 East, Copper River Meridian

Sections 1 - 3

Sections 10 - 15

Township 17 North, Range 12 East, Copper River Meridian

Sections 5 - 6, west of Eagle Trail

Sections 7 - 8

Section 9, west of Eagle Trail

Sections 15 - 16, west of Eagle Trail

Sections 17 - 21

Sections 22 - 23, west of Eagle Trail

Section 26, west of Eagle Trail

Sections 27 - 34

Section 35, west of Eagle Trail

Township 18 North, Range 11 East, Copper River Meridian

Section 26, west of Eagle Trail

Sections 27 - 33

Sections 34 - 36, west of Eagle Trail

Township 19 North, Range 9 East, Copper River Meridian

Sections 1 - 21

Sec. 22-25 North of left limit Tanana River

Sec. 28-32 North of left limit Tanana River

Township 19 North, Range 13 East, Copper River Meridian

Sections 1 - 4

Sections 5 - 6, excl. F028758

Sections 7 - 16

Section 17, northeast of Tanana River

Section 18, north of Tanana River

Section 20, northeast of Tanana River

Section 21, north of Tanana River

Sections 22 - 27

Section 28, north of Tanana River

Section 29, east of Tanana River

Section 34, north and east of Tanana River

Section 35, north of Tanana River

Section 36

Township 19 North, Range 14 East, Copper River Meridian

Township 19 North, Range 15 East, Copper River Meridian

Township 20 North, Range 9 East, Copper River Meridian

Township 20 North, Range 10 East, Copper River Meridian

Township 20 North, Range 11 East, Copper River Meridian

Sections 1 - 16

Section 17, excl. NA, Par. C, F12548

Section 18

Sections 20 - 23

Sections 28 - 29

Section 32

Section 33, excl. USS 4377, NA, Par. A, F12549, NA, Par. B, F-14422

Township 20 North, Range 12 East, Copper River Meridian

Sections 20 - 23

Section 24, excl. NA, F-12107

Sections 25 - 29

Sections 34 - 36

Township 20 North, Range 13 East, Copper River Meridian

Township 21 North, Range 8 East, Copper River Meridian

Sections 1 - 5

Sections 9 - 17

Sections 23 - 25

Section 27, excl. USS 3620

Section 34, excl. USS 5622A

Section 36

Township 21 North, Range 9 East, Copper River Meridian

Township 21 North, Range 10 East, Copper River Meridian

Township 22 North, Range 8 East, Copper River Meridian

Sections 1 - 5

Sections 8 - 18

Sections 20 - 24

Sections 27 - 32

Sections 34 - 36

Township 22 North, Range 9 East, Copper River Meridian

Township 23 North, Range 5 East, Copper River Meridian

Sections 1 - 3

Sections 10 - 15

Sections 21 - 24

Township 23 North, Range 6 East, Copper River Meridian

Sections 5 - 7

Township 23 North, Range 7 East, Copper River Meridian

Sections 1 - 30

Township 23 North, Range 8 East, Copper River Meridian

~~Township 23 North, Range 9 East, Copper River Meridian~~

Township 24 North, Range 5 East, Copper River Meridian

Sections 1 - 5

Sections 8 - 17

Sections 20 - 29

Sections 34 - 36

Township 24 North, Range 6 East, Copper River Meridian

Township 24 North, Range 7 East, Copper River Meridian

Sections 1 - 30

Sections 32 - 36

Township 25 North, Range 6 East, Copper River Meridian

Township 25 North, Range 8 East, Copper River Meridian

Township 26 North, Range 5 East, Copper River Meridian

Township 26 North, Range 6 East, Copper River Meridian

Township 1 South, Range 3 East, Fairbanks Meridian

Section 1

Sections 11 - 14

Section 15, S1/2, S1/2N1/2

Section 16

Section 23, NE1/4

Section 24, N1/2

Township 1 South, Range 4 East, Fairbanks Meridian

Sections 1 - 2

Section 4, S1/2

Section 5, S1/2, NW1/4

Sections 6 - 7

Section 8, north of Chena River

Section 9, the NW1/4 north of Chena River, N1/2NE1/4

Section 10, NE1/4

Section 11

Section 12, N1/2

Section 17, north of Chena River

Section 18

Township 1 South, Range 5 East, Fairbanks Meridian

Section 6

Township 1 South, Range 3 West, Fairbanks Meridian

Section 26, S1/2 south of Parks Highway

Sections 27 - 28, south of Parks Highway

Section 29, west of Old Nenana Highway and south of Parks Highway

Sections 31 - 34, south of Parks Highway

1 Section 35

2 Township 1 South, Range 4 West, Fairbanks Meridian

3 Section 4, SW1/4

4 Sections 7 - 8

5 Section 9, NW1/4

6 Section 18, N1/2

7 Section 23, SE1/4, SE1/4NE1/4

8 Sections 24 - 29

9 Section 32, N1/2N1/2

10 Section 34, excl. NW1/4NW1/4

11 Sections 35 - 36

12 Township 1 South, Range 5 West, Fairbanks Meridian

13 Sections 2 - 12

14 Section 13, N1/2

15 Sections 14 - 23

16 Sections 28 - 30

17 Section 31, N1/2,N1/2S1/2

18 Section 32, N1/2, N1/2S1/2

19 Township 1 South, Range 6 West, Fairbanks Meridian

20 Sections 1 - 4

21 Sections 9 - 16

22 Sections 21 - 28

23 Sections 32 - 34

24 Section 35, E1/2

25 Section 36, N1/2

26 Township 1 South, Range 8 West, Fairbanks Meridian

27 Sections 3 - 10

28 Sections 15 - 22

29 Sections 27 - 34

Township 1 South, Range 10 West, Fairbanks Meridian

Sections 1 - 6

Township 1 South, Range 11 West, Fairbanks Meridian

Sections 1 - 24

Sections 27 - 34

Township 1 South, Range 12 West, Fairbanks Meridian

Sections 1 - 2

Sections 11 - 14

Section 21, south of the unnamed creek

Sections 22 - 28

Sections 31 - 32, south of right limit of Tanana River

Sections 33 - 36

Township 1 South, Range 13 West, Fairbanks Meridian

Section 27, north of a branch of Tanana River

Sections 34 - 36, north of a branch of Tanana River

Township 2 South, Range 3 West, Fairbanks Meridian

Section 2, N1/2, tract F, ASLS 80 - 118

Sections 3 - 10

Section 13, Lots A and C

Section 14, Lots 5 - 7, NE1/4, SW1/4

OK Section 15, west of left limit of Tanana River

Sections 16 - 19

Sections 20 - 24, north of military reservation

Sections 28 - 29, north of military reservation

Sections 30 - 31

Section 32, north of military reservation

Township 2 South, Range 4 West, Fairbanks Meridian

Sections 1 - 3

OUT ~~Section 4, S1/2, NE1/4~~

Section 7, SE1/4SE1/4
Section 8, S of Parks Hwy
~~Section 8, S1/2NE1/4, SE1/4, SW1/4SW1/4, E1/2SW1/4~~
Section 9, S of Parks Hwy
Sections ~~9 - 36~~ 10 - 16
Section 17, South of Parks, 18 S. of Parks, 19 S. of Parks
Township 2 South, Range 5 West, Fairbanks Meridian Sec. 20 - 36
Sec 24 N. of Parks Hwy
Sec 26 " " "
Sec 27 " " "
Sections 1 - 2
Sections 7 - ~~35~~ 23
Township 2 South, Range 6 West, Fairbanks Meridian
Section 3
Section 4, N1/2, SE1/4, SW1/4SW1/4
Section 5
Sections 10 - 12
Section 16
Township 2 South, Range 7 West, Fairbanks Meridian
OK Section 35, SE1/4SE1/4
OK Section 36, SE1/4, SE1/4NE1/4, E1/2SW1/4, SW1/4SW1/4
Township 2 South, Range 11 West, Fairbanks Meridian
Section 6
Township 2 South, Range 12 West, Fairbanks Meridian
Sections 1 - 24
Sections 27 - 34
Township 2 South, Range 13 West, Fairbanks Meridian
Sections 1 - 6
Section 7, Tracts A,B and C, ASLS 81-54 SW1/4
Section 8, NE1/4, Tracts D,E,F, ASLS 81-54
Sections 9 - 30
Sections 33 - 36
Township 3 South, Range 3 West, Fairbanks Meridian
Sections 6 - 7, north of military reservation
Township 3 South, Range 4 West, Fairbanks Meridian

Sections 1 - 11

Section 12, north of military reservation

Sections 14 - 15, north of military reservation

Section 16

Section 17, north of military reservation

Sections 20 - 22, north of military reservation

Township 3 South, Range 5 West, Fairbanks Meridian

Sections 1

Sections ~~6 - S1/2S1/2~~ 11 - 12

OUT ~~Sections 7 - 12~~

Section 13, NW1/4NW1/4, Lots 2 - 4

Sections 14 - ~~36~~ 15 north of left limit of Tanana R.

OUT ~~Section 17, north of right limit of Tanana River, excl. SW1/4SW1/4~~

OUT ~~Section 18, north of right limit of Tanana River, excl. SE1/4SE1/4~~

IN → Section 19, north of ~~right~~ left limit of Tanana River, excl. NE1/4NE1/4

Section 20, north of ~~right~~ left limit of Tanana River, excl. Lot 3

Section 21, north of ~~right~~ left limit of Tanana River

Section 31, Lot 2

Township 3 South, Range 6 West, Fairbanks Meridian

Sections 13 - 36

Township 3 South, Range 7 West, Fairbanks Meridian

Section 1

Section 2, E1/2, E1/2SW1/4, SW1/4SW1/4

Section 3, SE1/4SE1/4

Section 9, south of Parks Highway

Section 10, that portion of NE1/4 which lies south of Parks Highway; SW1/4SE1/2

Section 11, N1/2, N1/2SE1/4

Section 12, N1/2, N1/2S1/2

OUT ~~Section 13, SW1/4~~

OUT ~~Section 14, S1/2, S1/2N1/2~~

OUT ~~Section 15~~

OUT ~~Sections 16 - 17, south of Parks Highway~~

OUT Section 20, south of Parks Highway

Section 21 - S1/2

Sections ~~21 - 36~~ 22 - 29

Sections 31 - 36

Township 3 South, Range 12 West, Fairbanks Meridian

Sections 3 - 10

Sections 15 - 19

Section 30

Township 3 South, Range 13 West, Fairbanks Meridian

Section 12, E1/2

Section 13

Section 14, E1/2

Sections 24 - 25

Section 26, E1/2

Sections 35 - 36

Township 4 South, Range 6 West, Fairbanks Meridian

Sections 1 - 12

Sections 14 - 18

Township 4 South, Range 7 West, Fairbanks Meridian

Sections 1 - 12

Sections 13 - 14, north of left limit of Tanana River

Section 18, Lots 3-6

Township 4 South, Range 13 West, Fairbanks Meridian

Sections 1 - 2

Sections 3 - 4, east of left limit of Kantishna River

Sections 8 - 10, east of left limit of Kantishna River

Section 11

Section 15

Sections 16 - 17, east of left limit of Kantishna River

Sections 20 - 21, east of left limit of Kantishna River

Section 22

Sections 27 - 29, east of left limit of Kantishna River

Sections 33 - 34, east of left limit of Kantishna River

Township 5 South, Range 5 East, Fairbanks Meridian

out ~~Sec 1 - 4, Sec. 7-10~~

~~Sec 5 - 6~~

Sections 25 - 29

Sections 33 - 36

Township 5 South, Range 6 East, Fairbanks Meridian

Sections 28 - 29

Section 30, S1/2

Sections 31 - 34

Section 36, S1/2

Township 5 South, Range 8 East, Fairbanks Meridian

Sections 1 - 6

Sections 8 - 17

Sections 20 - 30

Sections 32 - 36

Township 5 South, Range 9 East, Fairbanks Meridian

Sections 4 - 9

Sections 13 - 36

Township 6 South, Range 5 East, Fairbanks Meridian

Sections 1 - 4

Sections 9 - 15

Section 16, S1/2, NE1/4

Section 20, S1/2

Sections 21 - 28

Section 29, N1/2

Section 36

Township 6 South, Range 6 East, Fairbanks Meridian

Section 1

Sections 3 - 9

Section 10, W1/2

Section 11, E1/2

Sections 12 - 36

Township 6 South, Range 7 East, Fairbanks Meridian

Sections 3 - 36

Township 6 South, Range 8 East, Fairbanks Meridian

Township 6 South, Range 9 East, Fairbanks Meridian

Township 6 South, Range 10 East, Fairbanks Meridian

Township 7 South, Range 6 East, Fairbanks Meridian

Sections 1 - 5 21, 22, 23, 24 25 N. of L.L. Tanana R. 26 N " " " " 27 N " " " "

Sections 8 - 15 ~~19 S½, 30 S½, 31-36~~ 28 all 29 & 30 S½, 31, 32 33, N of LL Tana

~~Sec. 21-28~~

Township 7 South, Range 7 East, Fairbanks Meridian

1-18 23-26 35-36 ~~Sections 1 - 12~~ 36 excl. ASLS 81-213 ~~except Tract A~~ excl. ASLS 81-213 except Tract A

Township 7 South, Range 8 East, Fairbanks Meridian

1-12, 15-21, 28-34

~~Sections 1 - 12~~ ~~28-34~~

~~Sections 15-21~~

Township 7 South, Range 9 East, Fairbanks Meridian

Sections 3 - 10

Sections 15 - 16, N1/2

Township 7 South, Range 10 East, Fairbanks Meridian

Sections 24 - 25

Sections 35 - 36

Township 7 South, Range 11 East, Fairbanks Meridian

Sections 1 - 2

Sections 11 - 14

Sections 19 - 36

Township 7 South, Range 12 East, Fairbanks Meridian

OUT

Township 8 South, Range 5 East, Fairbanks Meridian

Section 1

Sections 2 - 3, north of military reservation

Sections 11 - 12, north of military reservation

Township 8 S. R. 7 E Fbks — Section 1

Township 8 South, Range 10 East, Fairbanks Meridian

8 S 8 E
Sec. 4 - 6

OUT

Sec. 1
Sec 12 - 13

Sections 1 - 2

Section 8, excl. Quartz Lake Subdivision

Sections 9 - 15

Section 21, E1/2

Section 22

Section 23, W1/2

Sections 27 - 28

Section 29, E1/2

Sections 31 - 32

Sections 33 - 34, north of Tanana River

Township 8 South, Range 11 East, Fairbanks Meridian

Sections 1 - 18

Sections 22 - 27

Section 36

Township 8 South, Range 12 East, Fairbanks Meridian

Sections 1 - 10

T8S R13E
Sec. 25-26
Sec. 33-36

Sections 15 - 22

Sections 27 - 34

Township 9 South, Range 10 East, Fairbanks Meridian

OUT

Sections 4 - 6, north of left limit of Tanana River

Section 7, GL-1

Township 9 South, Range 11 East, Fairbanks Meridian

Section 3, S1/2

Sections 4 - 5

Sections 8 - 11

Sections 13 - 16

Section 17, E1/2, NE1/4SW1/4, SW1/4NW1/4

Sections 21 - 27

Section 28, excl. F02662

Township 9 South, Range 12 East, Fairbanks Meridian

Sections 19 - 21

Sections 28 - 36

Township 9 South, Range 16 East, Fairbanks Meridian

Township 10 South, Range 12 East, Fairbanks Meridian

Sections 1 - 3

Sections 4 - 6, north of left limit of Tanana River

Sections 10 - 12, north of left limit of Tanana River

Township 10 South, Range 13 East, Fairbanks Meridian

Sections 1 - 6

Sections 7 - 8, north of left limit of Tanana River

Sections 9 - 12

Sections 14 - 15, N1/2

Township 10 South, Range 14 East, Fairbanks Meridian

Sections 1 - 20

Section 21, NE1/4SE1/4, W1/2, N1/2NE1/4

Sections 22 - 24

Section 25, excl. Tract C

Section 26, excl. SW1/4SW1/4

Section 27, N1/2NE1/4, NE1/4NW1/4

Section 28, W1/2

Section 29

Section 30, NE1/4NE1/4

Section 32, excl. Tract U, Delta I

Section 33, W1/2

Township 10 South, Range 16 East, Fairbanks Meridian

Sections 1 - 35

Township 11 South, Range 14 East, Fairbanks Meridian

Section 4, NW1/4, Tracts A,B,E

Section 5, excluding Tract U, Delta Barley I

Section 9, Tracts A,B, E1/2

Section 10, Tracts B,C

Section 15, Tracts B,C

Section 16, E1/2, Tracts A,B

Section 21, Tracts A,B

Section 22, NW1/4, Tracts A,B,D

Section 23, Tracts A,B,D,E

Section 26, Tracts A,B,C,D

Section 35, E1/2, Tracts A.B

Section 36, Tracts A,B,C,D,E

Township 11 South, Range 16 East, Fairbanks Meridian

Township 12 South, Range 16 East, Fairbanks Meridian

Sections 1 - 5

Sections 9 - 16

Sections 21 - 28

Sections 34 - 36

* Sec. 4. Notwithstanding AS 41.17.400 as enacted in sec. 3 of this Act, the Fairbanks North Star Borough may, before July 1, 1984, select for conveyance to the borough under AS 29.18.201 - 29.18.213 all or a portion of the land within one or more sites described in this section for use as an industrial park:

Tanana Site:

Township 2 South, Range 5 West, Fairbanks Meridian

Section 34, E1/2

Sections 35 - 36

Township 3 South, Range 4 West, Fairbanks Meridian

Section 6, W1/2

Section 7, W1/2

Township 3 South, Range 5 West, Fairbanks Meridian

Sections 1 - 2

Section 3, E1/2

Sections 11 - 12

Section 13, Lots 2 and 3

Section 14, NE1/4NE1/4, Lots 1 to 4 inclusive

Ohio Creek Site:

Township 2 South, Range 5 West, Fairbanks Meridian

Section 1, S1/2

Section 2, S1/2

Sections 11 - 12

Section 13, W1/2

Section 14

Section 23

Section 26, NE1/4, E1/2NW1/4

Two Rivers Site:

1 Township 1 South, Range 3 East, Fairbanks Meridian

2 Section 11, N1/2SE1/4, N1/2S1/2SE1/4, SE1/4SE1/4SE1/4,

3 E1/2SW1/4SE1/4SE1/4, NW1/4SW1/4SE1/4SE1/4, NE1/4-

4 SE1/4SW1/4SE1/4, W1/2SE1/4SW1/4SE1/4, SW1/4SW1/4SE1/4

5 Section 14, W1/2W1/2NE1/4, W1/2NE1/4SW1/4NE1/4, SE1/4-

6 SW1/4NE1/4, W1/2NW1/4SE1/4, NE1/4NW1/4SE1/4, NW1/4-

7 SE1/4NW1/4SE1/4, NW1/4NW1/4SW1/4SE1/4, N1/2SW1/4,

8 N1/2NE1/4SE1/4SW1/4, N1/2NE1/4SW1/4SW1/4, NW1/4SW1/4-

9 SW1/4SW1/4, NW1/4SW1/4SW1/4, NW1/4

10 Section 15, S1/2N1/2, S1/2

11 Section 16

12 Martin Site:

13 Township 1 North, Range 4 West, Fairbanks Meridian

14 Section 23, S1/2

15 Section 24, S1/2

16 Section 27, NE1/4, S1/2

17 * Sec. 5. AS 41.17.020(c) is repealed.

18 * Sec. 6. This Act takes effect July 1, 1983.

AMENDMENT

OFFERED IN THE HOUSE: BY: Ringstad

TO: HCS CSSB 108 (Rules) HOUSE BILL No. _____

SENATE BILL No. _____

PAGE: 5 LINE: 2

Delete Section 3, and insert in its place the following new section:

2 * Sec. 3. AS 41.17 is amended by adding a new section to read:

3 ARTICLE 4. TANANA VALLEY STATE FOREST.

4 Sec. 41.17.400. TANANA VALLEY STATE FOREST. (a) Subject to
5 valid existing rights and except for land owned by or transferred to
6 the University of Alaska under a settlement agreement between the
7 state and the university, the state-owned or acquired land and water
8 lying within the parcels described in (d) of this section is desig-
9 nated as the Tanana Valley State Forest.

10 (b) The commissioner shall prepare a management plan for the
11 Tanana Valley State Forest under AS 41.17.230. The commissioner shall
12 submit the management plan to the legislature for its approval within
13 the first 10 days of the Second Session of the Fourteenth State
14 Legislature. The management plan for the Tanana Valley State Forest
15 is approved unless the legislature adopts legislation disapproving the
16 management plan.

17 (c) The commissioner shall consider and permit the uses de-
18 scribed in AS 41.17.230(e) within the Tanana Valley State Forest,
19 subject to the procedures established in AS 41.17.230(f). The commis-
20 sioner may establish transportation corridors within the Tanana Valley
21 State Forest.

22 (d) The Tanana Valley State Forest includes the state-owned or
23 acquired land and water lying within the following described parcels.

24 Township 1 North, Range 2 East, Fairbanks Meridian

25 Sections 1 - 3

26 Sections 10 - 12

27 Sections 13 - 15, N1/2

28 Township 1 North, Range 3 East, Fairbanks Meridian

29 Section 1, E1/2, E1/2SW1/4, SW1/4SW1/4, SE1/4NW1/4

See other original

Section 2, NW1/4, NW1/4SW1/4

Sections 3 - 5

Section 6, N1/2

Section 7, E1/2E1/2

Sections 8 - 9

Section 10, NW1/4SW1/4, N1/2NW1/4, SW1/4NW1/4

Section 11, E1/2, S1/2SW1/4

Sections 12 - 14

Section 15, S1/2NE1/4, NE1/4NE1/4, S1/2

Township 1 North, Range 4 East, Fairbanks Meridian

Sections 1 - 12

Sections 16 - 18

Township 1 North, Range 5 East, Fairbanks Meridian

Sections 6 - 10

Sections 15 - 16

Township 1 North, Range 4 West, Fairbanks Meridian

Section 5, W1/2

Sections 6 - 11

Section 15

Sections 16 - 24

Section 27

Section 28, NE1/4, NE1/4SE1/4

Section 29, S1/2, W1/2NW1/4

Sections 30 - 32

Section 33, W1/2

Township 1 North, Range 5 West, Fairbanks Meridian

Township 1 North, Range 8 West, Fairbanks Meridian

Sections 17 - 20

Sections 29 - 34

Section 2, NW1/4, NW1/4SW1/4

Sections 3 - 5

Section 6, N1/2

Section 7, E1/2E1/2

Sections 8 - 9

Section 10, NW1/4SW1/4, N1/2NW1/4, SW1/4NW1/4

Section 11, E1/2, S1/2SW1/4

Sections 12 - 14

Section 15, S1/2NE1/4, NE1/4NE1/4, S1/2

Township 1 North, Range 4 East, Fairbanks Meridian

Sections 1 - 12

Sections 16 - 18

Township 1 North, Range 5 East, Fairbanks Meridian

Sections 6 - 10

Sections 15 - 16

Township 1 North, Range 4 West, Fairbanks Meridian

Section 5, W1/2

Sections 6 - 11

Section 15

Sections 16 - 24

Section 27

Section 28, NE1/4, NE1/4SE1/4

Section 29, S1/2, W1/2NW1/4

Sections 30 - 32

Section 33, W1/2

Township 1 North, Range 5 West, Fairbanks Meridian

Township 1 North, Range 8 West, Fairbanks Meridian

Sections 17 - 20

Sections 29 - 34

1 the following fiscal year, and the balance in the fund.

2 * Sec. 3. AS 41.17 is amended by adding a new section to read:

3 ARTICLE 4. TANANA VALLEY STATE FOREST.

4 Sec. 41.17.400. TANANA VALLEY STATE FOREST. (a) Subject to
5 valid existing rights and except for land owned by or transferred to
6 the University of Alaska under a settlement agreement between the
7 state and the university, the state-owned or acquired land and water
8 lying within the parcels described in (d) of this section is desig-
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12 submit the management plan to the legislature for its approval within
13 the first 10 days of the Second Session of the Fourteenth State
14 Legislature. The management plan for the Tanana Valley State Forest
15 is approved unless the legislature adopts legislation disapproving the
16 management plan.

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18 scribed in AS 41.17.230(e) within the Tanana Valley State Forest,
19 subject to the procedures established in AS 41.17.230(f). The commis-
20 sioner may establish transportation corridors within the Tanana Valley
21 State Forest.

22 (d) The Tanana Valley State Forest includes the state-owned or
23 acquired land and water lying within the following described parcels.

24 Township 1 North, Range 2 East, Fairbanks Meridian

25 Sections 1 - 3

26 Sections 10 - 12

27 Sections 13 - 15, N1/2

28 Township 1 North, Range 3 East, Fairbanks Meridian

29 Section 1, E1/2, E1/2SW1/4, SW1/4SW1/4, SE1/4NW1/4

Section 35, W1/2

Township 1 North, Range 9 West, Fairbanks Meridian

Sections 13 - 36

Township 1 North, Range 10 West, Fairbanks Meridian

Sections 13 - 36

Township 1 North, Range 11 West, Fairbanks Meridian

Sections 5 - 7

Sections 18 - 19

Sections 30 - 36

Township 1 North, Range 12 West, Fairbanks Meridian

Township 1 North, Range 13 West, Fairbanks Meridian

Sections 1 - 3

Sections 10 - 15

Sections 22 - 26

Sections 35 - 36

Township 2 North, Range 2 East, Fairbanks Meridian

Sections 34 - 36

Township 2 North, Range 3 East, Fairbanks Meridian

Sections 13 - 16

Sections 21 - 29

Sections 31 - 36

Township 2 North, Range 4 East, Fairbanks Meridian

Sections 5 - 8

Sections 17 - 19

Section 30, N1/2

Township 2 North, Range 3 West, Fairbanks Meridian

Section 11, S1/2

Section 12, S1/2

Sections 13 - 17

1 Sections 19 - 24
2 Township 2 North, Range 4 West, Fairbanks Meridian
3 Sections 2 - 6
4 Township 2 North, Range 5 West, Fairbanks Meridian
5 Township 2 North, Range 10 West, Fairbanks Meridian
6 Sections 4 - 7
7 Township 2 North, Range 11 West, Fairbanks Meridian
8 Sections 1 - 12
9 Sections 16 - 21
10 Sections 28 - 33
11 Township 2 North, Range 12 West, Fairbanks Meridian
12 Township 2 North, Range 13 West, Fairbanks Meridian
13 Sections 1 - 30
14 Sections 33 - 36
15 Township 2 North, Range 14 West, Fairbanks Meridian
16 Sections 23 - 26
17 Township 3 North, Range 2 West, Fairbanks Meridian
18 Section 7, Tract E, ASLS 81-20
19 Section 8, Tracts H,J,K,L, ASLS 81-20
20 Section 17, Tracts M,N,O, ASLS 81-20
21 Section 18, Tracts A,B, ASLS 81-20
22 Section 19
23 Township 3 North, Range 3 West, Fairbanks Meridian
24 Section 13
25 Sections 19 - 31
26 Township 3 North, Range 4 West, Fairbanks Meridian
27 Section 3, west of Washington Creek
28 Sections 4 - 8
29 Township 3 North, Range 5 West, Fairbanks Meridian

Sections 19 - 24

Township 2 North, Range 5 West, Fairbanks Meridian

Section 1

Section 2, N½

Section 3, N½

Sections 4 - 8

Section 9, N½

Section 11, S½

Sections 12 - 14

Section 15, S½

Section 17, N½

Sections 18 - 19

Sections 21 - 36

Township 2 North, Range 10 West, Fairbanks Meridian

Sections 4 - 7

Township 2 North, Range 11 West, Fairbanks Meridian

Sections 1 - 12

Sections 16 - 21

Sections 28 - 33

Township 2 North, Range 12 West, Fairbanks Meridian

Township 2 North, Range 13 West, Fairbanks Meridian

Sections 1 - 30

Sections 33 - 36

Township 2 North, Range 14 West, Fairbanks Meridian

Sections 23 - 26

Township 3 North, Range 2 West, Fairbanks Meridian

Section 7, Tracts I, ASLS 81-20

Section 8, Tracts H,J,K,L, ASLS 81-20

Section 17, Tracts M,N,O, ASLS 81-20

Section 18, Tracts A,B, ASLS 81-20

Section 19

Township 3 North, Range 3 West, Fairbanks Meridian

Section 13

Sections 19 - 36

Township 3 North, Range 4 West, Fairbanks Meridian

Section 3, west of Washington Creek

Section 4 - 7

Section 8, west of Washington Creek

Section 9 - 10, west of Washington Creek

Section 17, west of Washington Creek

Section 18 - 36

Township 3 North, Range 5 West, Fairbanks Meridian

Section 1

Sections 4 - 5, north of left limit of Tatalina River

Sections 6 - 7

Sections 11 - 36

Township 3 North, Range 6 West, Fairbanks Meridian

Sections 1 - 12

Township 3 North, Range 7 West, Fairbanks Meridian

Sections 1 - 3

Sections 10 - 12

Township 3 North, Range 10 West, Fairbanks Meridian

Sections 1 - 10

Sections 15 - 33

Township 3 North, Range 11 West, Fairbanks Meridian

Sections 1 - 3

Sections 10 - 15

Sections 19 - 36

Township 3 North, Range 12 West, Fairbanks Meridian

Sections 19 - 21, east of right limit of Hutlitakwa Creek

Sections 22 - 29

Section 30, east of right limit of Hutlitakwa Creek

Sections 31 - 36

Township 3 North, Range 13 West, Fairbanks Meridian

Sections 3 - 4

Section 9

Sections 16 - 17

Sections 19 - 20

Section 21, W1/2

Sections 25 - 26, east of right limit of Hutlitakwa

Creek

Sections 29 - 32

Sections 34 - 35, east of right limit of Hutlitakwa Creek

Section 36

Township 3 North, Range 14 West, Fairbanks Meridian

Section 25, E1/2

Section 36

Township 4 North, Range 5 West, Fairbanks Meridian

Section 1, west of left limit of Tatalina River

Sections 2 - 10

Sections 11 - 12, west of left limit of Tatalina River

Sections 14 - 15, west of left limit of Tatalina River

Sections 16 - 21

Section 22, west of left limit of Tatalina River

Sections 27 - 28, west of left limit of Tatalina River

Sections 29 - 32

Section 33, west of left limit of Tatalina River

Township 4 North, Range 6 West, Fairbanks Meridian

Section 1

Sections 10 - 15

Sections 22 - 36

Township 4 North, Range 7 West, Fairbanks Meridian

Sections 25 - 29

Sections 32 - 36

Township 4 North, Range 13 West, Fairbanks Meridian

Section 27

Section 33, SE1/4

Section 34

Creek

Sections 29 - 32

Sections 34 - 35, east of right limit of Hutlitakwa Creek

Section 36

Township 3 North, Range 14 West, Fairbanks Meridian

Section 25, E1/2

Section 36

Township 4 North, Range 5 West, Fairbanks Meridian

Section 1, west of left limit of Tatalina River

Sections 2 - 10

Sections 11 - 12, west of left limit of Tatalina River

Sections 14 - 15, west of left limit of Tatalina River

Sections 16 - 21

Section 22, west of left limit of Tatalina River

Sections 27 - 28, west of left limit of Tatalina River

Sections 29 - 32

Section 33, west of left limit of Tatalina River

Township 4 North, Range 6 West, Fairbanks Meridian

Section 1

Sections 10 - 15

Sections 22 - 36

Township 4 North, Range 7 West, Fairbanks Meridian

Sections 25 - 29

Sections 32 - 36

Township 4 North, Range 13 West, Fairbanks Meridian

Section 27

Section 33, SE1/4

Section 34

Section 1

Sections 4 - 5, north of left limit of Tatalina River

Sections 6 - 7

Sections 11 - 36

Township 3 North, Range 6 West, Fairbanks Meridian

Sections 1 - 12

Township 3 North, Range 7 West, Fairbanks Meridian

Sections 1 - 3

Sections 10 - 12

Township 3 North, Range 10 West, Fairbanks Meridian

Sections 1 - 10

Sections 15 - 33

Township 3 North, Range 11 West, Fairbanks Meridian

Sections 1 - 3

Sections 10 - 15

Sections 19 - 36

Township 3 North, Range 12 West, Fairbanks Meridian

Sections 19 - 21, east of right limit of Hutlitakwa Creek

Sections 22 - 29

Section 30, east of right limit of Hutlitakwa Creek

Sections 31 - 36

Township 3 North, Range 13 West, Fairbanks Meridian

Sections 3 - 4

Section 9

Sections 16 - 17

Sections 19 - 20

Section 21, W1/2

Sections 25 - 26, east of right limit of Hutlitakwa

Township 5 North, Range 5 West, Fairbanks Meridian

Sections 1 - 2, west of Slate Creek

Sections 3 - 5

Section 6, E1/2

Section 7, E1/2

Sections 8 - 11

Section 12, west of Slate Creek

Sections 13 - 17

Section 18, E1/2

Sections 19 - 36

Township 6 North, Range 4 West, Fairbanks Meridian

Section 5, west of Alyeska Pipeline right-of-way and north of left limit of Slate Creek

Section 6, west of Alyeska Pipeline right-of-way

Sections 7 - 8, west of left limit of Slate Creek

Sections 18 - 19, west of left limit of Slate Creek

Township 6 North, Range 5 West, Fairbanks Meridian

Sections 1 - 4

Section 5, E1/2

Section 8, E1/2

Sections 9 - 16

Section 17, E1/2

Sections 20 - 23

Sections 24 - 26, west of left limit of Slate Creek

Sections 27 - 29

Sections 32 - 34

Section 35, west of left limit of Slate Creek

Township 7 North, Range 4 West, Fairbanks Meridian

Sections 30 - 31, west of Alyeska Pipeline right-

of-way

Township 7 North, Range 5 West, Fairbanks Meridian

Section 15, west of Alyeska Pipeline right-of-way

Section 16, E1/2

Section 21, E1/2

Sections 22 - 23, west of Alyeska Pipeline right-of-way

Sections 25 - 26, west of Alyeska Pipeline right-of-way

Section 27

Section 28, E1/2

Section 33, E1/2

Sections 34 - 36

Township 15 North, Range 11 East, Copper River Meridian

Sections 1 - 2

Section 3, excl. ASLS 78-42

Sections 4 - 8

Sections 17 - 19

Section 30

Section 31

Township 16 North, Range 11 East, Copper River Meridian

Sections 1 - 3

Sections 10 - 15

Sections 22 - 36

Township 16 North, Range 12 East, Copper River Meridian

Sections 1 - 12

Sections 14 - 22

Sections 28 - 32

Township 17 North, Range 11 East, Copper River Meridian

of-way

Township 7 North, Range 5 West, Fairbanks Meridian

Section 15, west of Alyeska Pipeline right-of-way

Section 16, E1/2

Section 21, E1/2

Sections 22 - 23, west of Alyeska Pipeline right-of-way

Sections 25 - 26, west of Alyeska Pipeline right-of-way

Section 27

Section 28, E1/2

Section 33, E1/2

Sections 34 - 36

Township 15 North, Range 11 East, Copper River Meridian

Sections 1 - 2

Section 3, excl. ASLS 78-42

Sections 4 - 8

Sections 17 - 19

Section 30

Section 31

Township 16 North, Range 11 East, Copper River Meridian

Sections 1 - 3

Sections 10 - 15

Sections 22 - 36

Township 16 North, Range 12 East, Copper River Meridian

Sections 1 - 12

Sections 14 - 22

Sections 28 - 32

Township 17 North, Range 11 East, Copper River Meridian

1 Township 5 North, Range 5 West, Fairbanks Meridian
2 Sections 1 - 2, west of Slate Creek
3 Sections 3 - 5
4 Section 6, E1/2
5 Section 7, E1/2
6 Sections 8 - 11
7 Section 12, west of Slate Creek
8 Sections 13 - 17
9 Section 18, E1/2
10 Sections 19 - 36
11 Township 6 North, Range 4 West, Fairbanks Meridian
12 Section 5, west of Alyeska Pipeline right-of-way
13 and north of left limit of Slate Creek
14 Section 6, west of Alyeska Pipeline right-of-way
15 Sections 7 - 8, west of left limit of Slate Creek
16 Sections 18 - 19, west of left limit of Slate Creek
17 Township 6 North, Range 5 West, Fairbanks Meridian
18 Sections 1 - 4
19 Section 5, E1/2
20 Section 8, E1/2
21 Sections 9 - 16
22 Section 17, E1/2
23 Sections 20 - 23
24 Sections 24 - 26, west of left limit of Slate Creek
25 Sections 27 - 29
26 Sections 32 - 34
27 Section 35, west of left limit of Slate Creek
28 Township 7 North, Range 4 West, Fairbanks Meridian
29 Sections 30 - 31, west of Alyeska Pipeline right-

Sections 1 - 3

Sections 10 - 15

Township 17 North, Range 12 East, Copper River Meridian

Sections 5 - 6, west of Eagle Trail

Sections 7 - 8

Section 9, west of Eagle Trail

Sections 15 - 16, west of Eagle Trail

Sections 17 - 21

Sections 22 - 23, west of Eagle Trail

Section 26, west of Eagle Trail

Sections 27 - 34

Section 35, west of Eagle Trail

Township 18 North, Range 11 East, Copper River Meridian

Section 26, west of Eagle Trail

Sections 27 - 33

Sections 34 - 36, west of Eagle Trail

Township 19 North, Range 8 East, Copper River Meridian

Sections 1 - 2, east of left limit of Tanana River

Sections 12 - 13, east of left limit of Tanana River

Sections 24 - 25, east of left limit of Tanana River

Township 19 North, Range 9 East, Copper River Meridian

Sections 1 - 21

Sections 22 - 25, north of left limit of Tanana River

Sections 28 - 32, north of left limit of Tanana River

Township 19 North, Range 13 East, Copper River Meridian

Sections 1 - 4

Sections 5 - 6, excl. F028758

Sections 7 - 16

Section 17, northeast of Tanana River

Section 18, north of Tanana River

Section 20, northeast of Tanana River

Section 21, north of Tanana River

Sections 22 - 27

Section 28, north of Tanana River

Section 29, east of Tanana River

Section 34, north and east of Tanana River

Section 35, north of Tanana River

Section 36

Township 19 North, Range 14 East, Copper River Meridian

Township 19 North, Range 15 East, Copper River Meridian

Township 20 North, Range 8 East, Copper River Meridian

Sections 1 - 2

Section 3, east of Alaska Highway

Section 10, east of Alaska Highway

Sections 11 - 13

Section 14, east of Alaska Highway

Section 23, east of Alaska Highway

Sections 24 - 25

Section 26, east of Alaska Highway

Section 35, east of Alaska Highway

Section 36

Township 20 North, Range 9 East, Copper River Meridian

Township 20 North, Range 10 East, Copper River Meridian

Township 20 North, Range 11 East, Copper River Meridian

Sections 1 - 16

Section 17, excl. NA, Par. C, F12548

Section 18

Sections 20 - 23

Sections 28 - 29

Section 32

Section 33, excl. USS 4377, NA, Par. A, F12549, NA, Par. B, F-14422

Township 20 North, Range 12 East, Copper River Meridian

Sections 20 - 23

Section 24, excl. NA, F-12107

Sections 25 - 29

Sections 34 - 36

Township 20 North, Range 13 East, Copper River Meridian

Township 21 North, Range 8 East, Copper River Meridian

Sections 8 - 17

Sections 21 - 25

Sections 26 - 27, excl. USS 3620

Section 34, excl. USS 5622A

Section 36

Township 21 North, Range 9 East, Copper River Meridian

Township 21 North, Range 10 East, Copper River Meridian

Township 22 North, Range 5 East, Copper River Meridian

Sections 1 - 12

Sections 13 - 18, north of Alaska Highway

Township 22 North, Range 8 East, Copper River Meridian

Sections 1 - 5

Sections 8 - 18

Sections 20 - 24

Sections 27 - 32

Sections 34 - 36

Township 22 North, Range 9 East, Copper River Meridian

Township 23 North, Range 5 East, Copper River Meridian

Sections 1 - 3

Sections 10 - 15

Sections 21 - 24

Township 23 North, Range 6 East, Copper River Meridian

Sections 5 - 7

Township 23 North, Range 7 East, Copper River Meridian

Sections 1 - 30

Township 23 North, Range 8 East, Copper River Meridian

Township 24 North, Range 5 East, Copper River Meridian

Sections 1 - 5

Sections 8 - 17

Sections 20 - 29

Sections 34 - 36

Township 24 North, Range 6 East, Copper River Meridian

Township 24 North, Range 7 East, Copper River Meridian

Sections 1 - 30

Sections 32 - 36

Township 25 North, Range 6 East, Copper River Meridian

Township 25 North, Range 8 East, Copper River Meridian

Township 26 North, Range 5 East, Copper River Meridian

Township 26 North, Range 6 East, Copper River Meridian

Township 1 South, Range 3 East, Fairbanks Meridian

- Section 1
- Sections 11 - 14
- Section 15, S1/2, S1/2N1/2
- Section 16
- Section 23, NE1/4
- Section 24, N1/2

Township 1 South, Range 4 East, Fairbanks Meridian

- Sections 1 - 2
- Section 4, S1/2
- Section 5, S1/2, NW1/4
- Sections 6 - 7
- Section 8, north of Chena River
- Section 9, the NW1/4 north of Chena River, N1/2NE1/4
- Section 10, NE1/4
- Section 11
- Section 12, N1/2
- Section 17, north of Chena River
- Section 18

Township 1 South, Range 5 East, Fairbanks Meridian

- Section 6

Township 1 South, Range 3 West, Fairbanks Meridian

- Section 26, S1/2 south of Parks Highway
- Sections 27 - 28, south of Parks Highway
- Section 29, west of Old Nenana Highway and south of Parks Highway
- Sections 31 - 34, south of Parks Highway

Township 21 North, Range 10 East, Copper River Meridian

Township 22 North, Range 8 East, Copper River Meridian

Sections 1 - 5

Sections 8 - 18

Sections 20 - 24

Sections 27 - 32

Sections 34 - 36

Township 22 North, Range 9 East, Copper River Meridian

Township 23 North, Range 5 East, Copper River Meridian

Sections 1 - 3

Sections 10 - 15

Sections 21 - 24

Township 23 North, Range 6 East, Copper River Meridian

Sections 5 - 7

Township 23 North, Range 7 East, Copper River Meridian

Sections 1 - 30

Township 23 North, Range 8 East, Copper River Meridian

Township 23 North, Range 9 East, Copper River Meridian

Township 24 North, Range 5 East, Copper River Meridian

Sections 1 - 5

Sections 8 - 17

Sections 20 - 29

Sections 34 - 36

Township 24 North, Range 6 East, Copper River Meridian

Township 24 North, Range 7 East, Copper River Meridian

Sections 1 - 30

Sections 32 - 36

Township 25 North, Range 6 East, Copper River Meridian

Township 25 North, Range 8 East, Copper River Meridian

Section 35

Township 1 South, Range 4 West, Fairbanks Meridian

Section 4, SW1/4

Sections 7 - 8

Section 9, NW1/4

Section 18, N1/2

Section 23, SE1/4, SE1/4NE1/4

Sections 24 - 29

Section 32, N1/2N1/2

Section 34, excl. NW1/4NW1/4

Sections 35 - 36

Township 1 South, Range 5 West, Fairbanks Meridian

Sections 2 - 12

Section 13, N1/2

Sections 14 - 23

Sections 28 - 30

Section 31, N1/2,N1/2S1/2

Section 32, N1/2, N1/2S1/2

Township 1 South, Range 6 West, Fairbanks Meridian

Sections 1 - 4

Sections 9 - 16

Sections 21 - 28

Sections 32 - 34

Section 35, E1/2

Section 36, N1/2

Township 1 South, Range 8 West, Fairbanks Meridian

Sections 3 - 10

Sections 15 - 22

Sections 27 - 34

Township 1 South, Range 10 West, Fairbanks Meridian

Sections 1 - 6

Township 1 South, Range 11 West, Fairbanks Meridian

Sections 1 - 24

Sections 27 - 34

Township 1 South, Range 12 West, Fairbanks Meridian

Sections 1 - 2

Sections 11 - 14

Section 21, south of the unnamed creek

Sections 22 - 28

Sections 31 - 32, south of right limit of Tanana River

Sections 33 - 36

Township 1 South, Range 13 West, Fairbanks Meridian

Section 27, north of a branch of Tanana River

Sections 34 - 36, north of a branch of Tanana River

Township 2 South, Range 3 West, Fairbanks Meridian

Section 2, N1/2, tract F, ASLS 80 - 118

Sections 3 - 10

Section 13, Lots A and C

Section 14, Lots 5 - 7, NE1/4, SW1/4

Section 15, west of left limit of Tanana River

Sections 16 - 19

Sections 20 - 24, north of military reservation

Sections 28 - 29, north of military reservation

Sections 30 - 31

Section 32, north of military reservation

Township 2 South, Range 4 West, Fairbanks Meridian

Sections 1 - 3

Section 4, S1/2, NE1/4

Township 1 South, Range 10 West, Fairbanks Meridian

Sections 1 - 6

Township 1 South, Range 11 West, Fairbanks Meridian

Sections 1 - 24

Sections 27 - 34

Township 1 South, Range 12 West, Fairbanks Meridian

Sections 1 - 2

Sections 11 - 14

Section 21, south of the unnamed creek

Sections 22 - 28

Sections 31 - 32, south of right limit of Tanana River

Sections 33 - 36

Township 1 South, Range 13 West, Fairbanks Meridian

Section 27, north of a branch of Tanana River

Sections 34 - 36, north of a branch of Tanana River

Township 2 South, Range 3 West, Fairbanks Meridian

Section 2, N1/2, tract F, ASLS 80 - 118

Sections 3 - 10

Section 13, Lots A and C

Section 14, Lots 5 - 7, NE1/4, SW1/4

Section 15, west of left limit of Tanana River

Sections 16 - 19

Sections 20 - 24, north of military reservation

Sections 28 - 29, north of military reservation

Sections 30 - 31

Section 32, north of military reservation

Township 2 South, Range 4 West, Fairbanks Meridian

Sections 1 - 3

Section 7, SE¼SE¼

Section 35

Township 1 South, Range 4 West, Fairbanks Meridian

Section 4, SW1/4

Sections 7 - 8

Section 9, NW1/4

Section 18, N1/2

Section 23, SE1/4, SE1/4NE1/4

Sections 24 - 29

Section 32, N1/2N1/2

Section 34, excl. NW1/4NW1/4

Sections 35 - 36

Township 1 South, Range 5 West, Fairbanks Meridian

Sections 2 - 12

Section 13, N1/2

Sections 14 - 23

Sections 28 - 30

Section 31, N1/2,N1/2S1/2

Section 32, N1/2, N1/2S1/2

Township 1 South, Range 6 West, Fairbanks Meridian

Sections 1 - 4

Sections 9 - 16

Sections 21 - 28

Sections 32 - 34

Section 35, E1/2

Section 36, N1/2

Township 1 South, Range 8 West, Fairbanks Meridian

Sections 3 - 10

Sections 15 - 22

Sections 27 - 34

Section 8, south of Parks Highway
Section 9, south of Parks Highway
Section 10 - 16
Section 17, south of Parks Highway
Section 18, south of Parks Highway
Section 19, south of Parks Highway
Sections 20 - 36

Township 2 South, Range 5 West, Fairbanks Meridian

Sections 1 - 2
Sections 7 - 23
Section 24, north of Parks Highway
Section 26, north of Parks Highway
Section 27, north of Parks Highway

Township 2 South, Range 6 West, Fairbanks Meridian

Section 3
Section 4, N1/2, SE1/4, SW1/4SW1/4
Section 5
Sections 10 - 12
Section 16

Township 2 South, Range 7 West, Fairbanks Meridian

Section 35, SE1/4SE1/4
Section 36, SE1/4, SE1/4NE1/4, E1/2SW1/4, SW1/4SW1/4

Township 2 South, Range 11 West, Fairbanks Meridian

Section 6

Township 2 South, Range 12 West, Fairbanks Meridian

Sections 1 - 24
Sections 27 - 34

Township 2 South, Range 13 West, Fairbanks Meridian

Sections 1 - 6
Section 7, Tracts A,B and C, ASLS 81-54 SW1/4

Section 8, NE1/4, Tracts D,E,F, ASLS 81-54

Sections 9 - 30

Sections 33 - 36

Township 3 South, Range 3 West, Fairbanks Meridian

Sections 6 - 7, north of military reservation

Township 3 South, Range 4 West, Fairbanks Meridian

Sections 1 - 11

Section 12, north of military reservation

Sections 14 - 15, north of military reservation

Section 16

Section 17, north of military reservation

Sections 20 - 22, north of military reservation

Township 3 South, Range 5 West, Fairbanks Meridian

Section 1

Sections 11 - 12

Section 13, NW1/4NW1/4, Lots 2 - 4

Sections 14 - 15, north of left limit of Tanana River

Section 19, north of left limit of Tanana River, excl. NE1/4NE1/4

Section 20, north of left limit of Tanana River, excl. Lot 3

Section 21, north of left limit of Tanana River

Section 31, Lot 2

Township 3 South, Range 6 West, Fairbanks Meridian

Sections 13 - 36

Township 3 South, Range 7 West, Fairbanks Meridian

Section 1

Section 2, E1/2, E1/2SW1/4, SW1/4SW1/4

Section 3, SE1/4SE1/4

Section 9, south of Parks Highway

Section 10, that portion of NE1/4 which lies south of Parks Highway; SW1/4SE1/2

Section 11, N1/2, N1/2SE1/4

Section 12, N1/2, N1/2S1/2

Section 20, S½

Sections 22 - 29

Sections 31 - 36

Township 3 South, Range 12 West, Fairbanks Meridian

Sections 3 - 10

Sections 15 - 19

Section 30

Township 3 South, Range 13 West, Fairbanks Meridian

Section 12, E1/2

Section 13

Section 14, E1/2

Sections 24 - 25

Section 26, E1/2

Sections 35 - 36

Township 4 South, Range 4 East, Fairbanks Meridian

Sections 30 - 32, west of Richardson Highway

Township 4 South, Range 6 West, Fairbanks Meridian

Sections 1 - 12

Sections 1[illegible] - 18

Township 4 South, Range 7 West, Fairbanks Meridian

Sections 1 - 12

Sections 13 - 14, north of left limit of Tanana River

Section 18, Lots 3-6

Township 4 South, Range 13 West, Fairbanks Meridian

Sections 1 - 2

Sections 3 - 4, east of left limit of Kantishna River

Sections 8 - 10, east of left limit of Kantishna River

Section 11

Section 15

Sections 16 - 17, east of left limit of Kantishna River

Sections 20 - 21, east of left limit of Kantishna River

Section 22

Sections 27 - 29, east of left limit of Kantishna River

Sections 33 - 34, east of left limit of Kantishna River

Township 5 South, Range 4 East, Fairbanks Meridian

Sections 5 - 6

Section 7, east of military reservation

Section 8

Section 17

Sections 18 - 19, east of military reservation

Section 20

Section 29

Section 30, east of military reservation

Section 31

Section 32, excl. NE1/4SE1/4, Lots 1-4

Township 5 South, Range 5 East, Fairbanks Meridian

Sections 25 - 29

Sections 33 - 36

Township 5 South, Range 6 East, Fairbanks Meridian

Sections 28 - 29

Section 30, S1/2

Sections 31 - 34

Section 36, S1/2

Township 5 South, Range 8 East, Fairbanks Meridian

Sections 1 - 6

Sections 8 - 17

Sections 20 - 30

Sections 32 - 36

Township 5 South, Range 9 East, Fairbanks Meridian

Sections 4 - 9

Sections 13 - 36

Township 6 South, Range 4 East, Fairbanks Meridian

Section 5, excl. Lots 1,2

Sections 6 - 7, east of military reservation

Section 8

Section 9, excl. N1/2NE1/4SE1/4, S1/2S1/2NE1/4, GL-5

Section 14, Lot 4

Section 15, south of Tanana River

Section 16

Section 21, east of military reservation

Section 22

Section 23, NE1/4NE1/4, that portion west of Richardson Highway

Section 25, south of Richardson Highway

Section 26, excl. Lot 1

Section 27, east of military reservation

Section 35

Section 36, W1/2SW1/4

Township 6 South, Range 5 East, Fairbanks Meridian

Sections 1 - 4

Sections 9 - 15

Section 16, S1/2, NE1/4

Section 20, S1/2

Sections 21 - 28

Section 29, N1/2

Section 36

Township 6 South, Range 6 East, Fairbanks Meridian

Section 1

Sections 3 - 9

Section 10, W1/2

Section 11, E1/2

Sections 12 - 36

Township 6 South, Range 7 East, Fairbanks Meridian

Sections 3 - 36

Township 6 South, Range 8 East, Fairbanks Meridian

Township 6 South, Range 9 East, Fairbanks Meridian

Township 6 South, Range 10 East, Fairbanks Meridian

Township 7 South, Range 6 East, Fairbanks Meridian

Sections 1 - 5

Sections 8 - 15

Sections 21-24

Sections 25-27, north of left limit of Tanana River

Section 28

Section 29, S½

Section 30, S½

Sections 31-32

Section 33, north of left limit of Tanana River

Township 7 South, Range 7 East, Fairbanks Meridian

P 23

Sections 1-18

Sections 23-26

Sections 35-36, excl. ASLS 81-213 except Tract A

Township 7 South, Range 8 East, Fairbanks Meridian

Sections 1-12

Sections 15-21

Sections 28-34

Township 7 South, Range 9 East, Fairbanks Meridian

Sections 3 - 10

Sections 15 - 16, N1/2

Township 7 South, Range 10 East, Fairbanks Meridian

Sections 24 - 25

Sections 35 - 36

Township 7 South, Range 11 East, Fairbanks Meridian

Sections 1 - 2

Sections 11 - 14

Sections 19 - 36

Township 7 South, Range 12 East, Fairbanks Meridian

Township 8 South, Range 7 East, Fairbanks Meridian

Section 1

Township 8 South, Range 8 East, Fairbanks Meridian

Sections 4-6

Township 8 South, Range 10 East, Fairbanks Meridian

Section 1

Sections 12-13

Township 8 South, Range 11 East, Fairbanks Meridian

Sections 1 - 18

Sections 22 - 27

Section 36

Township 8 South, Range 12 East, Fairbanks Meridian

Sections 1 - 10

Sections 15 - 22

Sections 27 - 34

Township 8 South, Range 13 East, Fairbanks Meridian

Sections 25 - 26

Sections 33 - 36

Township 9 South, Range 11 East, Fairbanks Meridian

Section 3, S1/2

Sections 4 - 5

Sections 8 - 11

Sections 13 - 16

Section 17, E1/2, NE1/4SW1/4, SW1/4NW1/4

Sections 21 - 27

Section 28, excl. F02662

Township 9 South, Range 12 East, Fairbanks Meridian

Sections 19 - 21

Sections 28 - 36

Township 9 South, Range 13 East, Fairbanks Meridian

Sections 1 - 3

Section 10, E1/2

Sections 11 - 13

Section 24 - 25

Section 26, S1/2

Section 27

Sections 34 - 36

Township 9 South, Range 14 East, Fairbanks Meridian

Township 9 South, Range 16 East, Fairbanks Meridian

Township 10 South, Range 12 East, Fairbanks Meridian

Sections 1 - 3

Sections 4 - 6, north of left limit of Tanana River

Sections 10 - 12, north of left limit of Tanana River

Township 10 South, Range 13 East, Fairbanks Meridian

Sections 1 - 6

Sections 7 - 8, north of left limit of Tanana River

Sections 9 - 12

Sections 14 - 15, N1/2

Township 10 South, Range 14 East, Fairbanks Meridian

Sections 1 - 20

Section 21, NE1/4SE1/4, W1/2, N1/2NE1/4

Sections 22 - 24

Section 25, excl. Tract C

Section 26, excl. SW1/4SW1/4

Section 27, N1/2NE1/4, NE1/4NW1/4

Section 28, W1/2

Section 29

Section 30, NE1/4NE1/4

Section 32, excl. Tract U, Delta I

Section 33, W1/2

Township 10 South, Range 16 East, Fairbanks Meridian

Sections 1 - 35

Township 11 South, Range 14 East, Fairbanks Meridian

Section 4, NW1/4, Tracts A,B,E

Section 5, excluding Tract U, Delta Barley I

Section 9, Tracts A,B, E1/2

Section 10, Tracts B,C

Section 15, Tracts B,C

Section 16, E1/2, Tracts A,B

Section 21, Tracts A,B

Section 22, NW1/4, Tracts A,B,D

Section 23, Tracts A,B,D,E

Section 26, Tracts A,B,C,D

Section 35, E1/2, Tracts A,B

Section 36, Tracts A,B,C,D,E

Township 11 South, Range 16 East, Fairbanks Meridian

Township 12 South, Range 14 East, Fairbanks Meridian

Section 1, excl. USS 4013

Section 2, excl. ASLS 79-93

Section 11, excl. ASLS 79-93

Sections 12 - 13

Section 14, excl. ASLS 79-93

Sections 23 - 25, excl. ASLS 79-93

Section 36, excl. ASLS 79-93

Township 12 South, Range 15 East, Fairbanks Meridian

Sections 2 - 6

Section 7, excl. SE1/4SW1/4

Sections 8 - 14

Section 15, E1/2, E1/2NE1/4

Sections 18 - 19, W1/2W1/2

Section 21, S1/2SE1/4

Section 22, excl. N1/2NW1/4

Sections 23 - 30

Section 31, SW1/4

Section 32, SE1/4, S1/2SW1/4

Sections 33 - 36

Township 12 South, Range 16 East, Fairbanks Meridian

Sections 1 - 5

Sections 9 - 16

Sections 21 - 28

Sections 34 - 36

Township 13 South, Range 15 East, Fairbanks Meridian

Sections 1 - 3

Section 4, N1/2SE1/4, NE1/4, N1/2NW1/4, SW1/4NW1/4, NW1/4SW1/4

Section 5, Tracts A and C

Section 6, north of Alaska Highway

Section 11, Tracts D and F

Section 12

Section 13, Tracts B and C

Township 13 South, Range 16 East, Fairbanks Meridian

Section 1

Sections 6 - 7

Section 12, excl. George Lake Subdivision

Sections 16 - 18

Sections 19 - 20, north of left limit of Tanana River

Section 21

Section 27

Sections 28 - 29, north of left limit of Tanana River

Sections 32 - 33, north of left limit of Tanana River

Sections 34 - 35

Township 14 South, Range 16 East, Fairbanks Meridian

Sections 1 - 3

Section 4, north of left limit of Tanana River

Sections 10 - 11, north of left limit of Tanana River

Section 12

HOUSE CS for CS for SB 108 ESTABLISHING THE TANANA VALLEY STATE FOREST AND A PROGRAM FOR THE MANAGEMENT OF STATE FORESTS AND FOREST LAND OF THE STATE.

PROPOSED AMENDMENT

In Section 3 in the appropriate place amend the legal descriptions to include the following state lands or waters:

Township 1 South, Range 3 West, Fairbanks Meridian
- Section 26, S½ south of Parks Highway
- Sections 27-28, south of Parks Highway
- Section 29, west of Old Nenana Highway and south of Parks Highway
- Sections 31-34, south of Parks Highway
- Section 35

Township 2 South, Range 3 West, Fairbanks Meridian
- Section 2, N½, Tract F, ASLS 80-118
- Sections 3-5
- Sections 8-10
- Section 13, Lots A and C
- Section 14, Lots 5-7, NE¼SW¼
- Section 15, west of left limit of Tanana River
- Sections 16-17

Township 2 South, Range 4 West, Fairbanks Meridian
- Section 4, S½, NE¼
- Section 8, S½NE¼, SE¼, SW¼SW¼, E½SW¼
- Section 9
- Sections 16-21
- Sections 28-33

Township 2 South, Range 5 West, Fairbanks Meridian
- Sections 23-36

Township 3 South, Range 5 West, Fairbanks Meridian
- Sections 2-5
- Section 6, S½S½
- Sections 7-10
- Section 16
- Section 17, north of right limit of Tanana River, excl. SW¼SW¼
- Section 18, north of right limit of Tanana River, excl. SE¼SE¼

Township 3 South, Range 7 West, Fairbanks Meridian
- Section 1
- Section 2, E½, E½SW¼, SW¼SW¼
- Section 3, SE¼SE¼
- Section 9, south of Parks Highway
- Section 10, that portion of NE¼ which lies south of Parks Highway; SW¼SE
- Section 11, N½, N½SE¼
- Section 12, N½, N½S½
- Section 13, SW¼
- Section 14, S½, S½N½
- Section 15
- Sections 16-17, south of Parks Highway
- Section 20, south of Parks Highway
- Sections 21-32

AMENDMENT

OFFERED IN THE HOUSE: BY: Ringstad

TO: HCS CSSB 108 (Rules) HOUSE BILL No. _____

SENATE BILL No. _____

PAGE: As indicated LINE: _____

In Section 3, delete the following lines:

Page 16, lines 24 through 29

Page 17, line 1

Page 18, lines 16 through 26

Page 18, lines 27 through 29

Page 19, lines 1 through 3

Page 19, lines 4 through 6

Page 20, lines 7 through 22

Page 20, lines 25 through 29

Page 21, lines 1 through 10.

In Section 3, in the appropriate places, amend the legal descriptions to include the following state lands or waters:

Township 2 South, Range 3 West, Fairbanks Meridian

Sections 6-7
Sections 18-19
Sections 20-24, north of military reservation
Sections 28-29, north of military reservation
Sections 30-31
Section 32, north of military reservation

Township 2 South, Range 4 West, Fairbanks Meridian

Sections 1-3
Section 7, SE¼SE¼
Sections 10-15
Sections 22-27
Sections 34-36

Township 2 South, Range 5 West, Fairbanks Meridian

Sections 1-2
Sections 7-22

Township 3 South, Range 5 West, Fairbanks Meridian

Section 1
Sections 11-12
Section 13, NW¼NW¼, Lots 2-4
Sections 14-15
Section 19, north of right limit of Tanana River, excluding NE¼NE¼
Section 20, north of right limit of Tanana River, excluding lot 3
Section 21, north of right limit of Tanana River
Section 31, Lot 2

Township 3 South, Range 7 West, Fairbanks Meridian

Sections 33-36

PROPOSED AMENDMENT TO HCS CSSB 108(Rls)

OFFERED BY REPRESENTATIVE JOHN RINGSTAD

In Section 3, delete the following lines:

Page 16, lines 24 through 29

Page 17, line 1

Page 18, lines 16 through 26

Page 18, lines 27 through 29

Page 19, lines 1 through 3

Page 19, lines 4 through 6

Page 20, lines 7 through 22

Page 20, lines 25 through 29

Page 21, lines 1 through 10.

In Section 3, in the appropriate places, amend the legal descriptions to include the following state lands or waters:

Township 2 South, Range 3 West, Fairbanks Meridian

Sections 6-7
Sections 18-19
Sections 20-24, north of military reservation
Sections 28-29, north of military reservation
Sections 30-31
Section 32, north of military reservation

Township 2 South, Range 4 West, Fairbanks Meridian

Sections 1-3
Section 7, SE¼SE¼
Sections 10-15
Sections 22-27
Sections 34-36

Township 2 South, Range 5 West, Fairbanks Meridian

Sections 1-2
Sections 7-22

Township 3 South, Range 5 West, Fairbanks Meridian

Section 1
Sections 11-12
Section 13, NW¼NW¼, Lots 2-4
Sections 14-15
Section 19, north of right limit of Tanana River, excluding NE¼NE¼
Section 20, north of right limit of Tanana River, excluding lot 3
Section 21, north of right limit of Tanana River
Section 31, Lot 3

Township 3 South, Range 7 West, Fairbanks Meridian

Sections 33-36

Amendment to HCS CSSB 108 (Finance) by Shultz

Add all state lands within the following townships:

Township 20 North, Range 10 East, Copper River Meridian

Township 21 North, Range 9 East, Copper River Meridian

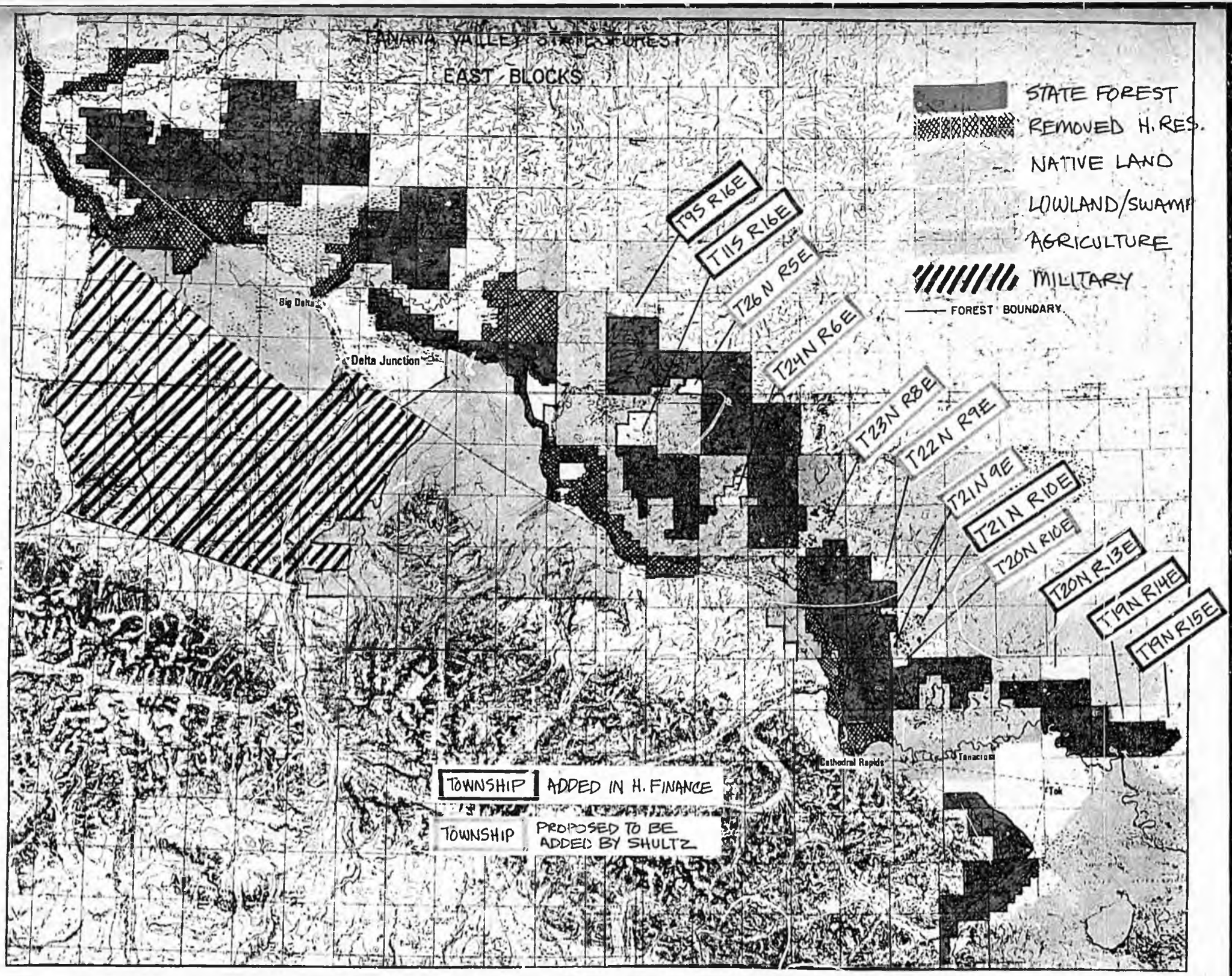
Township 22 North, Range 9 East, Copper River Meridian

Township 23 North, Range 8 East, Copper River Meridian

Township 24 North, Range 6 East, Copper River Meridian

Township 26 North, Range 5 East, Copper River Meridian

NOTE: ORIGINAL DOCUMENT IS COLOR-CODED. IF NECESSARY TO PROPER INTERPRETATION, REFER TO ORIGINAL DOCUMENT IN THE ALASKA STATE ARCHIVES


TANANA VALLEY STATE FOREST
EAST BLOCKS
STATE FOREST
REMOVED H. RES.
NATIVE LAND
LOWLAND/SWAMP
AGRICULTURE
MILITARY
FOREST BOUNDARY
T9S R16E
T11S R16E
T26N R5E
T24N R6E
T23N R8E
T22N R9E
T21N 9E
T21N R10E
T20N R10E
T20N R13E
T19N R14E
T19N R15E
Big Delta
Delta Junction
Cathedral Rapids
Tanacross
Tok
TOWNSHIP ADDED IN H. FINANCE
TOWNSHIP PROPOSED TO BE ADDED BY SHULTZ

Alaska State Legislature

BETTYE FAHRENKAMP
CHAIRMAN
ROBERT H. ZIEGLER, SR.
VICE-CHAIRMAN
DICK ELIASON - PAUL FISCHER
VIC FISCHER - BOB MULCAHY
ARLISS STURGULEWSKI

POUCH V
STATE CAPITOL
JUNEAU, ALASKA 99811
(907) 465-3834
(907) 465-3835

Senate

Committee on Resources

March 18, 1983

Memo

To: Senate Resources Committee Members

From: Senate Resources Committee Staff

Subject: Summary of Hearing on SB 14, 108, 79 , Fairbanks, March 11, 1983

A hearing by the Resources Committee was held in the Fairbanks North Star Borough Assembly Chambers between 4:30 pm and 7:30 pm, March 11, 1983. The hearing was attended and chaired by Senator Fahrenkamp.

41 persons testified at the hearing. Approximately 13 persons spoke on the state forest legislation, SB 14 and 108, as well as the proposed committee substitute. All but one expressed support for the legislation.

32 persons spoke on SB 79, the "Right to Know" legislation concerning hazardous and toxic substances in the workplace. 20 persons were in general support of the legislation while 12 spoke in opposition to the bills.

Specific Comments on SB 14, 108

Most who testified had seen the proposed committee substitute and were in support of the combined provisions of the two bills. Recommended changes or additions included:

1) Change the name of the Fairbanks State Forest to the Tanana Valley State Forest to more accurately reflect the location.

2) Change the timing of completion of the forest inventory and management plan.

3) Include in the purpose of the legislation the ensuring of a stable supply of timber resources.

4) Include revenue from mining of forest lands in the reforestation fund.

5) Include funding for the Board of Forestry.

6) Strengthen permitted uses of recreation, greenbelts, wildlife habitat

7) Limit Borough's selection of industrial sites to one site only.

fairbanks north star borough

p.o. box 1267 520 fifth ave. fairbanks, alaska 99707 907-452-4761

May 3, 1983

Telex Message

TO: John Ringstad, Chairman, House Resources Committee

FROM: Paula Twelker, Fairbanks North Star Borough

There are three minor typographical errors in the legal description for S.B. 108. The changes do not affect the land area in the bill.

Page 33 of S.B. 108 (dated 3/24/83):

1) Line 7 , SW1/4 SW1/2 SE1/4 becomes SW1/4 SW1/4 SE1/4.
2) Line 10 , NW1/4 NW1/4 SW1/2 SE1/4 becomes NW1/4 NW1/4 SW1/4 SE1/4.
3) Line 11 , N1/2 NE1/4 SW1/2 SW1/4 becomes N1/2 NE1/4 SW1/4 SW1/4.

Apologies for the late discovery. Thank you for making the changes. Good luck Friday!

PT/cmg

Letters to the Editor

(Readers of the Daily News-Miner are encou limitations require that letters be limited to 4 the full address of the writer and be sign published, and names will not be withheld as reserves the right to edit or reject letters requirements, that are deemed libelous or in p

State forests

(A copy of the following was submitted as a letter to the editor.)

April 11, 1983
Pouch V
Juneau, AK 99811

Bob Day
P.O. Box 55028
North Pole, AK 99705

Dear Bob:

Sen. Bennett forwarded to me a copy of your letter opposing the establishment of a Tanana Valley State Forest.

First, let me say that I, too vehemently oppose any more land "lock-ups" similar to those that took place under the Andrus/Carter Administration. I also am in opposition to large expenditures for new state management programs and employee increases. I frankly don't think the new state forest in the Tanana Valley would result in either of these actions.

To me, a "lock-up" is a situation where people are prohibited from doing the traditional type of uses of the land which they have enjoyed for many years. The state forest would continue to permit all existing on going uses including forest product harvesting, mining, hunting, recreation and other uses. What can't take place in the forest is land disposal. But that doesn't mean that there will be no lands for disposal, settlement or development in the Fairbanks area. The borough has selected 112,000 acres of land around Fairbanks specifically for disposal for private ownership and for development purposes. Additionally, the state will continue to own literally millions of acres in the Tanana Valley which will be available for disposal for private ownership and development.

The boundaries of the forest were carefully selected after over three years of study and discussions with state and local government and all major interest groups and concerned citizens. In almost all instances primo lands for disposal and settlement were excluded from the forest boundaries. But I must say that one of the ultimate "lock-ups" is private land in terms of many of the traditional land uses in the Interior.

We need to have some land retained in public ownership for such uses as sustained yield commercial timber industry, for hunting and fishing, for mineral location and development, and for firewood and house logs. The State Forest will assure that these uses by the public will be continued in the Fairbanks area.

As far as management costs and manpower, the forest bill has a fiscal note of approximately $78,000 to implement for the coming year. This work is primarily for development of a resource inventory and a management plan to assure that all resource uses and users are considered in the forest administration. These are state lands with or without a state forest designation and as such require management if we are to be prudent stewards of our land. Thus, no significant increases in management funds or manpower is expected in the next several years beyond that which the Department of Natural Resources is already expending for management of these state lands.

I hope this better explains my intent for sponsoring this legislation. With kind regards.

Sincerely,
Senator Bettye Fahrenkamp
Chairman
Committee on Resources

Multicultural week

April 15, 198
University Park Elementar
1000 University Ave
Fairbanks, AK 9970

To the Editor:

University Park School's Bilingua Program would like to thank the people from our community who took the

STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

DEPARTMENT OF NATURAL RESOURCES

POUCH M
JUNEAU, ALASKA 99811
PHONE: 907-465-2400

OFFICE OF THE COMMISSIONER

May 5, 1983

The Honorable John Ringstad
Co-Chairman
House Resources Committee
Pouch V
Juneau, AK 99811

Dear Representative Ringstad:

I have attached a letter to Senator Bettye Fahrenkamp in which the Department of Natural Resources requested several amendments to SB 108. These late amendments reached the Senator as the bill was about to be taken up on the floor, and they were not presented.

We would appreciate your consideration of these amendments, with the concurrence of the sponsor.

If you have any questions, please call my office.

Sincerely,

Sharon L. Barton

Sharon L. Barton
Special Assistant
to the Commissioner

Attachment

cc: Representative Richard Shultz
Senator Bettye Fahrenkamp

10-J9LH

April 15, 1983

The Honorable Bettye M. Fahrenkamp
Chairman, Senate Resources Committee
Alaska State Legislature
Pouch V
Juneau, AK 99811

Dear Senator Fahrenkamp:

As a result of a final exhaustive review of the legal descriptions for The Tanana Valley State Forest, DNR recommends five technical amendments:

1.	Pg. 25	T7S R4E FM	Sections 11 and 12 should read "East of the left limit of the Tanana River."
			This correction is necessary since the military reservation boundary does not extend into these sections.
2.	Pg. 25	T1S R4E FM	Section 11 should include only the N1/2.
			This change is necessary to prevent conflict with a current disposal offering.
3.	Pg. 4	T1N R3E FM	Section 6 should be deleted.
			This change would facilitate a high quality FY 84 remote parcel disposal with future road access provided by forest management activities.
4.	Pg. 21	T3S R7W FM	Section 3 should be deleted.
			This area was a part of the original Two Mile Lake Ag sale which was deleted until salvage of forest products could be completed. This salvage operation is actively underway at present. Agricultural rights will be offered during FY 85.
5.	Pg. 21	T3S R7W FM	Section 30 should have the W1/2NW1/2 excluded.
			Ag rights were sold in early FY 83.

We recommend these technical changes (approximately 760 acres) in the bill in order to eliminate potential management problems while fully meeting the purposes of SB 108. If we can provide further clarification, please feel free to contact either Tom Hawkins, Director, Division of Land and Water Management (265-4355) or John Sturgeon, Director, Division of Forestry (265-4465) directly.

Sincerely,

Esther C. Wunnicke
Commissioner

cc: Tom Hawkins
John Sturgeon

Letters to the Editor

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Sincerely,
Senator Bettye Fahrenkamp
Chairman
Committee on Resources

Multicultural week

April 15, 198
University Park Elementary
1000 University Ave
Fairbanks, AK 9970

To the Editor:

University Park School's Bilingual Program would like to thank the people from our community who took the

STATE OF ALASKA
PRELIMINARY STATEMENT OF FISCAL IMPACT

Bill No: SB 108 Date on Bill: 2-3-83
Title: Fairbanks State Forest and Forest Land Management Program for the State
Sponsor: Fahrenkamp
Requestor:

1. Estimated fiscal impacts on:

a. Expenditures:

(Thousands of Dollars)

			FY 83	FY 84	FY 85	FY 86		
Capital				*				
Operating				78.9	78.9	78.9		
Total				*	78.9	78.9		

b. Revenues:

Revenue								

2. Source of funds to offset fiscal impact of bill:

3. Assumptions:

* The bill requires a management plan which must be based on a resource inventory. The estimated cost for a complete resource inventory is $2,000,000; the estimated cost for a forest resource inventory for this area is $900,000.

For further information, see attached supplement.

4. Disclaimer:
This statement has not been reviewed by the OMB in the Office of the Governor. It therefore does not represent the final estimate of fiscal impact.

Prepared By: John Sturgeon Phone: 276-2653
Division: Forestry Date: 2-10-83

Approved by Commissioner: Mary Halloran Date: 2-24-83
Department: Natural Resources

5. Distribution:
Original to Legislative Finance
Copy to OMB
Copy to Sponsor
Copy to Requestor

2/15/83

FISCAL NOTE SUPPLEMENT - SENATE BILL 108

An Act Establishing the Fairbanks State Forest and a State Forest System/Senators Fahrenkamp, Eliason, et al.

Section II - Fiscal Detail

Expenditures:	FY83	FY84	FY85	FY86
100	11.6	46.3	46.3	46.3
200	6.2	25.0	25.0	25.0
300	1.0	3.8	3.8	3.8
400	1.0	3.8	3.8	3.8
500	-0-	-0-	-0-	-0-
600	-0-	-0-	-0-	-0-
700	-0-	-0-	-0-	-0-
TOTAL	19.8	78.9	78.9	78.9

Positions: One full time permanent Natural Resource Manager I (NRMI) to develop and coordinate required management plans.

Section III - Analysis

Assumptions: Operational level inventory essential to management plan development would be accomplished by contract through a shift in emphasis within existing DNR inventory CIP. Plan developed by NRMI in coordination with other resource interests would set forth a staged development of the Fairbanks State Forest delineated in the Bill. Funding for quarterly meetings of the Board of Forestry included in this proposed budget (see other "expenditures" below). The first nine months of this fiscal note are a duplicate of the proposed fiscal note for SB 14/Ziegler. The remainder of this fiscal note is designed to meet the needs of the Fairbanks State Forest added to the system by this Bill.

Program Summary:

Positions: In order to coordinate with other agencies/interested landowners and develop the management plans directed by this Bill. By using contracts to gather field data within existing CIP, the need for four 6-month annual positions is eliminated.

Other Expenditures - In the budget detail there are funds included to insure full local involvement by communities and users of the forest area in the plan development process. The major block of monies included are for full funding of the Board of Forestry (200-$20.0, 300-$0.8, 400-$0.8) to provide the level of involvement indicated in the Bill. Should the Board of Forestry be funded through other sources the funds cited here could be deleted.

Economic Impacts: The development of the proposed Fairbanks State Forest over a twenty year period will result in the following economic benefits occurring annually by the year 2005 (1980 dollars) as cited in the Forestry Element - Tanana Basin Area Plan 1983, compiled from various reports).

Type of Benefit	Sawlog Production*	Fuelwood**
To Producers	2,047,500.	930,000.
To Consumers	472,500.	3,472,000.
To State(Net)	572,800.	496,000.
Income Effect	3,827,200.	1,860.000.
Total Annual Economic Benefit	6,920,000.	6,758,000.
Employment	204	31

*Base production level of 15.75 MMBF softwood sawlogs annually.
**Based on annual demand projection of 62,000 cords and current ½ personal use/½ commercial sales.

The Fairbanks State Forest can produce an annual surplus of some 5.8 million cubic feet of hardwoods above the required fuelwood demand. If a hardwood industry were to develop, the sawlog benefits would roughly double. Similarly, if full processing of finished forest products were to develop, the employment figures for sawlog production and income effect would nearly double.

Attachment: Several resolutions, letters and articles are attached.

1.	POSITION TITLE Natural Resources Manager I				RANGE/STEP 18A	BARG. UNIT GGU	FORM 12 PAGE/LINE	GOV.	APPROV. / DISAPP.
2.	TYPE OF POSITION PFT	STAFF MONTHS 12	RP NUMBER	PCN NUMBER NEW	BRU PRIORITY	LOCATION EBA	ELECTION DISTRICT 7-15	LEG.	
3.	CONTINUATION LEVEL		ADDITION	X					

4.	TYPE OF EXPENDITURE		AMOUNT
	1	2	3
	PERSONAL SERVICES		
5.	Salary 2,965/mo	35,580	
6.	Benefits	5,604	
7.	Supplemental Benefits	2,188	
8.	Fixed Benefits	1,880	
9.	TOTAL PERSONAL SERVICES	01	46,252
10.	Travel	02	5,000
11.	Contractual	03	3,000
12.	Commodities	04	3,000
13.	Equipment	05	
14.	Other		
15.	TOTAL COST		57,252

	RECEIPT CODE	FUNDING SOURCE	
16.		Federal Receipts 1002	
17.		G.F. Match 1003	
18.		General Funds 1004	57,252
19.		I-A Receipts 1005	
20.		Program Receipts 1029	
21.		Other	

FOR B&M USE ONLY
4A KEY NUMBER __ __ - __ __ - __ __ - __ __ - __ __

JUSTIFICATION

Establishment of a State Forest System will require management plans to be written in order to provide direction in the use and management of all the resources within the boundaries of the established State forests. The Haines State Forest Resource Management area has already been established and it's highly possible that additional areas will be established within the 1983 calendar year.

13 REQUEST FOR NEW POSITION

AGENCY Department of Natural Resources

PROGRAM Management of Forest, Land & Water Resources

BRU Forest Management

COMPONENT Timber Inventory/Sales

Page of

Revised Date

FY 84

01-1136 (7/82) - 13

STATE OF ALASKA
OFFICE OF THE GOVERNOR

BILL ANALYSIS

Department	Sponsor (Principal)	Bill Number
Natural Resources	Fahrenkamp	Senate Bill 108

Department Position: There is a real need to create a State Forest System for the purpose of establishing a dependable sustained flow of forest products and providing for true multiple use as referenced in the State Constitution. The Fairbanks State Forest is a well thought out example of combined commercial and personal uses. We support this concept as a tool to aid in diversifying the State's economy.

Division Director	Commissioner	Date
John F. Sturgeon 12/10/82	Thomas D. Arnold, Deputy	2/23/83

GOVERNOR'S OFFICE USE

Comments:

☐ Position Noted	By	Date

SUMMARY

1. a) Related Bills (Similar or Conflicting	1. b) Other Agencies Affected by Bill
Senate Bill 14	Department of Fish and Game, Department of Environmental Conservation
2. a) Organizational Support for Bill	**2. b) Organizational Opposition to Bill**
Society of American Foresters Alaska Loggers Association Interior Woodcutters Association Regional and Village Native Corporations Alaska Environmental Lobby	None known.

3. Program Effects of Bill: Land in the Tanana Basin would be designated for long-term sustained-yield management providing the basic requirement which has been lacking in the promotion of a viable forest products industry based on State resources. Personal use supplies would be made available on a sustained basis. The bill's passage would necessitate either a shift of DNR's DGGS inventory priorities or additional funds specifically earmarked for multi-resource inventory. One position responsible for plan development/coordination at the Natural Resource Manager I level is required.

Data collection would be by contract. This bill would establish a system for retention of multiple use lands as envisioned in the State Constitution and aid in diversfying Alaska's economy.

4. Fiscal Impact: ☐ None ☒ Fiscal Note Attached

5. Amendments Proposed:

None

6. Comments:

Forest industry can play a significant role in Alaska's effort to diversify its economy. The value of personal use forest products is equally important - not only economically but also in lifestyle maintenance. The forests of Alaska will contribute valuable habitat, provide public recreational opportunities, protect mineral development rights and continue as a source of clear water.

STATE OF ALASKA

OFFICE OF THE GOVERNOR

BILL ANALYSIS

Department	Sponsor (Principal)	Bill Number
Natural Resources	Ziegler	Senate Bill 14

Department Position

There is a real need to create a State Forest System for the purpose of establishing a dependable sustained flow of forest products and providing for true multiple-use as referenced in the State Constitution. The bill as submitted requires minor modification to attain these objectives. We support this concept as a tool to aid in diversifying the State's economy.

Division Director	Date	Commissioner's Signature	Date
John D Stringer	2/10/83	Robert D Arnold, Deputy	2/23/83

GOVERNOR'S OFFICE USE

Comments:

☐ Position Noted	By	Date

SUMMARY

1. a) Related Bills (Similar or Conflicting

~~None known~~ Senate Bill 108

1. b) Other Agencies Affected by Bill

Dept. of Transportation & Public Facilities; Dept. of Fish & Game; Dept. of Environmental Conservation

2. a) Organizational Support for Bill

Alaska Loggers Association (probable)
Independent Loggers Association (probable)
Interior Woodcutters Association
Alaska Environmental Lobby (with modifications)

2. b) Organizational Opposition to Bill

None known

3. Program Effects of Bill

Land would be available for long-term sustained-yield management providing the basic requirement which has been lacking in the promotion of a viable forest products industry using State resources. Personal use supplies would also be made available on a sustained basis. The bill's passage would necessitate either a shift of DNR's DGGS inventory priorities or additional funds specifically earmarked for multi-resource inventory. One position responsible for plan development/coordination at the Natural Resource Manager I level is needed to meet time frames within the legislation. Individual forests would have management personnel assigned. Data collection would be by contract. This bill would establish a system of multiple use lands as envisioned in the State Constitution and aid in diversfying Alaska's economy.

4. Fiscal Impact: ☐ None ☒ Fiscal Note Attached

5. Amendments Proposed:

See attached

6. Comments:

This is one of the first bills to tie timing of completion of a management plan to the condition of data gathering - a great advance in resource management. There should logically be a place added for inclusion of legals or names referencing appropriate maps to designate areas as state forests within the bill.

United States Department of Agriculture
Forest Service
Regional Office
P.O. Box 1628
Juneau, AK 99802

Reply to 1510

Date February 25, 1983

Bettye Fahrenkamp, Chairman
Senate Committee on Resources
Alaska State Legislature
Pouch V
State Capitol
Juneau, AK 99811

Dear Senator Fahrenkamp:

Please refer to your letter of February 10 regarding SB 108.

A stable land base dedicated to forestry in Interior Alaska will greatly facilitate the development of a forest products industry. A reliable source of timber (managed to produce a regular supply of timber in perpetuity) is a prerequisite inducement for the front-end capital investments required for the establishment of a healthy industry and resulting employment opportunities.

In addition, management under the principles of multiple use will assure the public opportunities such as recreation, hunting, and fishing on these lands while providing for protection or utilization of other resources. Often times the management of one resource can enhance another; for example timber management can be used to enhance wildlife habitat for certain species in certain locations. Similarly, in many situations, timber management can be used to influence the timing and amount of water run-off in a watershed or affect water quality. In other situations the management of one resource may have an adverse impact upon another and informed trade-off decisions need to be made.

Further, designation of State Forests managed under multiple use principles should not impair the public's lawful use of these lands for other purposes such as mining or certain occupancies.

The establishment of a State Land Reforestation Fund is an excellent approach to funding reforestation needs. I suggest that legislation clearly state that any monies so appropriated remain available until expended. Such a provision would provide the manager with the flexibility to allow for the vagaries of climate with regard to planting and stock availability and changes in operating harvest plans.

I understand from your letter that the boundaries proposed for the Fairbanks State Forest have been carefully drawn to avoid conflicts with higher and better uses of these lands. No doubt many hours of discussion have gone into this configuration. However, I would be remiss if I did not say that, in my opinion the present configuration may serve to confuse the public and present future challenges for the manager of this State Forest.

I am not acquainted with the present or planned ownership of adjoining lands but presumably this could be a mix of private and State-owned lands administered by different agencies. If this were to come to pass the public could be faced with use policies and regulations that vary by ownership or administering agency while not knowing just where boundaries are. Inadvertent violations could occur by the visitor to the area or in planned management activities such as timber sales.

Another consideration in designing boundaries is future access needs for management and public purposes. These access needs may be more easily provided for across State-owned lands and forseeable needs across lands destined for private ownership can also be provided.

One final consideration is the impact of the mangement of lands upstream in a watershed upon the lands in the lower reaches. Conflict can develop when these lands are administered by different agencies or are in different ownerships.

These considerations were no doubt discussed when the proposed boundaries were identified. I mention them now as a matter of conscience from a land managers viewpoint.

If I can be of further assistance, please let me know.

Sincerely,

Mike Barton

MICHAEL A. BARTON
Member, Board of Forestry

Alaska State Legislature

BETTYE FAHRENKAMP
CHAIRMAN
ROBERT H. ZIEGLER, SR.
VICE-CHAIRMAN
DICK ELIASON - PAUL FISCHER
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ARLISS STURGULEWSKI

POUCH V
STATE CAPITOL
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(907) 465-3834
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Senate

Committee on Resources

March 18, 1983

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From: Senate Resources Committee Staff

Subject: Summary of Hearing on SB 14, 108, 79 , Fairbanks, March 11, 1983

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41 persons testified at the hearing. Approximately 13 persons spoke on the state forest legislation, SB 14 and 108, as well as the proposed committee substitute. All but one expressed support for the legislation.

32 persons spoke on SB 79, the "Right to Know" legislation concerning hazardous and toxic substances in the workplace. 20 persons were in general support of the legislation while 12 spoke in opposition to the bills.

Specific Comments on SB 14, 108

Most who testified had seen the proposed committee substitute and were in support of the combined provisions of the two bills. Recommended changes or additions included:

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7) Limit Borough's selection of industrial sites to one site only.

Alaska State Legislature

Senate
Resources Committee

ficial Business
Senator Bettye Fahrenkamp
Chairman

Pouch V
State Capitol
Juneau, Alaska 99811

February 25, 1983
3:05 p.m.

Senate Finance Room

MEMBERS PRESENT

Senator Fahrenkamp
Senator Ziegler
Senator Paul Fischer
Senator Vic Fischer
Senator Mulcahy
Senator Sturgulewski

SB 14 --- An Act establisbing state forests
SB 108 -- An Act establishing the Fairbanks State Forest and a program for the management of state forests and forest land of the state; and providing for an effective date.

Senator Fahrenkamp stated that it is her intention to combine the best of both bills before the Committee into a Committee Substitute prior to final committee action.

John Sturgeon, State Forester, DNR, stated that he supports the general concept of SB 108 and SB 14 and that there is a need to establish a forest industry and to adequately meet demands of local citizens for house logs, firewood, etc. Also feels there must be a stable land base and a predictable yearly supply. The State forest can provide a portion of this land base. He was adamant that there be a detailed management plan. He discussed Section 2 requiring a management plan which requires that an inventory be completed. Cost for inventory for timber would be approximately $800,000 to approximately 2 million dollars for 1.7 million acres depending on the level of inventory. He also stated that the Board of Forestry has not been funded for two years. He further stated that DNR liked the reforestation fund. Other subjects discussed were foreign export, stumpage fees, and problems now facing the timber industry in southeastern Alaska.

Others testifying who support the two bills were:

Robert W. Phillips, Alaskan Sportsman's Council supports SB 14 providing for establishment of state forests and supports the multiple-use management as the guiding principle. He suggested that the requirement to hold public hearings on Fish and Game Regulations in a municipality or native village close to state forest is duplication of existing public participation now available through advisory committees and regional councils.

Re SB 108 he offered suggestions for improvement: The multiple use provisions in Senate Bill 14 including the specific uses without priority should be a part of the bill through reference or inclusion. The sec ion on State land forestation plan should be changed to fund any multiple-uses called for in e management plan required in Section 2.

MINUTES - SB 14 and SB 108

Gene Miller, Alaskan State Society of American Foresters supports the creation of Fairbanks Forest.

Neil Holdsworth, Alaska Miner's Association supported the two bills. He confined remarks to SB 108 and would like the language regarding multiple-use in the bill. He would also like to have critical habitat areas mentioned.

Peter M. Huberth, Alaska Logger's Assocation agrees with all provisions of SB 108. They feel it is necessary for a State forest to have commercial timber harvest as a major management use. In Senate Bill 14, he recommended that the forest inventory be conducted within 2 years of classification so that there is a time limit of a maximum of 4 years from the incorporation of a forest to completion.

William Zybach, representing the Mayor of Fairbanks North Star Borough confined his testimony to SB 108. The Mayor's primary concern is for the development of forestry in relation to their current activity in developing industrial sites within the Borough. They would like to be able to identify one or more sites for selection as industrial sites.

Sally Wells, member of the Tanana Valley League of Women Voters testified in support of SB 108 and SB 14 and believes the two bills should be combined. The League suggests Sections 1 and 2 of SB 108 be replaced by Sections 1 and 2 of SB 14 providing for multiple-use management and requirement for management plan.

Meeting adjourned at 4:25 p.m.

Alaska State Legislature

Senate
Resources Committee

Official Business

Pouch V
State Capitol
Juneau, Alaska 99811

FIELD HEARINGS, FEB. 4
FAIRBANKS

Senator Bettye Fahrenkamp, Chairman of the Senate Resources Committee, announced today that a field hearing of the Committee will be held Friday, February 4, 1983, at 2:00 PM in the Fairbanks North Star Borough Assembly Chambers. Also attending the hearing will be Senator John Sackett and Senator Don Bennett, the Co-Chairmen of the Senate Finance Committee.

Testimony from the public will be heard on various resource bills and issues pending before the Committee and their budget implications. Committee bills of interest to the Interior include: bills to establish a state forest system and to designate the Fairbanks State Forest (SB 14 and SB 108); a bill to designate a statewide trails and waterway system (SB 9); bills to fund hydroelectric projects (SB 11, SB 68, SB 69, SB 71); bills to settle the University of Alaska and State lands dispute (SB 40, SB 41); bills to establish an Alaskan homestead program (SB 43); potential changes in the State's land disposal program; and other resource issues.

In addition, views will be solicited from the public on what capital improvements are needed in the Fairbanks area.

Anyone desiring to address the Committee may sign up to do so at the time of the hearing. It is urged that requests to be heard be made as early as possible the afternoon of the hearing as time will be limited.

cc: Senate Resources Committee Members

Alaska State Legislature

Senate

Resources Committee

Official Business

Senator Bettye Fahrenkamp
Chairman

Pouch V
State Capitol
Juneau, Alaska 99811

3:10 p.m.
March 21, 1983

211 Beltz Room

MEMBERS PRESENT

Senator Fahrenkamp
Senator Ziegler
Senator Eliason
Senator Paul Fischer
Senator Vic Fischer
Senator Sturgulewski

CSSB 108 - "An Act establishing the Tanana Valley State Forest and a program for the management of state forests and forest land of the state; and providing for an effective date."

Pat Pourchot, Administrative Assistant, Senate Resource Committee testified on how the proposed committee substitute combined SB 108 and SB 14 reflected changes suggested at hearings held on February 25 in Juneau and March 11 in Fairbanks. The following provisions are included in the committee substitute:

(1) Consolidated the provisions in SB 14, 108 and existing law for establishing a state forest system and designating individual forests into consecutive sections of AS 41.17: (2) The purposes section from SB 14; (3) The provision in SB 14 and 108 that state forest land would be retained in state ownership (no disposals); (4) A statement of multiple use and sustained yield management principles from SB 14. (5) Combined management plan provisions from SB 41, 108 and public comment. Plans to be required within 5 years based on forest inventory. A state forest could have several unit plans. (6) Management plans would be reviewed by Board of Forestry and would require local public hearings prior to adoption; (SB 14) (7) Plans would be reviewed and revised every five years (SB 108); (8) A list of permitted uses to be considered in the plan from SB 14 with several additions and changes from public testimony; (9) The reforestation fund provisions of SB 108 with the added term that funds do not lapse annually; (10) Designates the Tanana Valley State Forest (formerly Fairbanks State Forest) as in SB 108. Includes 1.7 mil. acres of state land in Interior Alaska. Several legal descriptions have been corrected and an additional small area added along the Hutlinana River near Manley Hot Springs. (11) The industrial park "back-out" provisions were clarified to read that acreage in more than one site could be selected by the Borough, and that the selections would be pursuant to the Borough's regular entitlement and selection procedures under AS 29.18.201-29.18.213.

Committee discussion involved the constitutionality of the state land reforestation fund and whether or not the legal descriptions have been thoroughly checked. Staff reported that the fund is constitutional and the considerable review and corrections have taken place on the legal descriptions.

Senator Ziegler moved adoption of the Committee Substitute and asked unanimous consent. There were no objections.

Senator Sturgulewski moved and asked unanimous consent that the letter of intent be adopted. There were no objections. She then moved that the bill pass out of committee with individual recommendations.

Meeting adjourned at 3:30 p.m.

STANDING COMMITTEE REPORTS

SB 77

The Health, Education and Social Services Committee considered SENATE BILL NO. 77 (establishing the Alaska senior citizen employment team program and fund) and a majority of the committee recommended it be replaced with CS FOR SENATE BILL NO. 77 (HESS) and do pass. The report was signed by Senator Josephson, Chairman and concurred in by Senators Paul Fischer and Moss.

SENATE BILL NO. 77 was referred to the Finance Committee.

SB 108

The Resources Committee considered SENATE BILL NO. 108 (establishing the Fairbanks State Forest and a program for the management of state forests and forest land of the state) and a majority of the committee recommended it be replaced with CS FOR SENATE BILL NO. 108 (RES), entitled:

> "An Act establishing the Tanana Valley State Forest and a program for the management of state forests and forest land of the state; and providing for an effective date."

and do pass. The committee further attached the following:

"SENATE RESOURCES COMMITTEE
LETTER OF INTENT
CSSB 108 (RES)

The committee substitute passed out by the Resources Committee represents an integration of many of the provisions of SB 108 originally sponsored by Senator Fahrenkamp and SB 14 originally sponsored by Senator Ziegler. Both bills, in turn, reflect many provisions contained in SB 582 which passed out of the Committee in the second session of the 12th Legislature.

While the Committee fully recognizes and intends that the harvesting of timber and other forest products for both personal and commercial purposes be a permitted and important use of state forests, including the Tanana Valley State Forest, it is also the intent of the Committee that this legislation not statutorially subjugate or favor one permitted use vis a vis another permitted use. It is recognized that under the multiple-use management direction provided for

SB 108 cont'd

in the bill that some uses will be permitted in some areas of a state forest to the possible exclusion of others due to the particular resources involved. However, it is the intent of the Committee that state forest lands shall accommodate many varied uses and activities to the maximum extent possible.

The legislation requires the completion of a management plan or plans for state forests within 5 years of enactment, and that such plans be based on a forest inventory. The Committee encourages the Department to consider the adoption of interim plans for smaller units of a designated forest such as the Tanana Valley State Forest following completion of the inventory for the particular unit of the forest."

The report was signed by Senator Fahrenkamp, Chairman and concurred in by Senators Sturgulewski, Paul Fischer, Ziegler, Eliason and Vic Fischer.

SENATE BILL NO. 108 was referred to the Finance Committee.

SB 109

The Health, Education and Social Services Committee considered SENATE BILL NO. 109 (regulation of the practice of psychology and continuing the existence of the Board of Psychologist and Psychological Associate Examiners) and a majority of the committee recommended it be replaced with CS FOR SENATE BILL NO. 109 (HESS) and do pass. The report was signed by Senator Josephson, Chairman and concurred in by Senators Paul Fischer and Moss.

SENATE BILL NO. 109 was referred to the Finance Committee.

SB 187

The Judiciary Committee considered SENATE BILL NO. 187 (investigations by, and granting subpoena power to, the Alaska Police Standards Council) and the committee recommended do pass. The report was signed by Senator Ray, Chairman and concurred in by Senators Ziegler, Josephson, Pettyjohn and Eliason.

SENATE BILL NO. 187 was referred to the Rules Committee.

HB 139

The Rules Committee consider
a penalty for violation of
bees and beekeeping equipment
recommended it be placed on t
was signed by Senator Faiks
Senators Ray and Ferguson.

HOUSE BILL NO. 139 will ap

SB 138

The Rules Committee consider
ing the Guide Licensing and
the board to license marine
the committee recommended i
BILL NO. 138 (RLS) and place
report was signed by Senato
in by Senators Ray and Fergu

SENATE BILL NO. 138 appears

INTRODUCTION AND

SB 200

SENATE BILL NO. 200 by Ser
and Sturgulewski, entitled:

"An Act relating
longevity bonus;
for an effective

was read the first time and
Committee and the Judiciary

STATE OF ALASKA
PRELIMINARY STATEMENT OF FISCAL IMPACT

Bill No: SB 108 Date on Bill: 2-3-83
Title: Fairbanks State Forest and Forest Land Management Program for the State
Sponsor: Fahrenkamp
Requestor:

1. Estimated fiscal impacts on:

a. Expenditures:

(Thousands of Dollars)

			FY 83	FY 84	FY 85	FY 86		
Capital				*				
Operating				78.9	78.9	78.9		
Total				*	78.9	78.9		

b. Revenues:

Revenue								

2. Source of funds to offset fiscal impact of bill:

3. Assumptions:

* The bill requires a management plan which must be based on a resource inventory. The estimated cost for a complete resource inventory is $2,000,000; the estimated cost for a forest resource inventory for this area is $900,000.

For further information, see attached supplement.

4. Disclaimer:
This statement has not been reviewed by the OMB in the Office of the Governor. It therefore does not represent the final estimate of fiscal impact.

Prepared By: John Sturgeon Phone: 276-2653
Division: Forestry Date: 2-10-83

Approved by Commissioner: [signature] Date: 2-24-83
Department: Natural Resources

5. Distribution:
Original to Legislative Finance
Copy to OMB
Copy to Sponsor
Copy to Requestor

2/15/83

FISCAL NOTE SUPPLEMENT - SENATE BILL 108

An Act Establishing the Fairbanks State Forest and a State Forest System/Senators Fahrenkamp, Eliason, et al.

Section II - Fiscal Detail

Expenditures:	FY83	FY84	FY85	FY86
100	11.6	46.3	46.3	46.3
200	6.2	25.0	25.0	25.0
300	1.0	3.8	3.8	3.8
400	1.0	3.8	3.8	3.8
500	-0-	-0-	-0-	-0-
600	-0-	-0-	-0-	-0-
700	-0-	-0-	-0-	-0-
TOTAL	19.8	78.9	78.9	78.9

Positions: One full time permanent Natural Resource Manager I (NRMI) to develop and coordinate required management plans.

Section III - Analysis

Assumptions: Operational level inventory essential to management plan development would be accomplished by contract through a shift in emphasis within existing DNR inventory CIP. Plan developed by NRMI in coordination with other resource interests would set forth a staged development of the Fairbanks State Forest delineated in the Bill. Funding for quarterly meetings of the Board of Forestry included in this proposed budget (see other "expenditures" below). The first nine months of this fiscal note are a duplicate of the proposed fiscal note for SB 14/Ziegler. The remainder of this fiscal note is designed to meet the needs of the Fairbanks State Forest added to the system by this Bill.

Program Summary:

Positions: In order to coordinate with other agencies/interested landowners and develop the management plans directed by this Bill. By using contracts to gather field data within existing CIP, the need for four 6-month annual positions is eliminated.

Other Expenditures - In the budget detail there are funds included to insure full local involvement by communities and users of the forest area in the plan development process. The major block of monies included are for full funding of the Board of Forestry (200-$20.0, 300-$0.8, 400-$0.8) to provide the level of involvement indicated in the Bill. Should the Board of Forestry be funded through other sources the funds cited here could be deleted.

Economic Impacts: The development of the proposed Fairbanks State Forest over a twenty year period will result in the following economic benefits occurring annually by the year 2005 (1980 dollars) as cited in the Forestry Element - Tanana Basin Area Plan 1983, compiled from various reports).

Type of Benefit	Sawlog Production*	Fuelwood**
To Producers	2,047,500.	930,000.
To Consumers	472,500.	3,472,000.
To State(Net)	572,800.	496,000.
Income Effect	3,827,200.	1,860.000.
Total Annual Economic Benefit	6,920,000.	6,758,000.
Employment	204	31

*Base production level of 15.75 MMBF softwood sawlogs annually.
**Based on annual demand projection of 62,000 cords and current ½ personal use/½ commercial sales.

The Fairbanks State Forest can produce an annual surplus of some 5.8 million cubic feet of hardwoods above the required fuelwood demand. If a hardwood industry were to develop, the sawlog benefits would roughly double. Similarly, if full processing of finished forest products were to develop, the employment figures for sawlog production and income effect would nearly double.

Attachment: Several resolutions, letters and articles are attached.

	POSITION TITLE	RANGE/STEP	BARG. UNIT	FORM 12 PAGE/LINE	GOV.	APPROV.	DISAPP.
1.	Natural Resources Manager I	18A	GGU				

	TYPE OF POSITION	STAFF MONTHS	RP NUMBER	PCN NUMBER	BRU PRIORITY	LOCATION	ELECTION DISTRICT	LEG.
2.	PFT	12		NEW		EBA	7-15	

3. CONTINUATION LEVEL | | ADDITION | X |

4.	TYPE OF EXPENDITURE		AMOUNT
	1	2	3
	PERSONAL SERVICES		
5.	Salary 2,965/mo	35,580	
6.	Benefits	5,604	
7.	Supplemental Benefits	2,188	
8.	Fixed Benefits	1,880	
9.	TOTAL PERSONAL SERVICES	01	46,252
10.	Travel	02	5,000
11.	Contractual	03	3,000
12.	Commodities	04	3,000
13.	Equipment	05	
14.	Other		
15.	TOTAL COST		57,252

	RECEIPT CODE	FUNDING SOURCE		
16.		Federal Receipts	1002	
17.		G.F. Match	1003	
18.		General Funds	1004	57,252
19.		I-A Receipts	1005	
20.		Program Receipts	1028	
21.		Other		

FOR B&M USE ONLY
4A KEY NUMBER __ __ - __ __ - __ __ - __ __ - __ __

JUSTIFICATION

Establishment of a State Forest System will require management plans to be written in order to provide direction in the use and management of all the resources within the boundaries of the established State forests. The Haines State Forest Resource Management area has already been established and it's highly possible that additional areas will be established within the 1983 calendar year.

13 REQUEST FOR NEW POSITION

AGENCY Department of Natural Resources

PROGRAM Management of Forest, Land & Water Resources

BRU Forest Management

COMPONENT Timber Inventory/Sales

Page of

Revised Date

FY 84

01-1136 (7/82) - 13

STATE OF ALASKA
OFFICE OF THE GOVERNOR

BILL ANALYSIS

Department	Sponsor (Principal)	Bill Number
Natural Resources	Fahrenkamp	Senate Bill 108

Department Position There is a real need to create a State Forest System for the purpose of establishing a dependable sustained flow of forest products and providing for true multiple use as referenced in the State Constitution. The Fairbanks State Forest is a well thought out example of combined commercial and personal uses. We support this concept as a tool to aid in diversifying the State's economy.

Division Director		Commissioner	Date
John F. Sturgeon	2/10/83	Thomas D. Arnold, Deputy	2/23/83

GOVERNOR'S OFFICE USE

Comments:

☐ Position Noted	By	Date

SUMMARY

1. a) Related Bills (Similar or Conflicting	1. b) Other Agencies Affected by Bill
Senate Bill 14	Department of Fish and Game, Department of Environmental Conservation
2. a) Organizational Support for Bill	**2. b) Organizational Opposition to Bill**
Society of American Foresters Alaska Loggers Association Interior Woodcutters Association Regional and Village Native Corporations Alaska Environmental Lobby	None known.

3. Program Effects of Bill Land in the Tanana Basin would be designated for long-term sustained-yield management providing the basic requirement which has been lacking in the promotion of a viable forest products industry based on State resources. Personal use supplies would be made available on a sustained basis. The bill's passage would necessitate either a shift of DNR's DGGS inventory priorities or additional funds specifically earmarked for multi-resource inventory. One position responsible for plan development/coordination at the Natural Resource Manager I level is required.

Data collection would be by contract. This bill would establish a system for retention of multiple use lands as envisioned in the State Constitution and aid in diversfying Alaska's economy.

4. Fiscal Impact: ☐ None ☒ Fiscal Note Attached

5. Amendments Proposed:

None

6. Comments:

Forest industry can play a significant role in Alaska's effort to diversify its economy. The value of personal use forest products is equally important - not only economically but also in lifestyle maintenance. The forests of Alaska will contribute valuable habitat, provide public recreational opportunities, protect mineral development rights and continue as a source of clear water.

STATE OF ALASKA

OFFICE OF THE GOVERNOR

BILL ANALYSIS

Department	Sponsor (Principal)	Bill Number
Natural Resources	Ziegler	Senate Bill 14

Department Position There is a real need to create a State Forest System for the purpose of establishing a dependable sustained flow of forest products and providing for true multiple-use as referenced in the State Constitution. The bill as submitted requires minor modification to attain these objectives. We support this concept as a tool to aid in diversifying the State's economy.

Division Director	Date	Commissioner's Signature	Date
John A Stringer	2/10/83	William D Arnold, Deputy	2/23/83

GOVERNOR'S OFFICE USE

Comments:

☐ Position Noted	By	Date

SUMMARY

1. a) Related Bills (Similar or Conflicting)
~~None known~~ Senate Bill 108

1. b) Other Agencies Affected by Bill
Dept. of Transportation & Public Facilities; Dept. of Fish & Game; Dept. of Environmental Conservation

2. a) Organizational Support for Bill
Alaska Loggers Association (probable)
Independent Loggers Association (probable)
Interior Woodcutters Association
Alaska Environmental Lobby (with modifications)

2. b) Organizational Opposition to Bill
None known

3. Program Effects of Bill
Land would be available for long-term sustained-yield management providing the basic requirement which has been lacking in the promotion of a viable forest products industry using State resources. Personal use supplies would also be made available on a sustained basis. The bill's passage would necessitate either a shift of DNR's DGGS inventory priorities or additional funds specifically earmarked for multi-resource inventory. One position responsible for plan development/coordination at the Natural Resource Manager I level is needed to meet time frames within the legislation. Individual forests would have management personnel assigned. Data collection would be by contract. This bill would establish a system of multiple use lands as envisioned in the State Constitution and aid in diversfying Alaska's economy.

4. Fiscal Impact: ☐ None ☒ Fiscal Note Attached

5. Amendments Proposed:

See attached

6. Comments:

This is one of the first bills to tie timing of completion of a management plan to the condition of data gathering - a great advance in resource management. There should logically be a place added for inclusion of legals or names referencing appropriate maps to designate areas as state forests within the bill.

NOTE REGARDING THE FOLLOWING FRAME(S) ON MICROFILM:
COMPLETE DOCUMENT IS AVAILABLE IN ORIGINAL FILES.
TITLE PAGE ONLY HAS BEEN FILMED.

The National Conference of State Legislatures is the official representative of the nation's 7,500 state legislators and their staffs. NCSL is funded by the states and governed by a 43-member Executive Committee. The NCSL headquarters are in Denver, Colorado, with an Office of State-Federal Relations located in Washington, D.C.

Executive Director: Earl S. Mackey

The National Conference of State Legislatures has three basic objectives:

- To improve the quality and effectiveness of state legislatures;
- To assure states a strong, cohesive voice in the federal decision-making process; and
- To foster interstate communication and cooperation.

A Legislator's Guide to Forest Resource Management

by
Gordon Meeks, Jr.

edited by
Sharon Bjorkman

illustrated by
Marsha Holler

National Conference of State Legislatures
Earl S. Mackey, Executive Director
1125 Seventeenth Street, Suite 1500
Denver, Colorado 80202

October 1982

NOTE: ORIGINAL DOCUMENT IS COLOR-CODED. IF NECESSARY TO PROPER INTERPRETATION, REFER TO ORIGINAL DOCUMENT IN THE ALASKA STATE ARCHIVES

Forest bill draws fire

By DAVID RAMSFUR
News-Miner Bureau

JUNEAU—The first measurable legislative opposition to a measure to create a 1.7 million-acre state forest in the Fairbanks area surfaced Friday.

House legislators questioned whether the bill (SB108), sponsored by Sen. Bettye Fahrenkamp, D-Fairbanks, would cut down on state land disposals in the area.

Other lawmakers wondered whether the bill is constitutional because the state Constitution apparently already permits state officials to create forests.

Lawmakers in recent weeks have received a number of complaints about the bill which so far has received little critical analysis in the Legislature.

The measure creates a state forest includes scattered parcels of state land spanning from near Nenana to Fairbanks and then south to Tok. Virtually any type of land use would be permitted except land disposals.

Activities specificially permitted include mining, recreation, hunting, fishing, timber harvesting, grazing and research.

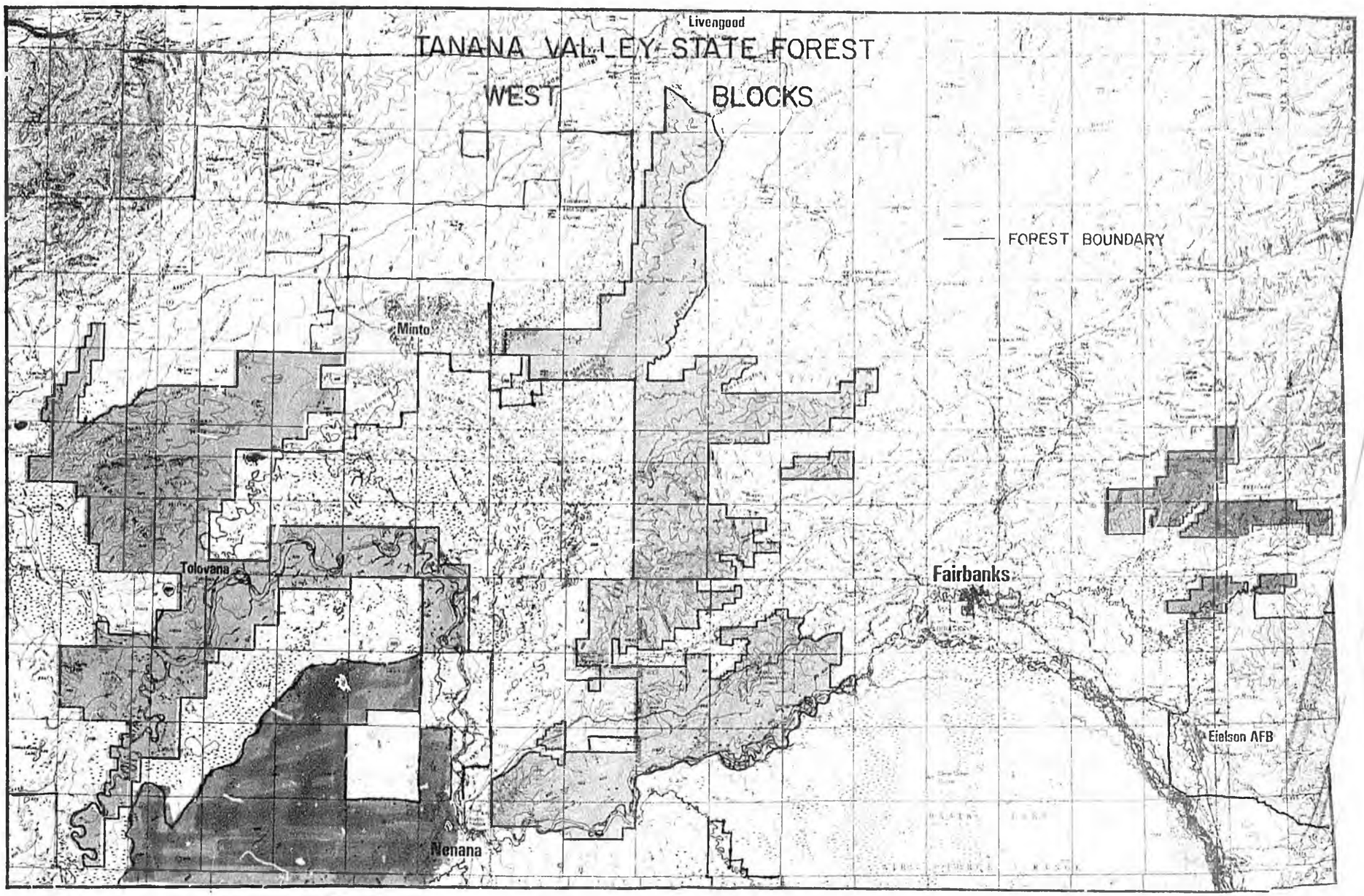
According to Fahrenkamp, only 10,000 of the 382,000 acres slated for disposal in area state land programs are included in the bill.

"We have not been greedy," said Fahrenkamp, explaining that 17.3 million acres in the area are state lands.

The measure was initially introduced several years ago to relieve a growing firewood and house log shortage in the Fairbanks area. An estimated 60 percent of Interior residents use wood for some portion of home heating, according to local officials.

In past hearings, a number of groups from miners to environmentalists to timber company officials have embraced the state forest concept. But in recent weeks some Fairbanksans have stirred up opposition to it as a "lock up" bill.

State officials have estimated 200 local jobs in sawlog production and another 31 jobs in the firewood industry could be created by the bill over the next 20 years.



Colored areas show the 1.7-million-acre Tanana Valley State Forest proposed in Senate bill 108.

UAF graduates largest class

The University of Alaska Fairbanks will graduate its largest class ever Sunday at 2 p.m. in the Patty Gym in the 61st annual commencement. More than 300 students will participate in the ceremony and another estimated 200 will skip the ritual and accept their diplomas via the postal system. The graduating class is 25 percent larger than last year.

Howard Cutler will deliver the message for the Baccalaureate Service at 10:30 a.m. in Schaible Hall. "Supply Side Theology" will be his message.

Guest speaker at the ceremony is Carl Randolph, the president of U.S. Borax Co. holds a doctoral degree in chemistry. Randolph will speak on the outlook for natural resources utilization. His company recently opened a molybdenum mine in the Ketchikan area.

Randolph will be awarded an honorary doctoral degree from the university for public service.

The university will also confer honorary degrees upon two Alaskans. The Rev. Jean Dementi will receive a Doctor of Humanities and poet John Haines will be awarded a Doctor of Letters degree for his contributions to Alaskan literature.

Dementi will also receive an honorary degree from the university in recognition of Dedicatory Day.

They're coming to watch a special lady.

In 1977, the Episcopalian church broke new ground in Alaska when Dementi was ordained a priest. She was the first woman in the state, and one of the first in the nation, to enter the priesthood.

"I had studied all the arguments, pro and con," she said. "After I was ordained, it was just as though I had always been a priest. In God's eyes I had probably been a priest all along."

Currently there are four female priests in the state, she said.

In accepting the honorary degree, Dementi said, she represents "a lot of other women."

"I'm delighted," she said. "I haven't published a book and I haven't painted a picture. It does seem kind of strange to be honored for something

REV. JEAN DEMENTI
Honored here Sunday

you love to do."

What she has done is minister to the physical and spiritual needs of people in Alaska's rural areas for more than thirty years.

Dementi came to Alaska with the church in 1951 as a nurse-evangelist at St. Mark's Mission in Nenana. Two years later Bishop William J. Gordon asked her to be superintendent of Fort Yukon's Hudson Stuck Memorial Hospital until a doctor could replace her.

"We had two or three R.N.s and some local girls," she said. "We

(See DEMENTI, page 3)

gave an award to the degree recipient will be conferred in recognition of De-

anspacepers could spread to tracions next month.

But at the same time, the adviser said, the government does not consider itself threatened by the protests, and does not believe that the country is moving into a period similar to that of the riots and general strikes of May 1968.

The government regards the present unrest "as neither anything too serious, nor anything to be amused by," according to the official, and feels its chances of dissipating the student unrest with a reworked program of university reorganization are good.

The adviser, explaining the government's position to a reporter in unusually direct terms, said Friday that June was likely to be a particularly difficult month because it would be the first one in which the Fiench would be paying mandatory loans on their income to the government as

There is also the possibility of layoffs in both the chemical and steel sectors, the adviser said, and trouble in individual factories.

According to the official, the Socialist government feels the unions remain moderate in their positions but large numbers of factory workers believe the union leadership has not pressed their demands sufficiently.

A second period of intense pressure is expected to come after the vacation period in September and October, when new salary agreements will be under discussion, and the effect of the austerity measures may then be judged with some objectivity.

In the violent clashes on Thursday, the official said, there was a mixture of some legitimate students and shopkeepers, as well as thugs allied to clandestine organizations on the extreme rightist side of the opposition parties, including the Gaullists.

PLEASE NOTE

THE ORGINAL FILE CONTAINS AN OVERSIZED DOCUMENT THAT IS UNSUITABLE FOR FILMING. PLEASE REFER TO THE ALASKA STATE ARCHIVES TO VIEW THE ORIGINAL.

Alaska State Legislature

BETTYE FAHRENKAMP, Chairman
ROBERT H. ZIEGLER, SR., Vice Chairman
DICK ELIASON
PAUL FISCHER
VIC FISCHER
BOB MULCAHY
ARLISS STURGULEWSKI

POUCH V
STATE CAPITAL
JUNEAU, ALASKA 99811
(907) 465-3834
(907) 465-3835

Senate

Committee on Resources

April 26, 1983

APR 28 1983

Representative John Ringstad
Representative Dick Schultz
Co-Chairmen, House Resources Committee
Pouch V
Juneau, Alaska 99811

Dear John and Dick,

Last week the Senate passed and sent to the House SB 108. This bill establishes a state forest system, establishes a reforestation fund and designates the Tanana Valley State Forest. As you know, I have been a strong supporter of this legislation for several years and want to commend the bill to you and urge you to consider this legislation at the earliest possible time.

Although this bill has been literally years in the making and has received broad support from interests as diverse as the commercial timber industry and environmental groups, there have been several criticisms raised recently which I would like to call to your attention and address:

1. One objection I have heard categorizes the bill as a "lock-up" bill which removes too much state land from use for development and settlement. In fact, at least one letter I have seen states that most of the developable land around Fairbanks has been placed in the State Forest. Here are the facts on this:

   a. It is true that lands included in the Tanana Valley State Forest cannot be disposed of by the state.

   b. It is true that over 1.7 million acres of state land in the Tanana Valley would be designated in the State Forest--about 9.8% of the 17.3 million acres of state land in the Tanana Basin.

c. The boundaries of the Tanana Valley State Forest are the product of extensive study and negotiations as part of the Tanana Basin Area Plan involving all concerned state and local agencies and interest groups. Boundaries were drawn to include primarily medium to high timber lands (over 90%) and to exclude most conflicts with potential disposal areas, other resource uses and private lands.

d. Approximately 382,000 acres of state land have been identified as having good potential for disposal as development or settlement lands in Tanana Basin. Of this, 10,000 acres or 2.6% of the disposal lands are included in the proposed forest. These lands also have high timber values.

e. The bill contains "back-out" language to remove one or more industrial park sites if selected by the North Star Borough after their planning process is completed next year.

f. In addition, 112,000 acres of land have been selected and conveyed to the Fairbanks North Star Borough around Fairbanks, most for the purpose of development and settlement.

g. In addition, over 3 million acres of private lands owned by Native corporations are in the Basin.

Thus, I don't think the State Forest represents a "lock-up" or an unwarranted commitment of state land in the region for the multiple uses discussed below.

2. The second objection centers on the uses permitted (or not permitted) on state forest lands. Specifically, some mining interests have expressed concern that certain uses will preempt other uses of state forest lands, such as mining activities. Responding to testimony last year and this year, the legislation was crafted to include the following provisions to specifically address this comment:

a. In the purposes section of the bill, we intentionally did not specify that any particular use (namely timber harvesting) was a "dominant" or "primary" use of a state forest which might have been construed to favor such a use over another use. Rather, the broad language of

last year's bill which speaks to the "perpetuation of land, water, scenic and recreational resources to ensure a variety of personal, commercial and other beneficial uses through multiple-use management" was retained.

While we intended this language to be broad and to include all normal uses of state lands, some have been concerned that it is somehow preferential to some uses. Although I don't think it is, I would see no harm in changing the language of the purposes section as recommended in a letter I received from the AMA Fairbanks Chapter to say "perpetuation of renewable resources..." and delete references to land, water, scenic and recreational resources.

b. Section 41.17.220 specifically states that state forests shall be managed under multiple use and sustained-yield principles and under management plans as specified in the bill.

c. Section 41.17.230 requires that management plans be done for all state forests and that consultation with other agencies and the State Forestry Board and public hearings be held as part of the plan formulation. A list of permitted uses in state forests to be considered in a management plan is presented in 41.17.230(e). This list includes commercial and personal use of timber, mining, grazing, recreation, hunting, wildlife habitat, and other multiple-use activities.

Thus, I think that adequate assurances are contained in the bill to allow and encourage the full array of both commercial and public uses of state forest lands.

I would be happy to talk with you further on this, provide staff assistance and additional information for your deliberations, and to testify before your committee on this important legislation.

With warm regards,

Bettye Fahrenkamp

5-3-83

Dave,

The Tanana Valley State Forest is an outgrowth of the Tanana Basin Plan. Public meetings have been held on the plan, which included the option of a State Forest, over the past year. The State Division of Forestry will be able, at your May 6 hearing, to provide the House Resources Committee with information on when and where public meetings were held.

Senate Resources sponsored hearings on the bill itself:

Fairbanks, February 4, 1983
- general hearing on bills in Committee

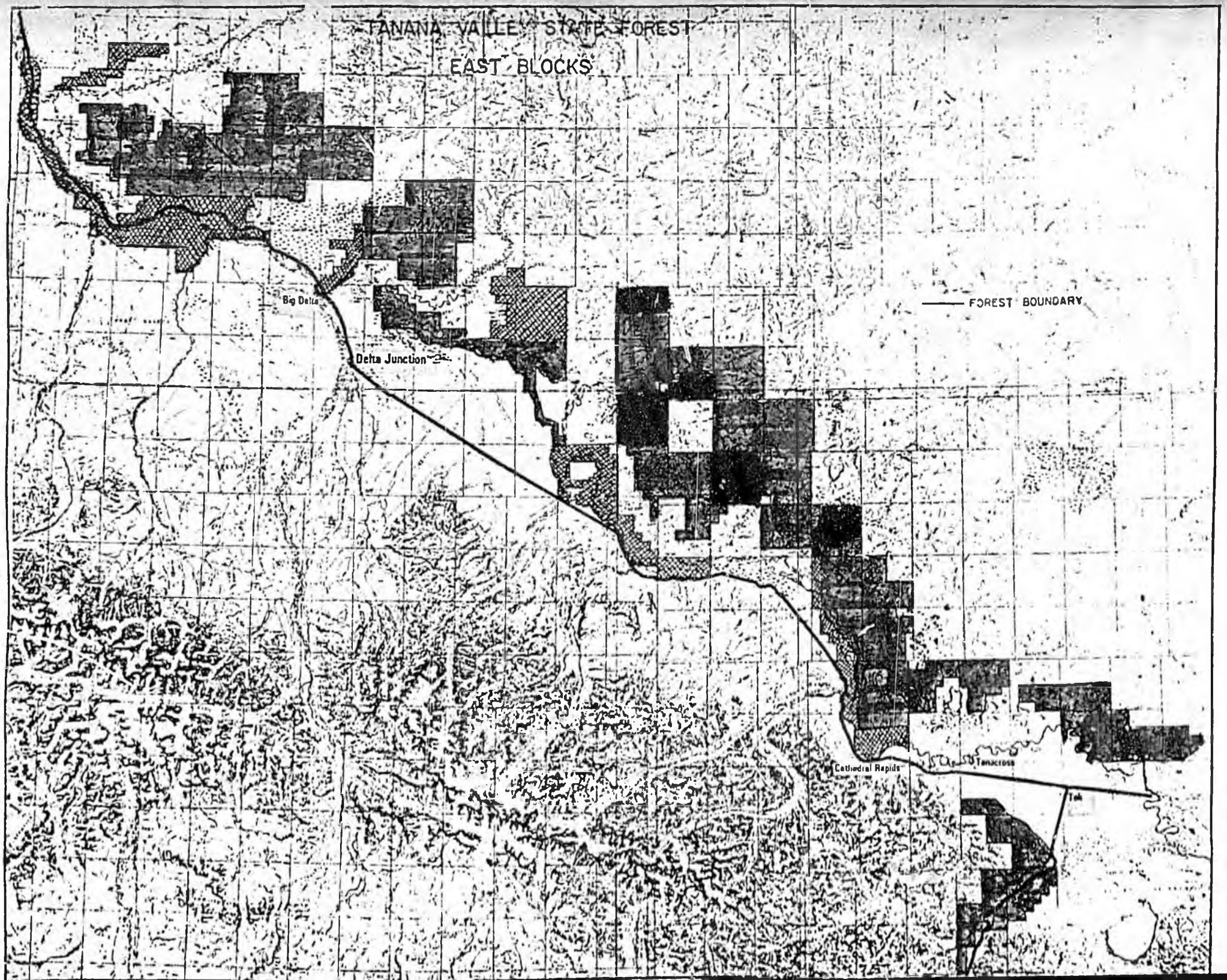
Juneau, February 25, 1983
- received no testimony opposing the forest. Supportive testimony was received from the following:
Department of Natural Resources, John Sturgeon
Alaska Sportsman's Council, Robert Phillips
Society of American Foresters, Gene Miller
Alaska Miners Association, Phil Holdsworth
Alaska Loggers Association, Peter Huberth
Alaska Environmental Lobby, Brian Allen
Fairbanks North Star Borough, Bill Zyback
League of Women Voters, Sally Wells

Fairbanks, March 11, 1983
- heard from several individuals (only one expressed opposition) and the following:
Tanana Chiefs Conference, Lisa Jaeger
Fairbanks Environmental Center, Nina Mollett
Fairbanks North Star Borough, Mayor Allen
Society of American Foresters, Glenn Juday
Alaska Miners Association, Roger Burgraff

Juneau, March 21, 1983
- Committee adopted several amendments based on earlier public testimony, and passed the bill out of Committee

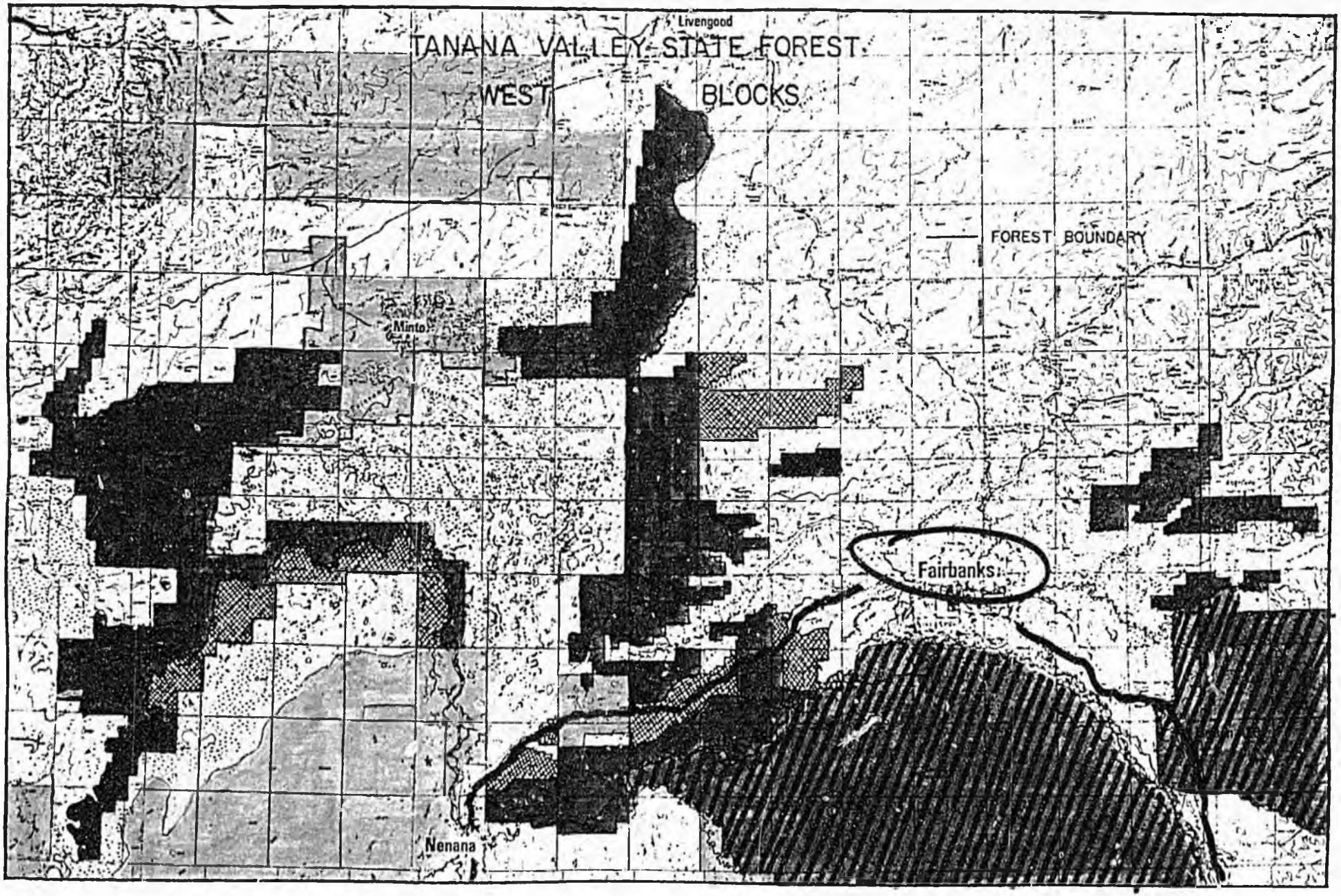
Sandra

NOTE: ORIGINAL DOCUMENT IS COLOR-CODED. IF NECESSARY TO PROPER INTERPRETATION, REFER TO ORIGINAL DOCUMENT IN THE ALASKA STATE ARCHIVES


TANANA VALLEY STATE FOREST
EAST BLOCKS
FOREST BOUNDARY
Big Delta
Delta Junction
Cathedral Rapids
Tanacross
Tok

NOTE: ORIGINAL DOCUMENT IS COLOR-CODED. IF NECESSARY TO PROPER INTERPRETATION, REFER TO ORIGINAL DOCUMENT IN THE ALASKA STATE ARCHIVES

May 7, 1983



Colored areas show the 1.7-million-acre Tanana Valley State Forest proposed in Senate bill 108.

STATE FOREST

DELETED IN H. RESOURCES

NATIVE LANDS

LOWLAND/SWAMP

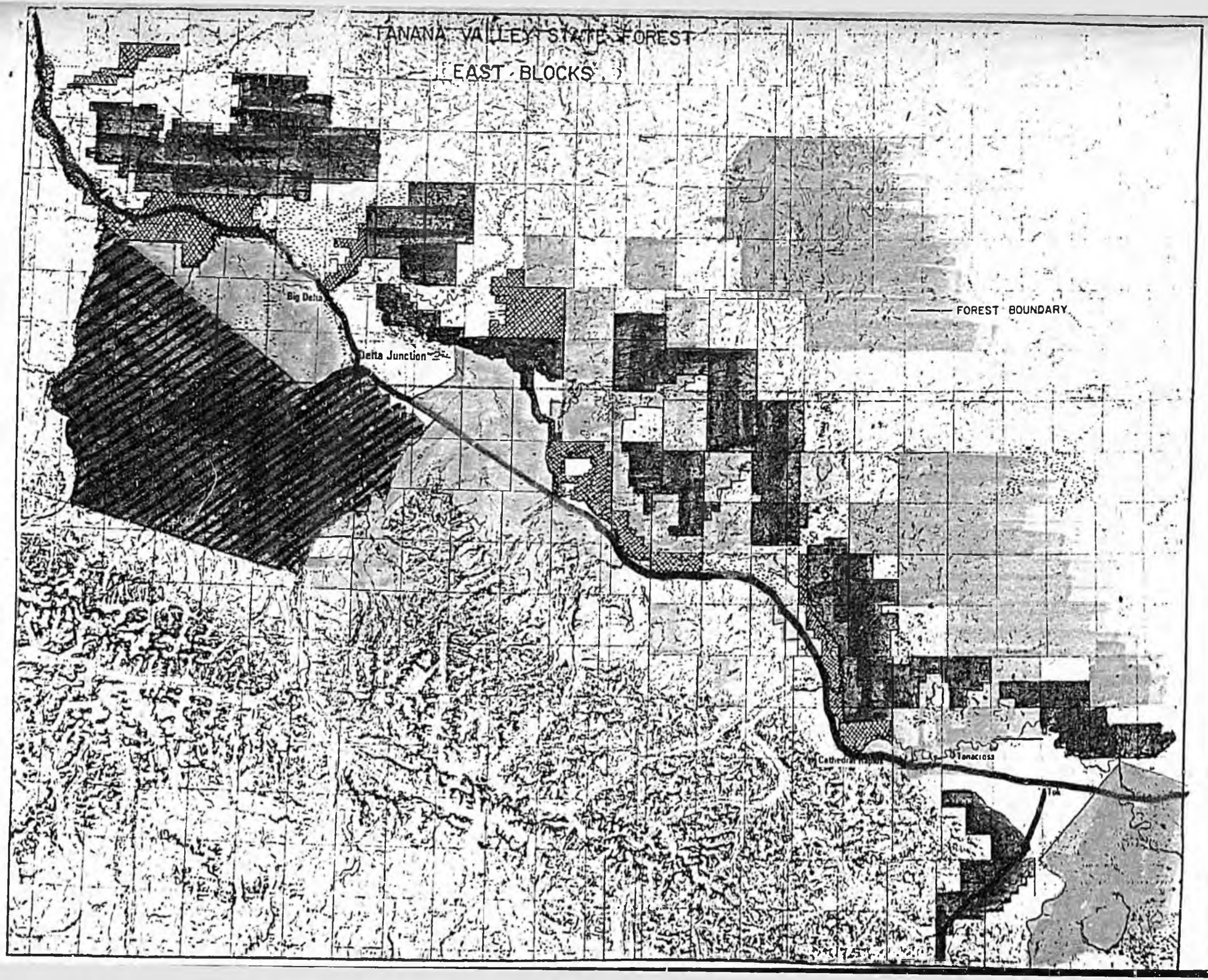
AGRICULTURE

MILITARY

Hgwy.

TENTATIVELY REPLACED, H.F.C.

NOTE: ORIGINAL DOCUMENT IS COLOR-CODED. IF NECESSARY TO PROPER INTERPRETATION, REFER TO ORIGINAL DOCUMENT IN THE ALASKA STATE ARCHIVES


TANANA VALLEY STATE FOREST
EAST BLOCKS
FOREST BOUNDARY
Big Delta
Delta Junction
Tanacross

Proposed amendment to HCSCSSB 108 (Resources)

Add all state lands within the following townships:

Township 19 North, Range 14 East, Copper River Meridian

Township 19 North, Range 15 East, Copper River Meridian

Township 20 North, Range 13 East, Copper River Meridian

Township 20 North, Range 10 East, Copper River Meridian

Township 21 North, Range 10 East, Copper River Meridian

Township 21 North, Range 9 East, Copper River Meridian

Township 22 North, Range 9 East, Copper River Meridian

Township 23 North, Range 8 East, Copper River Meridian

Township 24 North, Range 6 East, Copper River Meridian

Township 26 North, Range 5 East, Copper River Meridian

Township 11 South, Range 16 East, Fairbanks Meridian

Township 9 South, Range 16 East, Fairbanks Meridian

DRAFT

An environmentalist case for selling federal land

By Dr. John Baden
Director
Center for Political Economy and Natural Resources

San Francisco — There are few more important challenges facing America today than the difficult problem of balancing ecological and economic concerns. Unfortunately, the political waters have been muddied by the furor generated by Interior Secretary James Watt. We are experiencing a kind of intellectual pollution. There has been more analysis given lately to the Beach Boys question than to the federal land sales question. Since both issues involve the bureaucratic decision making process, the use of our country's land merits at least some discussion.

The privatization issue is now associated almost solely with Watt, to the detriment of the concept. Too many of those concerned with the quality of our environment simply assume that the only way to save our environment from the "ravenous jaws of capitalism" is to declare large portions of the country off limits. But there is really no way to do that. All that can be accomplished by the nationalization of land is a transfer of wealth in the form of real estate to government bureaucracies and their favored special interests. Those who think that's a guarantee of anything but more bureaucrats are naive. It is not the market system that has despoiled the environment, it is public control and an absence of clearly defined and well enforced property rights that has led to virtually all of the major ecological disasters in America. Ownership guarantees a proprietary interest in the environment.

WHILE PRIVATE ownership of streams and rivers has kept Scottish waterways free of pollution for centuries, the American public is finally realizing that government control of our rivers has allowed businesses to poison the water without paying for the damages and politicians to build expensive dams that have changed the very face of our nation. Only through the work of dedicated conservationists have the laws been changed to discourage the destruction of our waterways. Its a pity because the problem, and many others like it, could have been avoided completely if government had not been allowed control of our country's resources.

CONSIDER the following:

"Ten miles south of Intercoastal City, La., lie some 26,800 acres of marshland owned by the American Audobon Society. The Society maintains the Rainey Wildlife Sanctuary for deer, armadillo, muskrat, otter, mink and more than 50,000 snowgeese. The preserve also houses natural gas production wells and provides grazing, at a price, for private cattle herds.

BECAUSE THE Rainey Wildlife Sanctuary is in private hands there is every incentive to use its resources efficiently. The timing, placement, operation and structure of the wells are carefully programed with the seasonal requirements of the wildlife residents. Revenue from the operation is used to buy additional preserves and achieve Audubon Society goals. Clearly, this is a positive-sum game and all the participants "win": the birds and wildlife have their habitat; the public gets resources; the cattle get to graze; the cattlemen and oil companies make a profit; and the Audubon Society receives revenues to further its work.

John "Frosty" Anderson, director of Audubon's Sanctuaries Department, has stated, "The relationships we have had with oil companies . . . have been very satisfactory. As long as we know what precautions we want them to take, we have had no trouble in getting them to comply . . . The companies have leaned over backwards."

Lonnie Lege, manager of Rainey, credits Consolidated Oil and Gas Company — one of three oil companies operating on the marsh — with "improving by tenfold the capacity of certain areas of the marsh to sustain wildlife."

The Audubon Society is not the only environmental group to cash in on the fact that man and nature, profit and purity, can thrive side-by-side. The Nature Conservancy, another environmental group I support, has also joined the move to private cooperation and ownership. For more than 30 years it has been purchasing and managing ecologically sensitive areas. As Conservancy officials have state, "We don't sue or picket or preach. We simply do our best to locate, scientifically, those spots on earth where something wild and rare and beautiful is thriving or hanging on precariously. Then we buy them."

AND THEY'RE GOOD at it. For example, at the Mile Hi-Ramsey Canyon Preserve in Arizona, the Nature Conservancy pays for the maintenance of the area by providing lodging, pet boarding, and tours — for a price. This arrangement has not led to any significant environmental damage and has enabled the Nature Conservancy to expand its preservation efforts. Having paid the piper, the Conservancy is able to call the tune, now and in the future.

Private ownership, on the other hand, allows owners — whether they are the Audubon Society, an oil company, or Weyerhauser (the "tree-growing people") — to capture most of the gains from prudent management of their resources (biotic diversity, environmental bufferings and other such public goods are not fully captured by the market process). Economic incentives direct private owners to maintain the long-term value of their resources.

A STRONG CASE can be made — and indeed is being made by the Audubon Society in Louisiana and the Nature Conservancy in Arizona and elsewhere — that man can enjoy the bounty of the land without destroying it. As we approach the bicentennial of our Constitution — the most successful recipe ever designed for increasing general social welfare — we should again consider the key to tha document. The genius of our system lies in its tendency to encourage people to do good while doing well — by linking the individual decision maker's welfare with the public interest. A system of private property rights ties authority to responsibility. It is precisely this arrangement that must be encouraged if we are to successfuly meet the challenges of economic productivity and ecological quality. A system of private ownership makes "America the Beautiful" a matter of economic sense as well as ecological sanity.

This article is adapted from the new book, Natural Resources: Bureaucratic Myths and Environmental Management, by Dr. Baden and Richard Stroup. The book is published by the Pacific Institute for Public Policy Research.

MAR 1 8 1983

Montana State University
Bozeman, Montana 59717

Center for Political Economy and Natural Resources
John Baden, Director
Richard L. Stroup, Co-Director

Telephone (406) 994-3871

March 10, 1983

John Manly, Legislative Aide
Alaska State Legislature
House of Representatives
Pouch V
Juneau AK 99811

Dear Mr. Manly:

Thank you for your recent letter with attached book entitled The Legislator's Guide For Forest Resource Management. I have only glanced through that volume, but I am sure it will be quite useful. I very much appreciate your sending it.

As I am sure you know, I share your concerns regarding increasing public sector control of resources. Yet, speaking without a great deal of knowledge regarding Alaska, I would be surprised if the state program could be totally stopped. This, I am convinced, offers splendid opportunity to devise "experimental" legislation.

I believe it would be most instructive for the electorate, general citizens, and recreationists if a menu of several different land management systems could be provided.

I would propose designing three separate forest systems. The first, a "standard" state forest, would presumably be run as most are, i.e. for the benefit of the bureaucrats administering them and for special interests advantaged by the public provision of goods and services at subsidized rates. I would propose that an adjacent piece of land be owned by the state while having all services contracted out to private parties. The data on the private provision of public services are compellingly clear and shows significant savings to taxpayers in conjunction with improved provisions of services for consumers. The third tract (and all should be as nearly identical as possible) would be privately owned and managed. This comparison should provide excellent opportunities for citizens and taxpayers to learn some very important lessons. I would be most interested in working with you in designing such a program. Further, I am confident that two of my associates, Rick Stroup and Terry Anderson, would share my interests. Rick is currently director of the Office of Policy Analysis, U.S. Department of Interior, Washington, D.C., and Terry is on leave as professor

of Economics at Oxford University. Terry is currently examining cases involving the private provision of natural resource amenities to provide comparative cases involving the U.S., Great Britain, and Switzerland.

I again thank you for your letter. I wish you well on your efforts, and I look forward to the possibility of working with you.

Sincerely,

John Baden
mfb

John Baden
Director

mfb

Alaska State Legislature

BETTYE FAHRENKAMP, Chairman
ROBERT H. ZIEGLER, SR., Vice Chairman
DICK ELIASON
PAUL FISCHER
VIC FISCHER
BOB MULCAHY
ARLISS STURGULEWSKI

POUCH V
STATE CAPITAL
JUNEAU, ALASKA 99811
(907) 465-3834
(907) 465-3835

Senate

Committee on Resources

File - Personal / File - resources Act - 108

April 26, 1983

Representative John Ringstad
Representative Dick Schultz
Co-Chairmen, House Resources Committee
Pouch V
Juneau, Alaska 99811

Dear John and Dick,

Last week the Senate passed and sent to the House SB 108. This bill establishes a state forest system, establishes a reforestation fund and designates the Tanana Valley State Forest. As you know, I have been a strong supporter of this legislation for several years and want to commend the bill to you and urge you to consider this legislation at the earliest possible time.

Although this bill has been literally years in the making and has received broad support from interests as diverse as the commercial timber industry and environmental groups, there have been several criticisms raised recently which I would like to call to your attention and address:

1. One objection I have heard categorizes the bill as a "lock-up" bill which removes too much state land from use for development and settlement. In fact, at least one letter I have seen states that most of the developable land around Fairbanks has been placed in the State Forest. Here are the facts on this:

   a. It is true that lands included in the Tanana Valley State Forest cannot be disposed of by the state.

   b. It is true that over 1.7 million acres of state land in the Tanana Valley would be designated in the State Forest--about 9.8% of the 17.3 million acres of state land in the Tanana Basin.

c. The boundaries of the Tanana Valley State Forest are the product of extensive study and negotiations as part of the Tanana Basin Area Plan involving all concerned state and local agencies and interest groups. Boundaries were drawn to include primarily medium to high timber lands (over 90%) and to exclude most conflicts with potential disposal areas, other resource uses and private lands.

d. Approximately 382,000 acres of state land have been identified as having good potential for disposal as development or settlement lands in Tanana Basin. Of this, 10,000 acres or 2.6% of the disposal lands are included in the proposed forest. These lands also have high timber values.

e. The bill contains "back-out" language to remove one or more industrial park sites if selected by the North Star Borough after their planning process is completed next year.

f. In addition, 112,000 acres of land have been selected and conveyed to the Fairbanks North Star Borough around Fairbanks, most for the purpose of development and settlement.

g. In addition, over 3 million acres of private lands owned by Native corporations are in the Basin.

Thus, I don't think the State Forest represents a "lock-up" or an unwarranted commitment of state land in the region for the multiple uses discussed below.

2. The second objection centers on the uses permitted (or not permitted) on state forest lands. Specifically, some mining interests have expressed concern that certain uses will preempt other uses of state forest lands, such as mining activities. Responding to testimony last year and this year, the legislation was crafted to include the following provisions to specifically address this comment:

a. In the purposes section of the bill, we intentionally did not specify that any particular use (namely timber harvesting) was a "dominant" or "primary" use of a state forest which might have been construed to favor such a use over another use. Rather, the broad language of

last year's bill which speaks to the "perpetuation of land, water, scenic and recreational resources to ensure a variety of personal, commercial and other beneficial uses through multiple-use management" was retained.

While we intended this language to be broad and to include all normal uses of state lands, some have been concerned that it is somehow preferential to some uses. Although I don't think it is, I would see no harm in changing the language of the purposes section as recommended in a letter I received from the AMA Fairbanks Chapter to say "perpetuation of renewable resources..." and delete references to land, water, scenic and recreational resources.

b. Section 41.17.220 specifically states that state forests shall be managed under multiple use and sustained-yield principles and under management plans as specified in the bill.

c. Section 41.17.230 requires that management plans be done for all state forests and that consultation with other agencies and the State Forestry Board and public hearings be held as part of the plan formulation. A list of permitted uses in state forests to be considered in a management plan is presented in 41.17.230(e). This list includes commercial and personal use of timber, mining, grazing, recreation, hunting, wildlife habitat, and other multiple-use activities.

Thus, I think that adequate assurances are contained in the bill to allow and encourage the full array of both commercial and public uses of state forest lands.

I would be happy to talk with you further on this, provide staff assistance and additional information for your deliberations, and to testify before your committee on this important legislation.

With warm regards,

Bettye

Bettye Fahrenkamp

SB 108

SUMMARY OF CHANGES

1. Strengthens the multiple use concept by requiring the commissioner to permit all uses unless a definite conflict in a given area and at a given time between uses is clearly identified.

2. Requires DNR to present to the legislature a forest inventory and management plan before additional state forests are set aside so that the legislators will know about the complete program before they vote to establish a state forest. The management plan would become adopted immediately upon establishment of a forest.

3. Better defines hunting and fishing.

4. Requires DNR to provide a management plan for the Tanana State Forest to the legislature in Jan. of 1985. Gives the legislature the authority to disapprove the plan by concurrent resolution.

5. Requires that if disapproved, the Tanana State Forest management plan must be made acceptable by July 1, 1985 or the state forest classification is repealed.

6. Requires DNR to put up for disposal one acre for every five that are to be included in state forests.

Alaska State Legislature

Senate
Resources Committee

Official Business

Pouch V
State Capitol
Juneau, Alaska 99811

FIELD HEARINGS, FEB. 4
FAIRBANKS

Senator Bettye Fahrenkamp, Chairman of the Senate Resources Committee, announced today that a field hearing of the Committee will be held Friday, February 4, 1983, at 2:00 PM in the Fairbanks North Star Borough Assembly Chambers. Also attending the hearing will be Senator John Sackett and Senator Don Bennett, the Co-Chairmen of the Senate Finance Committee.

Testimony from the public will be heard on various resource bills and issues pending before the Committee and their budget implications. Committee bills of interest to the Interior include: bills to establish a state forest system and to designat the Fairbanks State Forest (SB 14 and SB 108); a bill to designate a statewide trails and waterway system (SB 9); bills to fund hydroelectric projects (SB 11, SB 68, SB 69, SB 71); bills to settle the University of Alaska and State lands dispute (SB 40, SB 41); bills to establish an Alaskan homestead program (SB 43); potential changes in the State's land disposal program; and other resource issues.

In addition, views will be solicited from the public on what capital improvements are needed in the Fairbanks area.

Anyone desiring to address the Committee may sign up to do so at the time of the hearing. It is urged that requests to be heard be made as early as possible the afternoon of the hearing as time will be limited.

cc: Senate Resources Committee Members

A M E N D M E N T

Offered in the HOUSE By Uehling

TO: HCS CSSB 108(Res)

Page 6, line 28 through page 7, line 5:

Delete all material and insert the following:

"Sections 17 - 20, except for the area south of the Tanana River

Sections 29 - 34, except for the area south of the Tanana River

Section 35, W1/2, except for the area south of the Tanana River

Township 1 North, Range 9 West, Fairbanks Meridian

Sections 13 - 36, except for the area south of the Tanana River

Township 1 North, Range 10 West, Fairbanks Meridian

Sections 13 - 36, except for the area south of the Tanana River"

Page 17, lines 28 through page 18, line 6:

Delete all material and insert the following:

"Sections 3 - 10, except for the area south of the Tanana River

Sections 15 - 22, except for the area south of the Tanana River

Sections 27 - 34, except for the area south of the Tanana River

Township 1 South, Range 10 West, Fairbanks Meridian

Sections 1 - 6, except for the area south of the Tanana River

Township 1 South, Range 11 West, Fairbanks Meridian

Sections 1 - 24, except for the area south of the Tanana River

Sections 27 - 34, except for the area south of the Tanana River"

Page 19, lines 14 - 17:

Delete all material and insert the following:

"Section 6, except for the area south of the Tanana River

Township 2 South, Range 12 West, Fairbanks Meridian

Sections 1 - 24, except for the area south of the Tanana River

Sections 27 - 34, except for the area south of the Tanana River"

Page 20, lines 20 - 23:

Delete all material and insert the following:

"Sections 3 - 10, except for the area south of the Tanana River

Sections 15 - 19, except for the area south of the

Tanana River

Section 30, except for the area south of the Tanana River"

DRAFT REGULATIONS

9/15/82 Revised (SPR)

CHAPTER 12

PUBLIC USE

Article

1. State Park Land and Water Restrictions (11 AAC 12.010-11 AAC 12.050)
2. Trails, Roads and Campsites (11 AAC 12.100-11 AAC 12.230)
3. General Provisions (11 AAC 12.300-11 AAC 12.340)

ARTICLE I

STATE PARK LAND AND WATER RESTRICTIONS

Section

10. Limitation on use of park lands and waters
20. Speed limits in parks
30. (WATERS CLOSED TO AIRCRAFT BOATS) Park lands or waters closed to aircraft
40. (REPEALED)
50. Refuse and waste

Chapter 12

11 AAC 12.010 is proposed for repeal and readoption as follows:

11 AAC 12.010. LIMITATION ON USE OF PARK LANDS AND WATERS.

(a) Subject to those use designations established by statute, regulation, or adopted master plan, if any, for each park, the Director may designate areas within a park as:

1. Open to a particular activity

1. Open to a particular activity but subject to specific conditions of use not required of other activities in the area;

2. Open to a particular activity only if authorized by a Park Land Use Permit;

3. Closed to a particular activity which would otherwise be allowed either with or without a Park Land Use Permit.

(b) Subject to those use designations established by statute, regulation, or adopted master plan, the Director may designate an area within a park as a special use area. Any person or governing body may petition the Director in writing to designate a specific area as a special use area. No designation of a special use area may be made unless notice of the designation has been published as prescribed in this section. Notice shall be published once each week during four consecutive weeks in a newspaper of general circulation in the vicinity of the park and shall provide opportunity for hearing. When the Director has declared an emergency situation, a special use designation as

effective immediately, and publication of notice of the designation shall be made within ten days thereafter. An emergency designation shall be in effect no longer than 90 days, and terminates unless a notice of intent to designate the area permanently for a special use is made by publication in the manner prescribed for other special use designations and an opportunity for a hearing is provided. No emergency special use designation may be renewed for the same emergency subsequent to the 90-day emergency period.

11 AAC 12.020. SPEED LIMITS IN PARKS. (MAXIMUM) Speed limits may be posted and standard traffic control signs erected to regulate and control the operation or parking of a vehicle or boat on State park land or water. (Eff. 8/1/68, Reg. 27; am 1/13/73, Reg. 44)

Authority: AS 41.20.020

11 AAC 12.030 is proposed for repeal and readoption as follows:

11 AAC 12.030. PARK LANDS OR WATERS CLOSED TO AIRCRAFT. The landing of all aircraft for any purpose other than the protection of human life or property for immediate harm is prohibited on all State park land and water except in specifically designated areas as provided in Chapter 20. (Eff.)

11 AAC 12.040 (SPECIAL EVENTS) is proposed for repeal.

11 AAC 12.050 REFUSE AND WASTE. (a) Waste or refuse shall not be brought into a State park for the purpose of disposal, or any other purpose.

effective immediately, and publication of notice of the designation shall be made within ten days thereafter. An emergency designation shall be in effect no longer than 90 days, and terminates unless a notice of intent to designate the area permanently for a special use is made by publication in the manner prescribed for other special use designations and an opportunity for a hearing is provided. No emergency special use designation may be renewed for the same emergency subsequent to the 90-day emergency period.

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11 AAC 12.040 (SPECIAL EVENTS) is proposed for repeal.

11 AAC 12.050 REFUSE AND WASTE. (a) Waste or refuse shall not be brought into a State park for the purpose of disposal, <u>or any other purpose</u>.

(b) Waste or refuse shall not be placed in State park waters (WITHIN A STATE PARK) or on land capable of allowing discharge into State park waters.

(c) Waste or refuse created in the course of activities in a State park shall be removed from the park by those responsible for its creation unless deposited in a waste receptacle placed for that purp y the division. (Eff. 1/13/73, am _____, Reg. _____)

Authority: AS 11.20.590
AS 41.20.020

ARTICLE 2

TRAILS, ROADS AND CAMPSITES

Section

100. Vehicles
110. Motor vehicle operations
120. Horses
130. Pets
140. Construction of structures
150. Construction of signs
160. Assembly

170. Disturbance of natural material

180. Fires

190. Explosives and fireworks

200. Underwater diving safety

210. Limitation as to numbers

220. Unattended camps

230. Camping

240. Vandalism

250. Discharge of firearms

260. Use of weapons in developed areas

11 AAC 12.100 VEHICLES. It is unlawful to place, drive or operate a vehicle on State park land or water except in an area or on a roadway, parking area, or trail of the State park designated by the Director for the use of vehicles, or on an established State highway. (Eff. 8/1/68, Reg.27; am 1/13/73, Reg.44)

Authority: AS 41.20.020

AS 41.20.040

11 AAC 12.110. MOTOR VEHICLE OPERATIONS. Snowmachines and other motor vehicle operators shall be (16) 14 years of age or older. (ADEQUATE) Proof of age shall be presented at the request of a law enforcement officer. (Eff. 1/13/73, Reg.44: am_____, Reg._____)

Authority: AS 41.20.020

AS 41.20.040

11 AAC 12.120 HORSES. Horses and pack stock shall not be ridden, driven, led, or otherwise used in a State park except in an area or on a roadway or trail of the State park designated by the Director for the use of horses. (Eff. 1/13/71, Reg.44)

Authority: AS 41.20.020
AS 41.20.040

11 AAC 12.130. PETS. Dogs and other pets, while in a building, campground or other developed area of a State park, shall be on a leash not exceeding nine feet in length at all times. The Director may prohibit dogs and other pets from areas or buildings in a State park. Seeing-eye dogs are exempt from prohibitions against pets in a building, campground, or other area of a State park. A dog or other pet running at large in a State park may be destroyed by a State park official. (Eff. 8/1/68, Reg. 27; am 1/13/73, Reg.44)

Authority: AS 03.55.010
AS 03.55.020
AS 18.75.020
AS 41.20.020
AS 41.20.040

11 AAC 12.140 CONSTRUCTION OF STRUCTURES. No dock, cabin, home, building, or other structure may be constructed or maintained on State park lands or waters unless authorized by the Director under 11 AAC 18.010. (Eff. 8/1/68, Reg. 27; am 1/13/73, Reg. 44; am_____, Reg. _____)

Authority: AS 41.20.020

AS 41.20.040

11 AAC 12.150. CONSTRUCTION OF SIGNS. Construction or display of signs in a State park is prohibited (UNLESS) except as authorized by the Director under 11 AAC 18.010. (Eff. 8/1/68, Reg. 27; am 1/13/73, Reg. 44; am _____,Reg. ___)

Authority: AS 41.20.020

AS 41.20.040

11 AAC 12.160. ASSEMBLY. (a) An assembly of more than 20 people in a State park is prohibited without a permit. A permit may be (OBTAINED BY APPLYING TO) authorized by the Director under 11 AAC 18.010. Where more than one application for the same period of time is received by the Director, a permit shall be issued to the applicant filing the first application.

(b)(THE PERMIT MAY PROVIDE)

1. (RESTRICTIONS AS TO FACILITIES OR AREA;)
2. (THE MAXIMUM NUMBER OF PEOPLE TO OCCUPY A FACILITY OR AREA; AND)
3. (ANY OTHER PROVISION THE DIRECTOR DEEMS NECESSARY TO PROTECT THE HEALTH AND WELFARE OF PEOPLE USING THE FACILITY OR AREA AND THE ENVIRONMENT.) (Eff. 8/1/68, Reg. 27; am 1/13/73, Reg. 44; am _____, Reg. _____)

Authority: AS 41.20.020

AS 41.20.040

11 AAC 12.170. DISTURBANCE OF NATURAL MATERIAL. (a) Disturbing, damaging, defacing, or removing natural objects including plants, minerals, or fossils is prohibited except that a permit may be obtained from the Director under 11 AAC.18.010 to remove certain materials for collection, preservation for study and interpretation purposes.

(b) A person may gather berries, fruits, mushrooms and similar edibles for personal consumption, but not for sale or distribution.

(c) Dead wood lying on the ground may be gathered for personal use in designated campfire sites within a State park. (Eff. 8/1/68, Reg. 27; am 1/13/73, Reg. 44; am ___, Reg. ___)

Authority: AS 41.20.020
AS 41.20.040

11 AAC 12.180. FIRES. On State park lands all fires shall be in a (PORTABLE OR OTHER) camp stove or confined to a structure or facility provided in the park for this purpose, unless otherwise authorized by the Director under 11 AAC 18.010 or by regulation. State fire permit regulations apply to park lands. (Eff. 8/1/68, Reg. 27; am 1/13/73, Reg. 44; am ___, Reg. ___)

Authority: AS 41.20.020
AS 41.20.040

11 AAC 12.170. DISTURBANCE OF NATURAL MATERIAL. (a) Disturbing, damaging, defacing, or removing natural objects including plants, minerals, or fossils is prohibited except that a permit may be obtained from the Director under 11 AAC.18.010 to remove certain materials for collection, preservation for study and interpretation purposes.

(b) A person may gather berries, fruits, mushrooms and similar edibles for personal consumption, but not for sale or distribution.

(c) Dead wood lying on the ground may be gathered for personal use in designated campfire sites within a State park. (Eff. 8/1/68, Reg. 27; am 1/13/73, Reg. 44; am ___, Reg. ___)

Authority: AS 41.20.020
AS 41.20.040

11 AAC 12.180. FIRES. On State park land all fires shall be in a (PORTABLE OR OTHER) camp stove or confined to a structure or facility provided in the park for this purpose, unless otherwise authorized by the Director under 11 AAC 18.010 or by regulation. State fire permit regulations apply to park lands. (Eff. 8/1/68, Reg. 27; am 1/13/73, Reg. 44; am ___, Reg. ___)

Authority: AS 41.20.020
AS 41.20.040

11 AAC 12.190. EXPLOSIVES AND FIREWORKS. Discharge of explosives, (MECHANICAL OR AIR-OPERATED GUNS,) gas-operated explosive devices, fireworks or similar devices in a State park is prohibited except that the Director may authorize use of (SUCH ITEMS) explosives when required for construction or maintenance purposes or for the general public safety or welfare. (Eff.8/1/68,Reg.27; am 1/13/73, Reg. 44; am 7/19/73, am Reg. 47; am ___, Reg. ___)

Authority: AS 11.55.050
AS 41.20.020
AS 41.20.040

11 AAC 12.200. UNDERWATER DIVING SAFETY. A person engaged in underwater diving, using scuba or other special gear shall place a flagged buoy in the area. The flag shall be red with one white diagonal stripe and large enough to be identifiable at 100 yards. (The diver shall rise to the surface within 50 feet of the flagged buoy.) (Eff. 8/1/68, Reg. 27; am 1/13/73, am. Reg. 44; am ___, Reg. ___)

Authority: AS 41.20.020

11 AAC 12.210. LIMITATION AS TO NUMBERS. The number of vehicles and persons occupying a campsite unit may be limited by a (LOCAL) park officer for the preservation of the site and safety of the campers. (Eff. 8/1/68, Reg. 27; am 1/13/73, Reg. 44; am_____, Reg. _____)

Authority: AS 41.20.020

11 AAC 12.220. UNATTENDED CAMPS. A campsite shall be occupied on the first night after camping equipment has been set up or a vehicle has been parked in a campsite. Equipment or vehicle left unattended for a period of 72 hours at a campsite may be impounded (BY A PARK OFFICER) unless advance arrangements have been made with a park officer. (Eff. 1/13/73, Reg. 44; am ___, Reg. ___)

Authority: AS 41.20.020

11 AAC 12.230. CAMPING. (a) Within a developed campground camping is permitted only in a developed campsite. Camping is prohibited within one mile of a developed campground, and within one-half mile of a road within a park except in an area designated by the Director.

(b) It is unlawful for a person to camp in any State park area designated for camping for more than 15 days in a calendar year except when authorized by a park officer. If the Director determines that a campsite in a State park is in danger of being damaged or subject to unusual demand, they (HE) may limit camping at that site to a period of less than 15 days. Notification of a time limit of less than 15 days shall be posted at the campsite or in the campground.

(c) Vehicles and camping equipment may not remain in a campsite for longer than the posted time limit or for more than 15 days in a calendar year. Owners are responsible for compliance with this regulation.

(d) District Superintendents may promulgate and post campground rules to limit certain activities, or hours of activity within established campgrounds.

(Eff. 8/1/68, Reg. 27; am 1/13/73, Reg. 44; am_____ Reg. _____)

Authority: AS 41.20.020

AS 41.20.040

11 AAC 12.240. VANDALISM. Disturbing, damaging, defacing or removing State park property and/or facilities is prohibited. (Eff. ___, Reg. ___)

Authority: AS 41.20.020

AS 41.20.040

11 AAC 12.250. DISCHARGE OF FIREARMS. Discharge of firearms, including pistols, rifles, shotguns, revolvers, and mechanical air- or gas-operated guns in a State park is prohibited except for the purpose of lawful hunting in areas where discharge of firearms is specifically authorized by the Director. (Eff. _____)

Authority: AS 41.20.020

AS 41.20.040

11 AAC 12.260 USE OF WEAPONS IN DEVELOPED AREAS. Use of weapons, including but not limited to a firearm, bow and arrow, crossbow or slingshot is prohibited within 1/4 mile of a campground, trailhead or other developed area. (Eff. _____)

Authority AS 41.20.020

AS 41.20.040

ARTICLE 3

GENERAL PROVISIONS

Section

300. Peddling

310. Fees

320. (repealed)

330. Transfer to local agencies

340. Definitions

11 AAC 12.300. PEDDLING. Engaging in a business of soliciting, selling, or peddling any liquids or edibles for human consumption, or distributing circulars, or hawking, peddling, or vending any goods, wares, services or merchandise in a State park is prohibited except as provided in 11 AAC 14.200, unless the service is not exclusive in a park or providing the service does not require construction or use of any structure, permanent improvement, or enclosure in which case the service may be authorized as provided in 11 AAC 18.010-460. (Eff. 8/1/68, Reg. 27; am 1/13/73, Reg. 44; am ___, Reg. ___).

Authority: AS 41.20.020

AS 41.20.040

11 AAC 12.310. FEES. (a) Fees for use of a State park facility (SHALL) may be established by the Director and posted at the facility. Use of the facility without payment of the prescribed fee is prohibited. Fees shall be subject to annual review.

(b) Is repealed.

(Eff. 8/1/68, Reg. 27; am 1/13/73, Reg. 44; am 7/19/73, Reg. 47)

Authority: AS 11.55.040
AS 41.20.020
AS 41.20.040

11 AAC 12.330. TRANSFER TO LOCAL AGENCIES. Title to a State park facility located in a political subdivision may be transferred to the subdivision, provided that the transfer document contains a suitable reservation to guarantee continued operation of the facility in accordance with these regulations for a period of time deemed adequate by the Director. (Eff. 8/1/68, Reg. 27; am 1/13/73, Reg. 44)

Authority: AS 41.20.020
AS 41.20.040

11 AAC 12.340. DEFINITIONS. In this chapter

(1) "Aircraft" means any device that is used or intended for flight in the air;

(2) "Assembly" means the gathering or meeting of a group of people for a common purpose;

(3) "Boat" means any device in which a person or property may be carried on or beneath the surface of the water;

(4) "Campground" means an area developed and maintained by the division which contains one or more campsites as defined in (5) of this section;

(5) "Campsite" means any space designated or authorized for (INDIVIDUAL OR FAMILY) camping (AND NORMALLY CONTAINING A TABLE AND FIREPLACE AND PARKING SPACE) within the park boundaries;

(6) "Director" means the Director of the Division of Parks, Department of Natural Resources or (HIS)their authorized agent;

(7) "Division" means the Division of Parks, Department of Natural Resources;

(8) "Firearm" means a pistol, rifle, shotgun, revolver, mechanical, gas or air-operated gun;

(9) "Park officer" means an employee of the State or a political subdivision whose duties include responsibility for management, protection, or maintenance of State park lands, waters or facilities;

(10) "Road" or "trail" means each road or trail established and designated by the Director;

(11) "Snowmachine" means a self-propelled vehicle designed to travel over ice or snow and steered by skis, wheels, or skids and includes all terrain vehicles;

(12) "State park land" means the State land managed by the Division and designated for use as public recreation land; (AND INCLUDES WAYSIDES, RECREATION AREAS, PARKS AND HISTORIC SITES)

(13) "State park water" means the water located within the State park (LAND,) boundary managed by the Division and designated for use as public recreation water;

(14) "Vehicle" means [illegible] self-propelled device by which a person or property is or may [illegible] orted or drawn and includes bicycles, air cushioned vehicles, [illegible]ines, and other tracked or wheeled devices;

(15) "Weapon" means any firearm or anything designed for and capable of causing physical injury or death, including bow and arrow, sling shot or crossbow. (Eff. 8/1/68, Reg. 27; am 1/13/73, Reg. 44; am_____ Reg. _____)

Authority: AS 41.20.020

AS 41.20.040

CHAPTER 18

PARK SPECIAL LAND USE PERMITS

Article

1. Park Uses (11 AAC 18.010 - 18.040)

2. General Provisions (11 AAC 18.050)

ARTICLE I

PARK USES

Section

10. (STATE PARK INCOMPATIBLE USES) Park Land Use Permits

20. (ACCESS ROUTES) Procedure

30. Issuance guidelines

40. Provisions of permit

50. Definitions

11 AAC 18.010 is proposed for repeal and readoption as follows:

11 AAC 18.010. PARK LAND USE PERMITS.

(a) Each of the following activities is prohibited within the boundaries of a State park unless a permit authorizing the activity is first obtained:

(1) An organized or promoted assembly of more than twenty persons;

(2) any promotional or entertainment event (including but not limited to an organized athletic event, competitive recreational event, or spectator event), whether or not an admission or fee is charged;

(3) camping within a park longer than the number of days designated by the Director for the site or area in which the camp is made;

(4) placing, removing, or disturbing material within a park;

(5) constructing or placing any improvement, structure or property within a park, including but not limited to any sign, fixture, shelter or cabin, personal property, road, trail, excavation, fill, or buttress;

(6) discharge of explosives;

(7) scientific, exploratory, research, or information-collection activities;

(8) commercial activities;

(9) use of park land or water for recurring or permanent access, including access by aircraft, to land not owned or controlled by the State, except non-motorized access;

(10) any use which is incompatible with the purposes for which the park was established, as those purposes are expressly limited by statute, regulation, or adopted master plan, or which does not have authorized recreation as its primary purpose.

(b) A permit issued for an activity listed in subsection (a) #1-7 above shall be a "Park Land Use Permit I."

(c) A permit issued for an activity listed in subsection (a) #8-10 above, shall be a "Park Land Use Permit II."

Authority: AS 41.20.020
AS 41.20.040

11 AAC 18.020 is proposed for repeal and readoptions as follows:

11: AAC 18.020. PROCEDURE. (a) An application for a Park Land Use Permit shall be filed at the Division of Parks district office nearest the location of the intended activity.

(b) A Park Land Use Permit I may be issued by a district superintendent or their authorized agent.

(c) A Park Land Use Permit II may be issued only by the Director of the Division of Parks.

(d) An applicant whose application for a permit has been denied, or a permittee who disagrees with an action taken by the Division concerning an issued permit, may timely appeal that decision to the Director (in the case of a District Office decision) or to the Commissioner of Natural Resources (in the case of a Director's decision). An appeal will be considered timely only if

made in writing and postmarked or date stamped by the Division of Parks within 30 days after the date of issuance of the decision being appealed from.

11 AAC 18.030. PERMIT ISSUANCE GUIDELINES. (a) A Park Land Use Permit shall be issued if the appropriate issuing officer determines that:

(1) prehistoric, historic, archaeological, and cultural resources of park land, and the quantity or quality of park waters, will not be affected adversely;

(2) park administration of the affected area may continue without significant hinderance and without adversely affecting public enjoyment of the purposes for which the park was established;

(3) aesthetic and visual values and related subjective qualities attributable to the park and its purposes are protected and maintained for public use and enjoyment;

(4) in the case of a Park Land Use Permit I, the activity for which a permit is sought bears a reasonable, demonstratable relationship to the park resources or to a particular area within a park which would be the location of the proposed activity;

(5) in the case of a Park Land Use Permit II, no feasible and prudent alternative to use of the land, water, or air of a park exists;

(6) the permittee's activity is not reasonably anticipated to conflict with the lawful activities of other permittees or of the public, or to seriously threaten their health or safety, or to threaten injury to structures or improved areas;

(7) it is in the best interest of the State.

11 AAC 18.040. PROVISIONS OF A PARK LAND USE PERMIT. (a) A Park Land Use Permit must include:

(1) complete and accurate identification of the individual or corporate permittee, including its business address within Alaska;

(2) commencement date, annual review date if a permit is valid for longer than 18 months, and expiration date for the permit;

(3) a statement that issuance of the permit grants no interest in park land, water, nor any right, expectation or preference whatsoever that the permit will be reissued, or that a subsequent permit will be issued;

(4) a complete description of the nature of activities authorized by the permit and any restrictions on the performance or time of performance of those activities;

(5) a provision stating that the permittee agrees to indemnify and hold the State, its officer, agents and employees harmless from liability of any kind or nature, including costs and expenses for or on account of any and all legal actions or claims of any character whatsoever which results from injuries or damages sustained by any person or to any property arising from the permittee's activities, whether or not authorized under the permit, unless the sole cause of injury is due to the negligence of the State or its employees;

(6) provisions designed to enforce the terms of the permit, including penalties as provided by AS 41.20.043 for substantial violation of the permit, and requiring cash, surety bond, or insurance if appropriate;

(7) provisions governing suspension, revocation, or re-issuance of the permit including provisions stating that the permit is not transferable, and is revocable upon notice, with cause, by the issuing officer or their superior;

(8) a provision authorizing amendment on approval of the Director of an existing permit, provided, that no amendment may be approved which authorizes activities, of a different kind, or at a different location, than those originally permitted;

(9) most effective by the issuing officer to protect the health, welfare, and safety of persons within the boundaries of a park, and to maintain the purposes for which the park was established.

ARTICLE 2

GENERAL PROVISIONS

Section

050. Definitions

11 AAC 18.050. DEFINITIONS. As used in 11 AAC 65.400.450:

(1) "Assembly" means the gathering or meeting of a group of people for a common purpose;

(2) "Campsite" means any space designated or authorized for camping within the park boundaries;

(3) "Commercial activity" means any activity undertaken by a person for renumeration or on a recurring basis for benefit (including profit or non-profit objectives), and aside from or in addition to any recreational experience derived from the activity;

(4) "Director" means the Director of the Division of Parks, Department of Natural Resources or their authorized agent;

(5) "Division" means the Division of Parks, Department of Natural Resources;

(6) "Incompatible use" means an activity involving or resulting in surface or subsurface mineral exploration or extraction (including common varieties of sand, gravel or rock), except for recreational, non-commercial mineral collecting; removing or cutting live timber or other living plant growth; grazing or pasturing of domestic animals, except for one mount per person when used for authorized recreational activities within a park in areas authorized for such use; appropriation, storage or diversion of water other than for immediate personal consumption; introduction of any substance into the waters within park boundaries; or flowing into a park, which may degrade the quality of the water or any other activity which may adversely affect the purposes for which the park has been established and the uses and public benefits which have been provided for in that park by statute, regulation, or adopted master plan;

(7) "Permit" means a Park Land Use Permit I, or Park Land Use Permit II;

(8) "Person" means the work defined in AS 01.10.060 (f) and includes any governing entity;

(9) "Park" means any area of State land which has been established pursuant to AS 41.20.020 or by other legislative or administrative act and which is administered by the Division of Parks.

Apt. 4G1 Fairview Manor
Fairbanks, ALASKA 99701
21 May 1983

File NB108 (Resource File Personal)

Representative Richard Shultz
Alaska State Legislature
Pouch V. (MS 3100)
Juneau, Alaska 99811

Dear Representative Shultz:

Recently I wrote your associate, Representative Ringstad, regarding the State Forest bill. I had asked him to see that all committee members recieve a copy of my letter. I assume that was done and I write you regarding statements made more recently, and particularly those attributed to Mr. Roberts of your constituency.

As an industrail forester familiar with forest inventorying methods, I must question Mr. Roberts assertation that improper methods have been used in identifying lands for inclusion in the state forest as reported in the Daily News-Miner. The use of aeiral photographs for basic inventory and land classification has been long accepted as an efficient, relatively accurate, cost effective of means of stratifying and inventorying the landscape. The fact that the acreage of the proposed state forest was reduced from 2.4 million acres to 1.7 million acres is an example of how the accurac, of aerial photo interpretation can be used efficiently. The reduction came about as a result of better imagery becoming available.

In terms of accuracy, I know of basic road location work, selection of bridge sites across canyons, identification of soil stability problems, location of potential gravel pits, identification of crop problems (in the cases of citrus to specific trees) and many more cases where aeiral photographs have been used. I must really wonder where Mr. Roberts obtained his information.

Mr. Roberts concern with regard to not protecting more appropriate forest lands and protecting less appropriate land is of little consequence. If you take the Delta area, this is certainly true of the agricultural project where lands better suited for forestry are now in agricultral fields. Small inclusions cannot be eliminated of one or the other. It is just impractical. However I do believe that in the case of the Delta farms, there are some rather large areas which should have been left in timber. The argument presented is just not valid to hold up passage of the bill!

The current land classification procedure is in adequate to ensure good economic management of the forest. A state forest implies commitment. In Alberta the commitment to sustained forest management resulted in the development of the Forestry Trunk road, a new transportation corridor, along the east slope of the Rockies. Industry, not just forestry came in behind such

commitment. Industry meant more jobs and a better economy. Appropriately sized parcels are essential for such development! Such parcels cannot be fractionated as suggested by Mr. Roberts.

I urge you to support the bill with a minimum of land removal. Only remove that acreage that is truly classified incorrectly as to best use and only where it is sufficiently large to not interfere with the basic concept of multiple use. Because 10,000 acres more or less were slated for land disposal is not a valid reason for excluding them for inclusion in the state forest. They may have a much higher use being available to the public than in the hands of individuals. We are looking at the common good over that of individuals personal gain at eveyone's expense.

Incidentally at this time I do not represent any private interest and I am willing to meet with you at your pleasure to discuss the potential of forest management in the Interior.

Sincerely

Edmond C. Packee

Edmond C. Packee

895-4697

Mike Carlson of the Soil Conservation Committee — Committee is totally opposed to any Park (Forestry) in Dist 17. Mike said we had better figure some way to bury this bill.

He doesn't know ~~where~~ where Pappy is coming from as he is for it and they don't like this.

If Dist. 17 could be deleted from the bill than it wouldn't matter.

He is very adamant

File

~~NB~~

SB 188

Personal File (Resources)

Kirk,

Mike Carlson called – He would appreciate anything that you can do to stall 108 in Committee. The land grab is even taking over agriculture land that has been set aside for that purpose. I understand the Fairbank Mining Assoc. is pro against it. Maybe John Ringstad can get them to send in some POMs to all legislators.

Mike is going to try and get more people to send in POMs but he said that every one is planting now and it's hard to get them out from the farms.

Jack

Soil Conservation Subdistrict

P.O. Box 547
Delta Jct., Alaska 99737
422-6525

File SB 108

May 20, 1983

Representative John Ringstad
Representative Richard Shultz

Reference: SB-108

Following a special meeting with representatives from the Alaska State Divisions of Forestry and Lands on May 19th, the Salcha-Big Delta Soil Conservation Sub-District Board of Supervisors, by unanimous vote, chose not to support SB-108 for the following reasons:

1. The public hearing process of land resources assignment was circumvented in the preparation of this bill.

2. Competing resource use of relatively small areas of land in this area were not addressed.

3. Other small areas not included in the forest resource designation of the Delta Land Management Planning Study are included.

4. Further, areas having no forest resoures have been added in the legislative process.

5. The methods used to accomplish the forest resource inventory is inadequate to identify the real value of forest areas as proven by past experience with this same type of assessment (Timber appraisals in Delta I) and legislative designation precludes change of designation without additional legislation.

6. We feel current land classification procedures adequately protect the forest resource from non-compatable uses.

Richard S. Roberts
Chairman Board of Supervisors
Salcha-Big Delta Soil Conservation Sub-District.

cc: Senator H. (Pappy) Moss

File
SB 108
Resources - Personal File

Commercial Sales - Delta Area

COMPANY NAME	SALE NUMBER	TOTAL VALUE	VOLUME	UNIT
[illegible]	NC-422D	300.00	150.0	CD
FOUR STAR LUMBER	NC-401D	[illegible]	5000.0	MBF
DRY CREEK ENTERPRISES	NC-427D	35.00	35.0	CCF
DRY CREEK ENTERPRISES	NC-427D	67.50	67.0	CCF
DRY CREEK ENTERPRISES	NC-378D	350.00	70.0	CD
DRY CREEK ENTERPRISES	NC-378D	1575.00	315.0	CD
DRY CREEK ENTERPRISES	NC-378D	3742.50	132.0	MBF
[illegible]	[illegible]	2436.00	150.0	MBF
DONALD VANDIVER	NC-425D	300.00	150.0	CD
[illegible] PRODUCTS	NC-507D	6600.00	440.0	MBF
[illegible] SAWMILL	NC-369D	4074.50	145.0	MBF
[illegible] SAWMILL	NC-383D	1260.00	42.0	MBF
[illegible] MERCHANDISING	NC-409D	300.00	150.0	CD
BEAR VALLEY TRADING POST	NC-411D	300.00	150.0	CD
TOK PILOT CAR SERVICE	NC-429D	150.00	50.0	CD
HIGH TIMES WOOD HAULERS	NC-421D	210.00	70.0	CD
GATEWAY INDUSTRIAL SERVICES	NC-424D	120.00	40.0	CD
ROSE'S FIREWOOD	NC-462D	769.00	769.0	CCF
ROSE'S FIREWOOD	NC-462D	504.00	504.0	CCF
[illegible] DUSER & EQUIPMENT SERVICE	NC-428D	61.77	4.1	MBF

NEXT

COMPANY NAME	SALE NUMBER	TOTAL VALUE	VOLUME	UNIT
MCCRACKEN LUMBER COMPANY	NC-426D	12628.00	[illegible]	MBF
MCCRACKEN LUMBER COMPANY	NC-426D	318.50	[illegible]	CCF

MBF VALUE $ 111,797.07
CCF VALUE $ 1,653.20
CD VALUE $ 4865.00
total $118,235.27

MBF VOLUME [illegible]
CCF VOLUME 1,52.0
CD VOLUME 1195.0

total 7.46 million b.f.

Rep Shultz
For your information, there are sales currently under contract in Delta - IAR.

Steve Claudius

League of Women Voters of Alaska

TESTIMONY ON CS for SB 108 (RESOURCES)

REGARDING MANAGEMENT OF STATE FORESTS
AND
ESTABLISHING A TANANA VALLEY STATE FOREST

House Resources Committee Hearing
May 6, 1983

The League of Women Voters of Alaska supports CSSB 108. One state forest has been established and several others have been proposed. It is important to have clear guidelines in place for their management. It is equally important to maintain renewable resource lands in productive uses by establishing certain state forests. The Tanana Valley State Forest proposal is composed of high quality forest lands and would aid in the development of a renewable resource economy in the Interior. It would also help maintain traditional uses of the land such as hunting, gathering personal firewood, mining, berry-picking and others near the state's second largest urban area and along other Alaska highway communities.

There are five local Leagues in Alaska in Fairbanks, Anchorage, Juneau, Ketchikan, Kenai-Soldotna, a provisional League in the Mat-Su area and a small unit in Kodiak. The League of Women Voters operates by developing positions and principles following study and consensus among the membership. Leagues in Alaska participated in a nationwide study of land use beginning in 1972. In 1973 we also began to study land use issues at the state level. The League of Women Voters of the United States adopted a land use position in 1975. League of Women Voters of Alaska adopted a land use position in 1975 and a land disposal position in 1980. Our position statements advocate a mix of public and private uses of land, with certain lands retained for public use. Government should identify and manage areas such as renewable resource lands to protect long-term productivity.

The League of Women Voters of Alaska endorses a program for identifying, designating and managing state forests in Alaska. We recognize that there is an abundance of public land in the state. This land is not always available for certain uses such as timber harvest, mineral extraction, or destructive research activities. Some communities lack resource lands in close proximity. In addition, the continuing program of state land disposal as well as municipal disposal programs will reduce the amount of public resource lands near the state's Interior communities. This will meet the needs of community expansion. It also makes it particularly important to maintain the productivity of high quality resource lands.

We believe it is appropriate for the legislature to establish state forests as provided in the bill. This allows for full public consideration of the benefits of forest designation. Multiple-use

management as provided by the bill will insure that state forests will meet the need for a broad range of uses of public land.

The League of Women Voters believes that land ownership implies stewardship responsibilities. By this we understand that care will be taken to insure sustained yield and proper management. We support the requirement in the bill for management under principles of multiple-use and sustained yield. We also support the creation of a reforestation fund provided by section 2 of the bill. Such a fund, with revenues from the proceeds of timber sales, should reduce competition for general fund monies. This will insure that the timber resource will be renewed for the long-term benefit of the state.

CSSB 108 contains some excellent provisions regarding management plans, particularly requirements for public hearings, a resource inventory, regular review, and a list of uses to be considered.

The bill requires public hearings before adoption of a management plan. One of the principles of the League of Women Voters is that citizen participation is essential in our government. We think this is especially true in land use planning and to ensure that public lands meet the needs of all the public. It is important to include the public in land use planning decisions to ensure that the best decisions are made and that they will be carried out. We endorse this requirement for public hearings before any management plan is adopted or revised.

There is also a requirement in section 1 of the bill for review of a management plan by other appropriate state agencies before its adoption or revision. Our positions state that there should be coordination among all levels of government, public agencies, and public and private parties affected in decisions about land resources. We recommend that this requirement be expanded to include consultation with affected local governments as well as state agencies.

We support the requirement for a forest inventory before adoption of a management plan. However, we recommend that this wording be changed to a resource inventory. This will help insure that all resources of the forest lands are considered and aid in making decisions that balance competing multiple uses. We believe it is a responsibility of government to inventory land resources in order to make the best management and use decisions.

The bill provides that a management plan be adopted and implemented with five years of establishment of a state forest. We support this requirement to encourage timely development of the management plan. The bill also requires periodic review of the management plan at least every five years. This provides clear direction to land managers and may help insure that the review will actually take place on a regular basis.

The listing of permitted uses in the bill gives clear direction to forest planners and managers to consider the full range of activities in any state forest. We support inclusion of this list of uses. The public will know that their concerns will be addressed if land managers must consider these in their planning.

The League of Women Voters of Alaska supports designation of a Tanana Valley State Forest. We have discussed our support for retention of certain lands for public use. The proposed state forest will meet a public need in the area. The parcels in the bill have been chosen to represent the highest quality forest land in the area.

The Tanana Valley area contains a large amount of state land, much of which has been and will continue to be made available in various disposal programs. There have been large agricultural disposals at Delta and small agricultural disposals on Chena Hot Springs Road and in Salcha outside of Fairbanks. There have been remote parcel disposals throughout the Interior. Although the state has a limited amount of land close to town, there have already been a number of subdivision offerings ten to fifteen miles outside of Fairbanks. In addition, the Fairbanks North Star Borough has 112,000 acres from its municipal entitlement. The borough has stated its intention to dispose of nearly all of its land. This should allow for community expansion far into the future. These state and borough disposals will meet demands for private development. As these disposal lands are developed, the existing demand for forest products including firewood, hunting and other recreation lands reasonably nearby will continue to increase.

We need to balance the demand for private development of land with the demand for activities that are best conducted on larger public blocks of land. The time to designate these lands for a variety of public uses is now, before the resource is lost to us. There will certainly be economic benefits to the community and the state as a whole from properly managed multiple use forest lands.

We urge the committee to recommend passage of CSSB 108. We believe this is a good bill.

Submitted by Mary Beth Juday
Natural Resources Chair
4837 Palo Verde Dr.
Fairbanks, AK 99701
479-3765

United States Department of Agriculture
Forest Service
Regional Office
P.O. Box 1628
Juneau, AK 99802

Reply to: 1510

Date: February 25, 1983

Bettye Fahrenkamp, Chairman
Senate Committee on Resources
Alaska State Legislature
Pouch V
State Capitol
Juneau, AK 99811

Dear Senator Fahrenkamp:

Please refer to your letter of February 10 regarding SB 108.

A stable land base dedicated to forestry in Interior Alaska will greatly facilitate the development of a forest products industry. A reliable source of timber (managed to produce a regular supply of timber in perpetuity) is a prerequisite inducement for the front-end capital investments required for the establishment of a healthy industry and resulting employment opportunities.

In addition, management under the principles of multiple use will assure the public opportunities such as recreation, hunting, and fishing on these lands while providing for protection or utilization of other resources. Often times the management of one resource can enhance another; for example timber management can be used to enhance wildlife habitat for certain species in certain locations. Similarly, in many situations, timber management can be used to influence the timing and amount of water run-off in a watershed or affect water quality. In other situations the management of one resource may have an adverse impact upon another and informed trade-off decisions need to be made.

Further, designation of State Forests managed under multiple use principles should not impair the public's lawful use of these lands for other purposes such as mining or certain occupancies.

The establishment of a State Land Reforestation Fund is an excellent approach to funding reforestation needs. I suggest that legislation clearly state that any monies so appropriated remain available until expended. Such a provision would provide the manager with the flexibility to allow for the vagaries of climate with regard to planting and stock availability and changes in operating harvest plans.

I understand from your letter that the boundaries proposed for the Fairbanks State Forest have been carefully drawn to avoid conflicts with higher and better uses of these lands. No doubt many hours of discussion have gone into this configuration. However, I would be remiss if I did not say that, in my opinion the present configuration may serve to confuse the public and present future challenges for the manager of this State Forest.

I am not acquainted with the present or planned ownership of adjoining lands but presumably this could be a mix of private and State-owned lands administered by different agencies. If this were to come to pass the public could be faced with use policies and regulations that vary by ownership or administering agency while not knowing just where boundaries are. Inadvertent violations could occur by the visitor to the area or in planned management activities such as timber sales.

Another consideration in designing boundaries is future access needs for management and public purposes. These access needs may be more easily provided for across State-owned lands and forseeable needs across lands destined for private ownership can also be provided.

One final consideration is the impact of the mangement of lands upstream in a watershed upon the lands in the lower reaches. Conflict can develop when these lands are administered by different agencies or are in different ownerships.

These considerations were no doubt discussed when the proposed boundaries were identified. I mention them now as a matter of conscience from a land managers viewpoint.

If I can be of further assistance, please let me know.

Sincerely,

Mike Barton

MICHAEL A. BARTON
Member, Board of Forestry

League of Women Voters of Alaska

May 12, 1983

To: Members of the House Resources Committee:

Attached you will find a copy of a resolution regarding CSSB 108 (Resources) which establishes the Tanana Valley State Forest.

The resolution was adopted unanimously by the State Convention of the Alaska League of Women Voters which was held in Kenai last weekend. We would appreciate your favorable and expeditious consideration of this bill.

Thank you.

Sincerely,

Frances Ulmer

Frances Ulmer, State Chair for
Natural Resources for the
League of Women Voters

MEMORANDUM
LEAGUE OF WOMEN VOTERS OF ALASKA

TO: Mike M. Miller

DATE: May 11, 1983

FROM: Mary Beth Juday

SUBJECT: Resolution on SB 108 for Fran Ulmer

Whereas the League of Women Voters of Alaska believes that there needs to be a balance between public and private uses of land with certain lands retained for public use, and

Whereas certain activities are best conducted on large parcels of public land, and

Whereas a Tanana Valley State Forest is proposed for an area with a large amount of land planned for state and municipal land disposal, and

Whereas the proposed forest is composed of high quality forest land, an

Whereas the League of Women Voters of Alaska believes that land planning must include citizen participation and ongoing evaluation, and

Whereas land planning and management should include resource inventories, conservation of resources and reclamation of lands damaged by various activities, and

Whereas proposed legislation on a state forest system addresses these concerns, and

Whereas one state forest has already been established without clear guidelines for developing a forest management plan,

Therefore be it resolved that the League of Women Voters of Alaska urge the Alaska Legislature to pass CS SB 108 (Resources) which establishes the Tanana Valley State Forest and a program for the management of state forests.

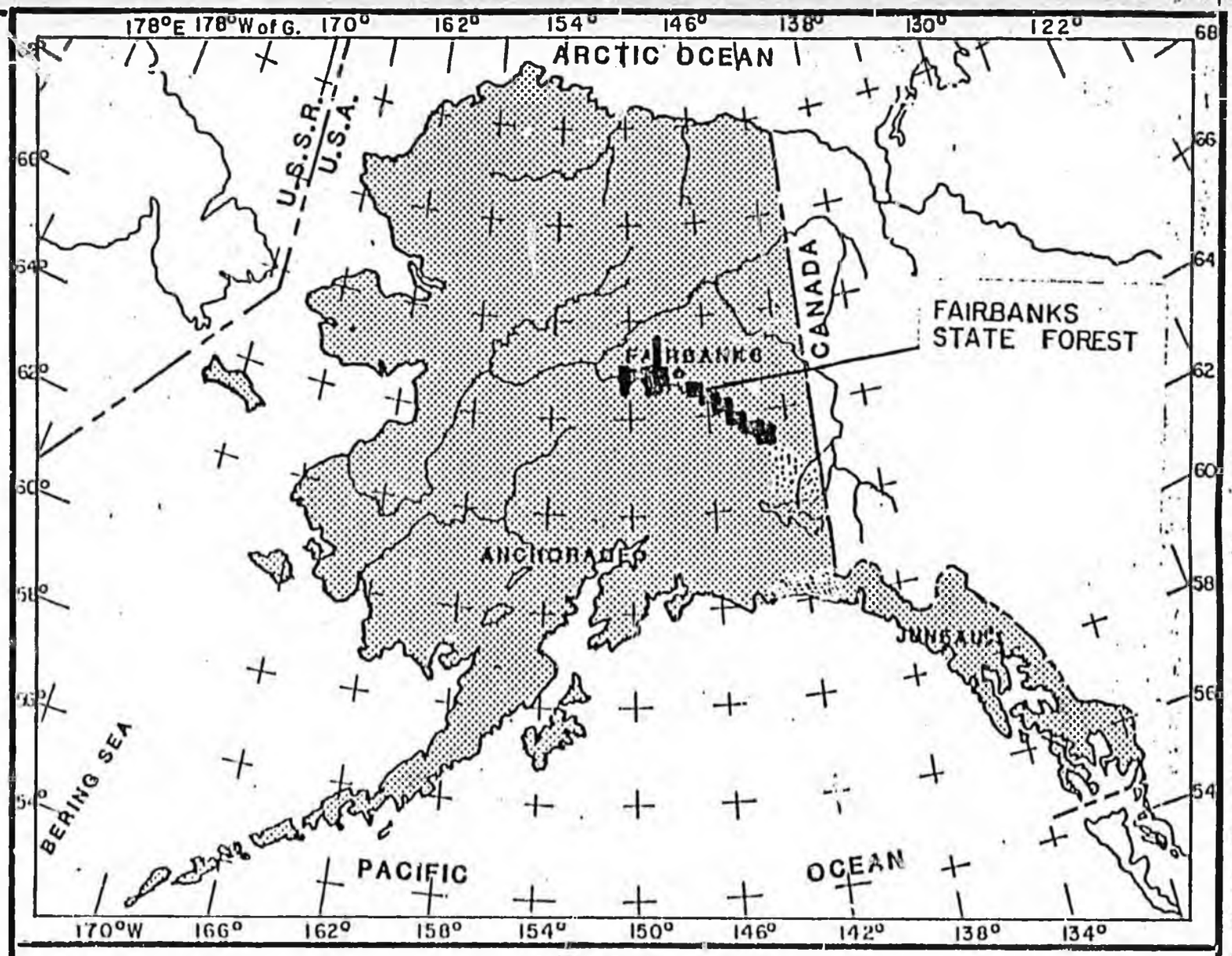
Some additional thoughts for you:

Sustained yield on a 60-100 year rotation requires the amount of acreage included in the forest.

There is demand for forest land accessible by road reasonably close to Fairbanks for hunting, personal firewood, etc.

Wood products industry in the interior currently employs about 100 persons. With this forest the number could multiply 3-4 times. In addition, woodcutting for firewood could add employment for about 80 persons on a seasonal basis.

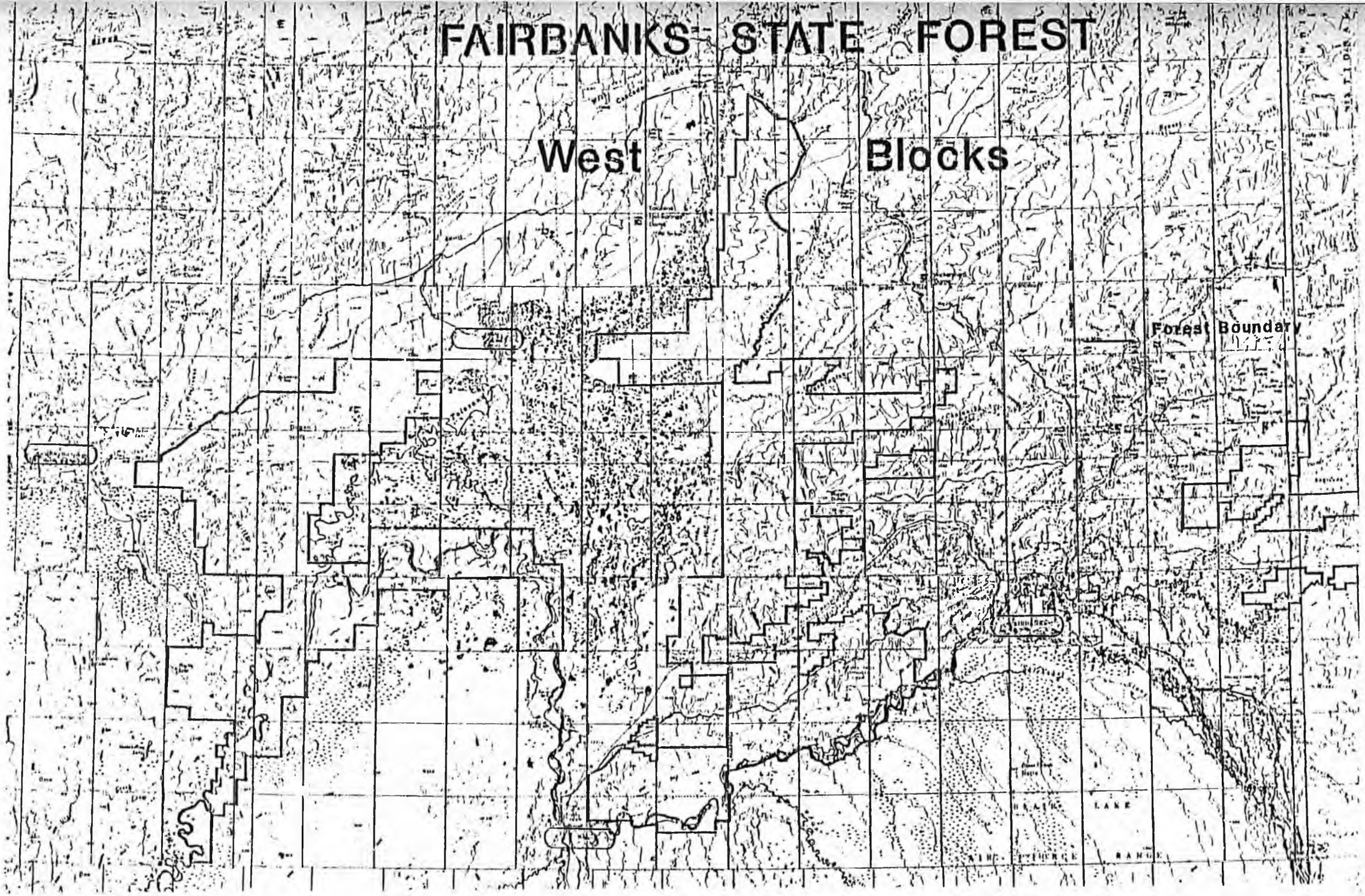
4837 Palo Verde
Fairbanks, AK 99701
479-3765

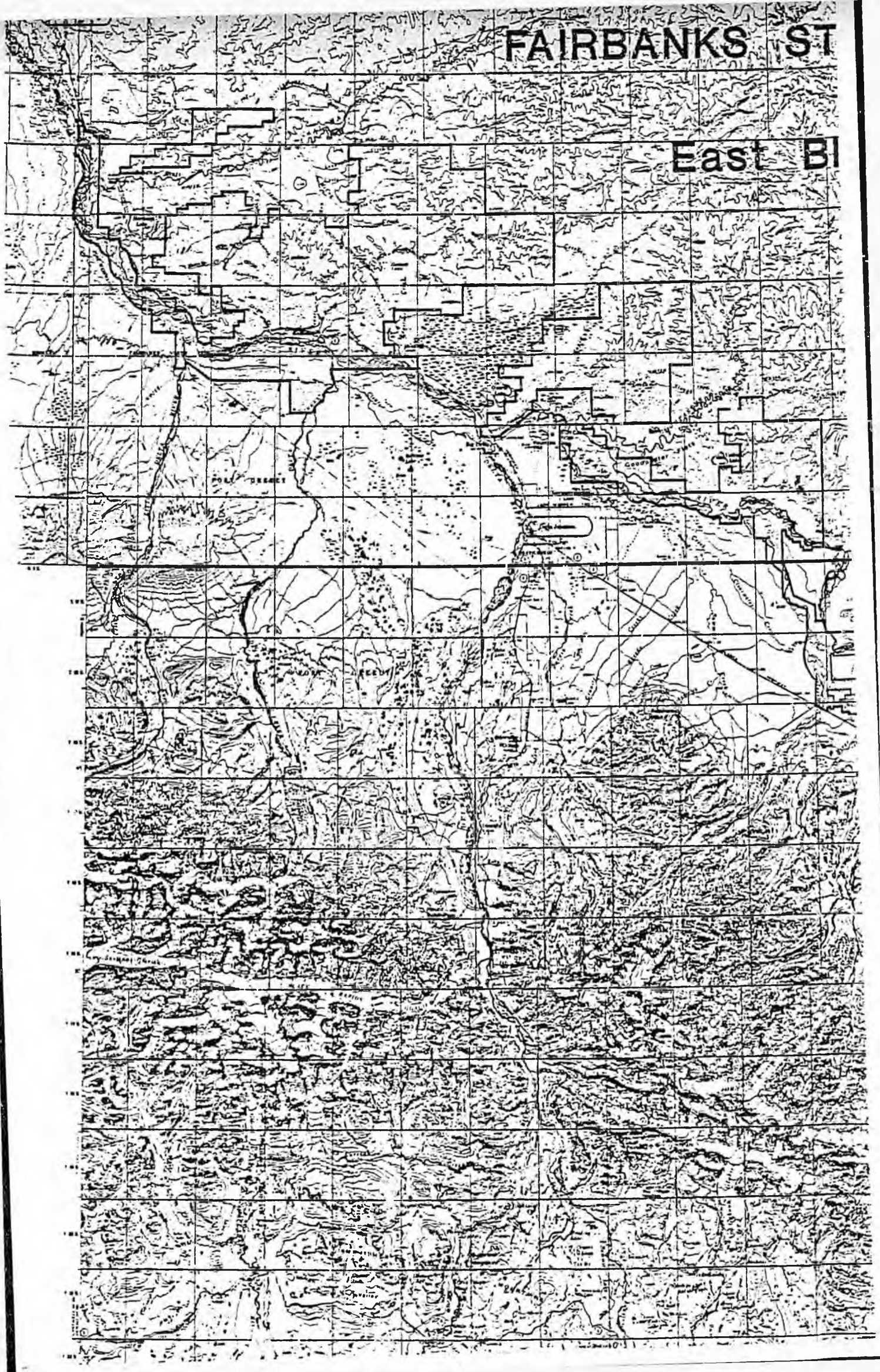


ALASKA

LOCATION MAP OF FOREST AREAS

SCALE 0 100 200 300 400 500 MILES


FAIRBANKS STATE FOREST
West Blocks
Forest Boundary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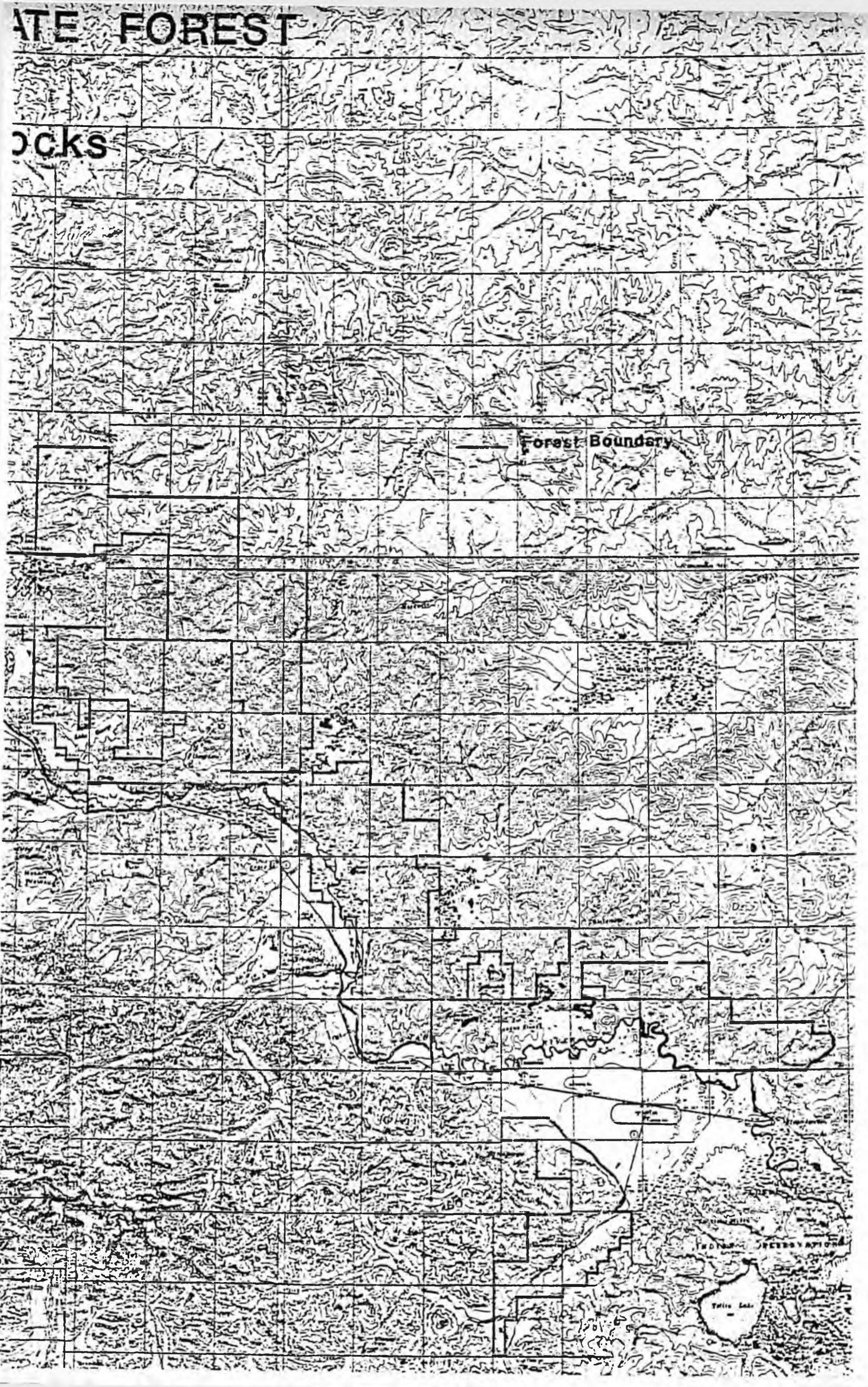
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ocks
Forest Boundary

Alaska State Legislature

BETTYE FAHRENKAMP, Chairman
ROBERT H. ZIEGLER, SR., Vice Chairman
DICK ELIASON
PAUL FISCHER
VIC FISCHER
BOB MULCAHY
ARLISS STURGULEWSKI

POUCH V
STATE CAPITAL
JUNEAU, ALASKA 99811
(907) 465-3834
(907) 465-3835

Senate

Committee on Resources

May 5, 1983

LAND STATISTICS FOR THE TANANA BASIN, ALASKA *

STATE LAND (Patented, TA'd, pending)	-------	17.3 million acres
PRIVATE NATIVE CORPORATION LANDS	-------	3.0 million
FAIRBANKS NORTH STAR BOROUGH	--------	.112 million (112,000)
OTHER (private, military, etc.)	--------	.588 million +
TOTAL	--------	21.0 million acres +

LANDS IN PROPOSED TANANA VALLEY STATE FOREST- 1.7 million acres

GROSS ACRES IDENTIFIED AS SUITABLE FOR STATE DISPOSAL OUTSIDE TANANA VALLEY STATE FOREST AND CHENA STATE RECREATION AREA ---- 2.51 million acres

ALLOCATION FOR STATE LAND DISPOSALS UNDER VARIOUS MANAGEMENT PLANS OUTSIDE STATE FOREST

Recreation, Wildlife Habitat Emphasis	----	778,000 acres
Forestry and Mineral Emphasis	---------	979,000 acres
Agriculture Emphasis	----------	1,732,000 acres
Settlement Emphasis	----------	2,184,000 acres

* Source: Department of Natural Resources from Tanana Basin Area Plan

Language requiring management plans within 2 yrs. of completion of inventory.

Preliminary
Inventory/Planning Schedule
Tanana Valley State Forest

	Inv. FY	Unit	Acreage	Forestry Upgrade (Thousands of Dollars)	Total Multi-Resource (Thousands of Dollars)
2.	1985	Salcha	520,000	243.0	620.0
1.	1986	Goldstream/Chena	460,000	279.0	540.0
3.	1987	Delta	240,000 > 560,000	126.0 > 261.0	280.0 > 580.0
4.	1987	Tok	260,000	135.0	300.0
5.	1988	Kantishna	220,000	117.0	260.0
			1,700,000	900.0	2,000.0
				minimum	desired

Land Disposal Estimates

Since - Statehood → 1978 106,415 acres

Since - FY79 → 82 ± 210,000 acres incl. ag { project
non-ag.

± 58,800 acres non-ag.

Alaska Statutes

Title 38. Public Lands.

Chapter

04. Policy for Use and Classification of State Land Surface (§§ 38.04.005 — 38.04.910)
95. Miscellaneous Provisions (§§ 38.95.010 — 38.95.160)

Chapter 4. Policy for Use and Classification of State Land Surface.

Article

1. Public and Private Land Use (§§ 38.04.005 — 38.04.015)
2. Land Availability for Private Use (§§ 38.04.020 — 38.04.055)
3. Inventory, Planning, and Classification (§§ 38.04.060 — 38.04.070)
4. General Provisions (§§ 38.04.900 — 38.04.910)

Editor's notes. — As to designation of land for disposal under the homesite entry program established in AS 38.08.010 — 38.08.120 and the open-to-entry program established in AS 38.05.077 and the assessment of supply and demand of land under such programs, see §§ 1 and 2, ch. 181, SLA 1978, in the 1978 Temporary and Special Acts and Resolves.

As to redesignation and disposal of mental health land, see § 3, ch. 181, SLA 1978.

Section 49, ch. 113, SLA 1981, provides: "The commissioner of natural resources may disallow a municipal selection of mental health lands allowed under sec. 1(b), ch. 181, SLA 1978 if the commissioner determines that the municipality is not complying with land disposal requirements in chapter 181, SLA 1978."

Article 1. Public and Private Land Use.

Section

05. Policy
10. Public interest in making land available for private use
15. Public interest in retaining state land in public ownership

Sec. 38.04.005. Policy. (a) In order to provide for maximum use of state land consistent with the public interest, it is the policy of the State of Alaska to plan and manage state-owned land to establish a balanced combination of land available for both public and private purposes. The choice of land best suited for public and private use shall be determined through the inventory, planning, and classification processes set out in AS 38.04.060 — 38.04.070.

(b) In classifying state land for private use and settlement purposes, the director shall make adequate provision for public open space which

(3) to protect critical wildlife habitat and areas of special scenic, recreational, scientific, or other environmental concern;

(4) to restrict development in hazardous locations such as floodplains and avalanche zones; and

(5) to guide the location of settlement and development to minimize public costs and maximize social and economic benefits. (§ 5 ch 181 SLA 1978)

Article 2. Land Availability for Private Use.

Section	Section
20. Land disposal bank	35. Criteria for program selection
21. Disposal of municipal grant land entitlements	40. Availability of university land
25. Variety of uses	45. Survey and subdivision
30. Land availability programs	50. Access to private use areas
	55. Access through private use areas

Sec. 38.04.020. Land disposal bank. (a) The commissioner shall establish a land disposal bank containing state land classified for disposal into private ownership.

(b) The land disposal bank does not include

(1) land nominated for selection or selected by a municipality to satisfy a general grant land entitlement under AS 29.18.201 — 29.18.213;

(2) land retained in state ownership for multiple-use management;

(3) land where less than a fee simple title has been conveyed;

(4) land retained in state ownership under an enactment of the legislature or by the governor or a state agency under authority of law.

(c) Land to be retained in state ownership may be classified by the commissioner into multiple-use management categories under AS 38.05.300. Land within a municipality retained in state ownership consists of land classified for retention in state ownership as of December 31, 1980. Land outside a municipality to be retained in state ownership consists of land classified for retention in state ownership by the commissioner by July 1, 1983. Land conveyed to the state by the federal government that is to be retained in state ownership consists of land classified by the commissioner within two years of receipt of tentative approval or patent, whichever occurs first. State land not classified for retention in state ownership or selected by the municipality under this section shall be classified and included in the land disposal bank. The commissioner shall ensure that the bank includes at least 500,000 acres.

(d) On January 15 of each year, the commissioner shall report to the legislature on the status of land in the land disposal bank under the following categories:

(1) land suitable for remote parcel disposal;

is accessible to communities so that natural areas are easily reached from all communities and settled areas. The amount of that land shall be sufficient to meet existing and projected needs for accessible public recreation land. Special care shall be taken to preserve public access to public water and to retain state ownership of sufficient land which combine high value for recreation and other public purposes with accessibility to settled areas. This classification for public purposes does not constitute dedication to open space, but the division's management of land so classified shall be in a manner to preserve the identified values.

(c) In allocating land for private use and public retention, the requirements of future generations shall be considered. To this end, a supply of state land of a variety of types and locations shall be reserved to provide an opportunity for future decisions.

(d) Private land use rights are integral to the material well-being of the people of Alaska and our society.

(e) Involvement of municipalities and local residents is essential in the decision-making process which leads to making state land available for private use. (§ 5 ch 181 SLA 1978)

Sec. 38.04.010. Public interest in making land available for private use. (a) The primary public interest in conveying rights to state land surface to private parties is to make them available to individuals and other persons for direct use in areas classified as suitable for these purposes. In making state land available for private use, the director shall seek to guide year-round settlement to areas where public services already exist, or can be extended with reasonable economy, or where development of a viable economic base is probable.

(b) State land which is located beyond the range of existing schools and other necessary public services, or which is located where development of sources of employment is improbable, may be made available for seasonal recreational purposes or for low density settlement, with sufficient separation between residences so that public services will not be necessary or expected. (§ 5 ch 181 SLA 1978)

Sec. 38.04.015. Public interest in retaining state land in public ownership. The primary public interests in retaining areas of state land surface in public ownership are

(1) to make them available on a sustained-yield basis for a variety of beneficial uses including subsistence, energy development, aquaculture, forestry, grazing, sport hunting and fishing, hiking, snowmobiling, skiing, and other activities of a type which can generally be made available to more people and conducted more successfully if the land is in public rather than private ownership;

(2) to facilitate mining and mineral leasing by managing appropriate public land for surface uses which are compatible with subsurface uses;

(h) The Department of Natural Resources may enter into cooperative management agreements with a person who holds title to or has a valid entry on land within or adjoining the boundaries of the Haines State Forest Resource Management Area. (§ 2 ch 95 SLA 1982)

Editor's notes. — Section 4, ch. 95, SLA 1982, provides: "The management plan for the Haines State Forest Resource Management Area prepared by the Department of Natural Resources under AS 41.15.520 enacted in sec. 2 of this Act shall be adopted and implemented within two years after July 1, 1982. The Haines-Skagway Area Land Use Plan adopted by the Department of Natural Resources in 1979 shall be used as the basis for preparation of the initial management plan for the Haines State Forest Resource Management Area. Before approval of the management plan prepared under AS 41.15.520, management of the Haines State Forest Resource Management Area shall be conducted under the land use of allocations and the appropriate management provisions of the Haines-Skagway Area Land Use Plan."

Chapter 17. Forest Resources and Practices.

Section

10. Declaration of intent
20. Division of forest, land, and water management established
30. Responsibilities of division
40. Board of forestry
50. Applicability
60. Regulatory and administrative standards
70. Administrative plan and report
80. Regulations
90. Notification and review of operations
100. Deployment of broadcast chemicals
110. Conversion of forest land to other uses
120. Inspections, investigations, and enforcement
130. Prohibitions, penalties, and enforcement procedures
140. Appeals and judicial review
950. Definitions

Legislative history reports. — For report on ch. 108, SLA 1978 (SB 59), see 1978 Senate Journal, p. 656.

NOTES TO DECISIONS

Cited in Kenai Lumber Co. v. LeResche, Sup. Ct. Op. No. 2516 (File Nos. 5733, 5755), 646 P.2d 215 (1982).

Sec. 41.17.010. Declaration of intent. The legislature declares that

(1) the forest resources of Alaska are among the most valuable natural resources of the state, and furnish timber and wood products, fish and wildlife, tourism, outdoor recreation, water, soil, air, minerals, and general health and welfare;

(2) economic enterprises and other activities and pursuits derived from forest resources warrant the continuing recognition and support of the state;

(3) the state has a fundamental obligation to insure that management of forest resources guarantees perpetual supplies of renewable resources, provides nonrenewable resources in a manner consistent with that obligation, and serves the needs of all Alaska for the many products, benefits, and services obtained from them;

(4) government administration of forest resources should combine professional management services, regulatory measures, and economic incentives in a complementary fashion, and should draw upon the expertise of professional foresters in conjunction with other disciplines;

(5) under the leadership of the Department of Environmental Conservation, the state should exercise its full responsibility and authority for control of nonpoint source pollution with respect to the Federal Water Pollution Control Act, as amended;

(6) subject to § 307(f) of the Coastal Zone Management Act of 1972 (P.L. 92-583), the provisions of AS 41.17.010 — 41.17.950 shall be the basis for forest management standards, policies, and guidelines developed under the Alaska Coastal Management Act. (§ 1 ch 108 SLA 1978)

Sec. 41.17.020. Division of forest, land, and water management established. (a) The governor may establish, within the Department of Natural Resources, a division of forestry to carry out AS 41.17.010 — 41.17.950 and other appropriate duties designated by the governor. The division shall be headed by a director who shall be the state forester, appointed to the partially exempt service in accordance with law by the commissioner, from a list of two or more candidates submitted by the board. The commissioner may reject all candidates, in which case the board shall submit a new list. The state forester shall be a natural resources land manager with generally accepted educational credentials, familiar and experienced with the renewable and nonrenewable resources the values of forest land and the products, benefits, and services obtained from them.

(b) The commissioner shall administer AS 41.17.010 — 41.17.950 and is authorized and encouraged to delegate responsibilities for carrying out AS 41.17.010 — 41.17.950 to the state forester.

(c) After planning and classification procedures under AS 38.05.005 — 38.05.370 have been completed, the governor may propose to the legislature, state forests, to consist of forest land determined by him to be desirable for retention in state ownership as multiple-use land.

(d) The commissioner may designate and operate experimental and research forests on state land consistent with the limitations of AS 38.05.300. Laboratories and other facilities may be employed in conjunction with those forests.

(e) The commissioner may establish and maintain forest vegetation nurseries and greenhouses for planting stock to be made available, with or without charge, to organizations, institutions, government agencies, individuals, and businesses for reforestation, afforestation, and related purposes.

(f) The commissioner is authorized to undertake cooperative forestry programs, extension services and education programs, and to otherwise offer a full range of professional management services to the interested public. When he considers it beneficial, the commissioner may participate in federal assistance programs by accepting assistance in whatever form offered.

(g) The commissioner may develop proposed regulations under AS 41.17.010 — 41.17.950 as part of the state program for control of nonpoint source pollution under the Federal Water Pollution Control Act, as amended, and shall seek to enter into a cooperative agreement with the commissioner of environmental conservation for that purpose. However, the Department of Environmental Conservation is the lead agency for water quality and control of nonpoint source pollution under that act, and the regulations and cooperative agreement are therefore subject to the advance approval of the commissioner of environmental conservation.

(h) In the administration of AS 41.17.010 — 41.17.950, the commissioner shall consult with and draw upon the expertise of interested organizations, enterprises, individuals, government agencies, educational institutions, and landowners. The commissioner may enter into cooperative agreements and contracts with them to carry out AS 41.17.010 — 41.17.950.

(i) The commissioner shall locate department personnel with forestry expertise throughout the state to facilitate public access to professional management services and other forest resources programs.

(j) Notwithstanding any other provision of AS 41.17.010 — 41.17.950, the commissioner may not employ the authority vested by AS 41.17.010 — 41.17.950 so as to duplicate or preempt the statutory authority of other state agencies to adopt regulations or undertake other administrative actions governing resources, values, or activities on forest land except for (1) regulations under the Coastal Management Act; and (2) if authorized by the commissioner of environmental conservation, regulations relating to control of nonpoint source pollution.

(k) The commissioner may take other actions necessary and proper for the administration of this chapter, including the adoption of regulations under the Administrative Procedure Act (AS 44.62.010 — 44.62.650) and under AS 41.17.040(f). (§ 1 ch 108 SLA 1978; am § 42 ch 113 SLA 1981)

Effect of amendments. — The 1981 amendment substituted "may" for "shall" and "forestry" for "forest, land, and water management" in the first sentence of subsection (a).

Sec. 41.17.030. Responsibilities of division. (a) The division shall manage state forests and, as directed by the commissioner, provide technical advice to the division of lands on sound forest practices necessary to ensure the continuous growing and harvesting of commercial forest species on other state land.

(b) The division shall regulate operations on private forest land as authorized by the provisions of AS 41.17.010 — 41.17.950 or state law.

(c) The division shall provide public information and assistance regarding forest practices and timber management generally. (§ 1 ch 108 SLA 1978)

Sec. 41.17.040. Board of forestry. (a) The Board of Forestry is established in the Department of Natural Resources, division of forestry.

(b) The board is composed of 14 members appointed by the governor from nominations submitted from the groups listed in (c) of this section. The board shall elect its own presiding officer.

(c) Seats on the board shall be allocated as follows:

(1) the state forester ex officio has one seat;

(2) a nominee of the regional forester, United States Forest Service has one seat;

(3) a nominee of the Society of American Foresters has one seat;

(4) nominees of Native corporations owning or likely to own commercial timber stands have four seats;

(5) a nominee of the Alaska Loggers' Association or of a timber processor doing business in Alaska has one seat;

(6) a nominee of an Alaskan environmental group has one seat;

(7) a nominee of the Alaska Coastal Management Council has one seat;

(8) a nominee of unions engaged in processing forest products has one seat;

(9) a nominee of the United Fishermen of Alaska has one seat;

(10) a nominee of the Alaska Miners' Association has one seat; and

(11) a member from the public at large has one seat.

(d) Each group entitled to make nominations under (c) of this section shall submit three names to the governor for the vacancy on the board it is entitled to make nominations for.

(e) The term of office of a member of the board is three years; the governor shall make his initial appointments to the board in such a way that four nominations expire during 1980, four appointments expire during 1981, and three appointments expire during 1982. The state forester serves an indefinite term, ex officio.

(f) The board shall review and comment to the commissioner on regulations proposed for adoption under AS 41.17.010 — 41.17.950. The board shall also report to the legislature its recommendations for changes in the provisions of AS 41.17.010 — 41.17.950 and its comments on the regulations adopted by the commissioner under AS 41.17.010 — 41.17.950. It may also review and advise the legislature on the activities of the division.

(g) Members of the board, except the state forester, do not serve at the pleasure of the governor.

(h) The governor may initiate the removal of a board member for inefficiency, neglect of duty, or misconduct in office by delivering to the member a written copy of the charges and giving the member an opportunity to be heard in person or by counsel at a public hearing before the governor or his designee on at least 10 days written notice by registered mail. The member has a right of confrontation and cross-examination of witnesses testifying. The removal is effective 15 days after the governor files a complete statement of all charges made against the member and the findings on those charges, in the main office of the board, except that a member may appeal the findings to the superior court. The court shall limit its review to a determination of whether the findings on the charges are substantiated by the evidence presented. The removal is suspended for any period of time during which an appeal from the findings of the governor or his designee is pending. (§ 1 ch 108 SLA 1978; am § 87 ch 59 SLA 1982)

Effect of amendments. — The 1982 amendment, effective May 28, 1982, substituted "division of forestry" for "division of forest, land, water management" in subsection (a).

Sec. 41.17.050. Applicability. (a) Unless otherwise specified, AS 41.17.010 — 41.17.950 applies to forest land under state, municipal, or private ownership.

(b) The provisions of AS 41.17.010 — 41.17.950 applicable to state land are applicable to forest land under federal ownership to the extent permitted by law.

(c) The commissioner shall exempt by regulation from the provisions of AS 41.17.010 — 41.17.950

(1) minor, small scale, or incidental commercial operations of little significance with respect to the purposes of AS 41.17.010 — 41.17.950; and

(2) operations for primarily noncommercial purposes, including but not limited to the harvesting of timber for personal use. (§ 1 ch 108 SLA 1978)

Sec. 41.17.060. Regulatory and administrative standards. (a) All regulations, administrative actions, and other activities and duties undertaken under AS 41.17.010 — 41.17.950 shall be in full accordance with the standards set out in this section.

(b) With respect to state, municipal, and private forest land, the following standards apply:

(1) to the maximum extent possible, all applicable data and information of applicable disciplines shall be updated and used in making decisions relative to the management of forest resources;

(2) environmentally sensitive areas and best management practices shall be recognized in the implementation of any nonpoint source pollution control measures authorized under AS 41.17.010 — 41.17.950;

(3) administration of forest land shall consider marketing conditions and other economic constraints affecting the forest landowner, timber owner, or the operator;

(4) to the fullest extent practicable, harvested forest land shall be reforested, naturally or artificially, so as to result in a sustained yield of merchantable timber from that land; if artificial planting is required, silviculturally acceptable seedlings must first be available for planting at an economically fair price in Alaska.

(c) With respect to state and municipal forest land only, the following standards also apply:

(1) forest land shall be administered for the multiple use of the renewable and nonrenewable resources and for the sustained yield of the renewable resources of the land in the manner which best provides for the present needs and preserves the future options of the people of Alaska;

(2) any system of allocating predominant uses or values to particular units within a contiguous area of land shall reflect in reasonable proportion the various resources and values present in that area;

(3) to the extent its capacity permits, forest land shall be administered so as to provide for the continuation of businesses, activities, and lifestyles which are dependent upon or derived from forest resources;

(4) timber harvesting is limited to areas where data and information demonstrate that natural or artificial reforestation techniques will result in the production of a sustained yield of merchantable timber from that area;

(5) there shall be no significant impairment of the productivity of the land and water with respect to renewable resources; and

(6) where economically practicable, allowance may be made for scenic quality in or adjacent to areas of substantial importance to the tourism and recreation industry. (§ 1 ch 108 SLA 1978)

Sec. 41.17.070. Administrative plan and report. (a) The commissioner shall develop and continually maintain a long-range plan for the administration of AS 41.17.010 — 41.17.950 which demonstrates that the provisions of AS 41.17.010 are being recognized and that the standards of AS 41.17.060 are being met. The commissioner shall maintain a current inventory or assessment of timber on forest land to assist in meeting the requirements of this section.

(b) On December 31, 1980, and at two-year intervals after that date, the commissioner shall submit a detailed report to the legislature reviewing the administration of AS 41.17.010 — 41.17.950 over the preceding two years, demonstrating compliance with (a) of this section, and describing how the plan will affect the welfare of the forest products industry and other activities and pursuits derived from or affected by forest resources.

(c) As a part of the report to be submitted on December 31, 1980, under (b) of this section, the commissioner shall, after consultation with interested constituencies,

(1) review the structure and operations of the division;

(2) describe the degree to which the division has established a high-profile forestry program utilizing the expertise of professional foresters;

(3) describe the responsiveness of the division to the interest of forest resources constituencies; and

(4) make recommendations to the legislature respecting the legal authority of the Department of Natural Resources relating to forestry, the qualifications of the director of the division, and the location of the division within the department.

(d) On December 31, 1980, the commissioner, after consultation with the commissioner of revenue, shall transmit to the legislature recommendations for legislation establishing economic incentives which would further the purposes of AS 41.17.010 — 41.17.950. (§ 1 ch 108 SLA 1978)

Sec. 41.17.080. Regulations. (a) The commissioner may adopt regulations in accordance with the Administrative Procedure Act (AS 44.62.010 — 44.62.650) and under AS 41.17.040(f) governing operations on forest land with respect to the following:

(1) harvesting and removal from the site of timber and tree products;

(2) reforestation, revegetation, and prescribed burning;

(3) brush, slash, and debris, and salvage of trees;

(4) soil erosion and wasting;

(5) fire and flood hazards;

(6) prevention and control of disease and insect infestation.

(b) An operator may apply through the commissioner for permits required by other state agencies to operate on forest land, which applications may be forwarded to the commissioner of environmental conservation for procedures in accordance with AS 46.35.010 — 46.35.210. The commissioner shall notify the operator of the action taken. Where practicable and desirable, the commissioner may enter into cooperative agreements with federal agencies authorizing the department to serve as a collection point for federal permit applications.

(c) The commissioner may establish regions, districts, or other subdivisions of forest land in the state in which different regulations apply to reflect varying conditions in the state, or to facilitate administration.

(d) The commissioner shall adopt only those regulations necessary to accomplish the purposes of AS 41.17.010 — 41.17.950, and shall avoid those which increase operating costs without yielding significant benefits. (§ 1 ch 108 SLA 1978)

Sec. 41.17.090. Notification and review of operations. (a) Operations on forest land shall be reviewed under this section for consistency with the policies and provisions of AS 41.17.010 — 41.17.950 and regulations adopted under AS 41.17.010 — 41.17.950.

(b) The commissioner shall make full use of professional management services and other educational and assistance programs of the department to encourage early contact between operators and the state and to minimize reliance on this section as a principal means of achieving the purposes of AS 41.17.010 — 41.17.950.

(c) Before operating on forest land, an operator shall give notification to the commissioner consisting of

(1) a brief written description of the proposed operation;

(2) a USGS map of the largest available scale showing the location of all proposed activities;

(3) proposed measures for soil conservation and reforestation; and

(4) evidence that the landowner and timber owner (if different from the operator) have approved the proposed operation.

(d) Within five days after receipt, the commissioner shall distribute the notification materials to affected state agencies. The agencies shall make their recommendations within 20 days after receiving the materials.

(e) Within 30 days of receipt of a notification under (c) of this section, the commissioner may inspect the proposed operation to ensure that the proposed operation is in accord with the standards promulgated by this chapter.

(f) The operator may legally commence operations upon the expiration of the 30-day period or upon notice from the commissioner that the inspection has been completed, whichever occurs first. Whether or not an inspection is conducted, the operator is liable for a violation of AS 41.17.010 — 41.17.950 or other violation of law.

(g) An operator shall notify the commissioner of a proposed substantial change in his operations by following the procedure specified in (c) — (d) of this section.

(h) Information and paperwork required of the operator under this section shall be limited to that necessary to accomplish the purposes of this section. Site examinations, including an interdisciplinary review, may be undertaken by the commissioner.

(i) The commissioner may limit the review process under this section to 10 days where such action is immediately necessary for the preservation of the public peace, health, safety or general welfare, and is undertaken in concert with affected agencies.

(j) Operations which begin before January 1, 1979 have one year to comply with AS 41.17.010 — 41.17.950. (§ 1 ch 108 SLA 1978)

Sec. 41.17.100. Deployment of broadcast chemicals. The commissioner of environmental conservation, in consultation with the commissioner, shall formulate necessary plans and measures to insure that application of broadcast chemicals and other substances foreign to the Alaska forest ecosystem do not lead to results contrary to the objectives and provisions of AS 41.17.010 — 41.17.950 and other applicable laws and regulations relating to renewable resources. Regulations adopted by the commissioner of environmental conservation may include requirements for advance testing, posting of security, written reports, and other matters. (§ 1 ch 108 SLA 1978)

Sec. 41.17.110. Conversion of forest land to other uses. An intention to convert forest land to other uses after timber harvesting may be stated in the notification submitted under AS 41.17.090. In that event, reforestation requirements adopted under AS 41.17.010 — 41.17.950 do not apply, except that conversion shall be completed during the time set by regulation for minimum reforestation of the land, and other requirements for revegetation may be imposed to the extent permitted by law. If the commissioner finds at any time that the responsible party has failed to conform to the intent to convert as stated in the notification, the commissioner shall revoke approval of the conversion and require full compliance with reforestation requirements. (§ 1 ch 108 SLA 1978)

Sec. 41.17.120. Inspections, investigations, and enforcement. The commissioner may inspect and investigate forest land and activities on it and may enter upon it in conjunction with any operations as necessary to insure compliance with applicable regulations and requirements and to otherwise enforce the provisions of AS 41.17.010 — 41.17.950. Other state agencies have this same authority to the extent necessary to enforce their own laws and regulations on forest land. Those agencies and the commissioner shall coordinate their actions under this section. (§ 1 ch 108 SLA 1978)

Sec. 41.17.130. Prohibitions, penalties, and enforcement procedures. (a) No person may violate or permit a violation of a provision of AS 41.17.010 — 41.17.950, a regulation adopted under AS 41.17.010 — 41.17.950, or a term or condition of any approval granted under AS 41.17.090 — 41.17.110. A person who commits a violation is liable for a civil fine to be assessed by the commissioner not to exceed $10,000.

(b) If an investigation discloses probable cause to believe a violation has occurred, the commissioner shall serve upon the alleged violator (the "respondent") written notice and a formal complaint which describes the alleged violation and requires the respondent to answer the

charges at a hearing not more than 10 days thereafter. The respondent shall be granted 10-day extensions up to a total of 60 days upon request. The notice shall also describe any damage which has occurred or might occur as a result of the violation. At the hearing, the state shall show by clear and convincing evidence that the respondent has caused or permitted a violation described in (a) of this section.

(c) Within 10 days after the hearing, or upon nonappearance of the respondent, the hearing officer shall enter a final order. The order shall be based on the evidence presented at the hearing, and shall be accompanied by a written opinion stating the reasons for the decision. The commissioner shall immediately notify the respondent of the order by registered mail. The order may include:

(1) a directive to stop the violation;

(2) the imposition of a civil fine under (a) of this section, which is payable immediately;

(3) a directive to repair damages;

(4) a finding that the charges are wholly or partially unjustified; or

(5) a combination of (1) — (4) of this subsection.

(d) In determining the amount of any civil fine imposed, the following shall be considered, as appropriate:

(1) the character and degree of injury to forest resources and values;

(2) the degree of intent or negligence of the respondent in causing or permitting the violation;

(3) the character and number of past violations caused or permitted by the respondent; and

(4) if such information is available, the net economic savings realized by the respondent through the violation described in (a) of this section

(e) If the commissioner finds that a violation described in (a) of this section has occurred and that continuation of the violation or failure to repair damage would likely result in irreversible or irretrievable damage to the forest resources or values affected, and it would be prejudicial to the welfare of the state to delay action pending a hearing, the commissioner may, without prior hearing, issue a temporary order in addition to the documents required by (b) of this section requiring the respondent to stop the violation or repair damage or both. The order remains in effect for 21 days unless a final order is issued earlier; an extension of time granted under (b) of this section extends the order issued under this subsection until the hearing officer issues a final order under (c) of this section. Proceedings in conjunction with the alleged violation must otherwise be the same.

(f) If a person fails to comply with an order issued under (c) or (e) of this section, the attorney general, at the request of the commissioner, may seek an injunction suspending all or part of the operations being conducted by the respondent until the respondent complies with the order. If the order directs the respondent to repair damage, the commis-

sioner may proceed with department staff or contractors to repair the damage, and the respondent is liable for the cost of the repair after delivery by the commissioner of an itemized statement of expenses incurred.

(g) All orders issued under this section are enforceable by injunction, attachment, garnishment, or other appropriate remedy.

(h) Unless otherwise specified, proceedings under this section are not subject to the Administrative Procedure Act (AS 44.62.010 — 44.62.650). A hearing under this section shall be held before a hearing officer, appointed by the attorney general from among members of the Alaska Bar Association who have been nominated by the Board of Forestry and who are knowledgeable and experienced in the subject matter. A person who has assisted in the preparation of the state's case or who is a state employee is ineligible. Hearings are not limited by common law, statutory, or judicial rules of evidence; however, the hearing officer may admit only that evidence which appears to him to be reliable and trustworthy. All hearings shall be open to the public. Written or oral testimony may be submitted. A party to a hearing may make written or oral argument, secure the issuance of a subpoena under AS 44.62.430, offer testimony or other evidence, and cross-examine witnesses. The hearing officer shall endeavor, in conducting any hearing, to insure that the respondent understands the proceedings and that the facts supporting the position of each party have been adequately presented. Hearings shall be held as close as practicable to the location of the alleged violation. Testimony given at the hearing shall be recorded.

(i) If the respondent notifies the commissioner within five days before the hearing provided for in (h) of this section, the following rules and procedures apply to the hearing:

(1) the hearing shall be a nonadversary proceeding, with the hearing officer fully and impartially representing the interests of the state and the respondent;

(2) the hearing officer shall thoroughly investigate the facts and circumstances relating to the alleged violation, including taking testimony from appropriate persons, collecting and examining documents and other evidence, and performing other actions consistent with due process of law;

(3) issue a decision in accordance with the applicable procedures of (h) of this section. (§ 1 ch 108 SLA 1978)

Sec. 41.17.140. Appeals and judicial review. (a) An administrative action of the department under AS 41.17.010 — 41.17.950, except actions under AS 41.17.130 and except for adoption of regulations, may be appealed to the commissioner within 30 days after it is taken. The commissioner shall hold a hearing, at which all substantial issues shall be considered, within 15 days after an appeal is filed. The respondent shall be granted 10-day extensions up to a total of 60 days upon

request. Within 10 days after conclusion of the hearing, the commissioner shall issue a written decision based upon the evidence, which shall be provided to the appellant. The commissioner may delegate his duties, in whole or in part, under this subsection to a hearing officer appointed by the attorney general from among members of the Alaska Bar Association who have been nominated by the Board of Forestry and who are knowledgeable and experienced in the subject matter.

(b) A final decision under (a) of this section or a final order under AS 41.17.130 may be appealed to the superior court within 30 days after it is issued. Judicial review shall be as provided in AS 44.62.560 and 44.62.570.

(c) A temporary order issued under AS 41.17.130 may be immediately appealed to the superior court as to its propriety. (§ 1 ch 108 SLA 1978)

Sec. 41.17.950. Definitions. In AS 41.17.010 — 41.17.950, unless the context otherwise requires,

(1) "board" means the Board of Forestry established in AS 41.17.040;

(2) "broadcast chemicals" includes pesticides, herbicides, fungicides, fertilizers, poisons, and any other substances

(A) used for silvicultural management or related purposes;

(B) not native to the ecosystem in which they are being applied; and

(C) having a foreseeable adverse impact on the welfare of renewable resources, as determined by the commissioner of environmental conservation;

(3) "commissioner" means the commissioner of natural resources;

(4) "department" means the Department of Natural Resources;

(5) "division" means the division of forestry;

(6) "forest land" means land stocked or having been stocked with forest trees of any size and not currently developed for nonforest use, regardless of whether presently available or accessible for commercial purposes, and includes any such land under state, municipal, or private ownership;

(7) "forest landowner" means a person who owns forest land;

(8) "multiple use" means

(A) the management of all the various resources of forest land so that they are used in the combination that will best meet the needs of the citizens of Alaska, making the most judicious use of the land for some or all of these resources or related values, benefits, and services over areas large enough to provide sufficient latitude for periodic adjustments in use to conform to changing needs and conditions;

(B) that some land will be used for less than all of the resources; and

(C) harmonious and coordinated management of the various resources, each with the other, without significant impairment of the productivity of the land and water, with consideration being given to the relative values of the various resources, and not necessarily the combination of uses that will give the greatest dollar return or the greatest unit output;

(9) "operations" means timber harvesting or activities associated with timber harvesting or forest development unless exempted under AS 41.17.050;

(10) "operator" means a person who is engaged in timber harvesting or activities associated with timber harvesting or forest development himself, or who contracts with others to conduct operations on his behalf, except a person who is engaged in an operation as employee with wages or piecework as his sole compensation;

(11) "person" includes a joint venture as well as the entities set out in AS 01.10.060(7);

(12) "silviculture" means the art of producing and tending a forest, the application of the knowledge of silvics in the treatment of a forest, and the theory and practice of controlling and managing forest establishment, composition, and growth;

(13) "state forest" means an area which is retained in state ownership in order to

(A) provide a base for sustained yield management of renewable resources; and

(B) permit a variety of beneficial uses;

(14) "sustained yield" means the achievement and maintenance in perpetuity of a high level annual or regular periodic output of the various renewable resources of forest land and water without significant impairment of the productivity of the land and water, but does not require that timber be harvested in a non-declining yield basis over a rotation period;

(15) "timber owner" means a person who owns timber on forest land or who has the rights to timber, but does not own the land itself; and

(16) "significant impairment of the productivity of the land and water" means any activity which may foreseeably result in prolonged or substantial damage to renewable resources or prolonged or substantial reduction of the continuing capability of the land or water to produce renewable resources at their natural or historic levels. (§ 1 ch 108 SLA 1978; am § 88 ch 59 SLA 1982)

Effect of amendments. — The 1982 amendment, effective May 28, 1982, substituted "forestry" for "forest, land, and water management" in paragraph (5).

Chapter 20. Parks and Recreational Facilities.

Article

13. Wood-Tikchik State Park (§§ 41.20.460 — 41.20.490)
14. Nancy Lake State Recreation Area (§§ 41.20.491 — 41.20.496)
15. Chena River Recreation Area (§§ 41.20.497 — 41.20.505)
16. Alaska Chilkat Bald Eagle Preserve (§§ 41.20.506 — 41.20.525)

SB

120

STATE OF ALASKA
FISCAL NOTE

Revision Date _____, 1983

I. REQUEST

Bill/Resolution No.: SB 120
Title: re: soil & Water conservation
Sponsor: Kerttula
Requestor:

II. FISCAL DETAIL

Agency Affected: Div. of Agriculture
Program Category Affected:
BRU, Program or Subprogram(s) Affected: Ag. Development

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL OPERATING	0	0	0	0		
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: Department of Natural Resources
Phone: 376-3276
Division: Division of Agriculture
Date:

Approved by Commissioner: for [signature]
Date: 4/8/83
Department: DNR/DOA Resources

Distribution:
Original to Legislative Finance
Copy to Office of Management and Budget (for Legislature introduced bills)
Copy to Department (for Governor introduced bills)
Copy to Sponsor
Copy to Requestor (if different from Sponsor)

3/8/3

THE ALASKA SOIL AND WATER CONSERVATION DISTRICT IS SUPPORTED BY OVER 900 COOPERATORS STATEWIDE IN THE INTEREST OF WISE LAND USE AND CONSERVATION PLANNING. THE EXISTING 3-MEMBER VOLUNTEER BOARD PROVIDES SERVICES TO THE WHOLE STATE. DEMAND ON THEIR SERVICES HAS INCREASED TO THE POINT THAT RESTRUCTURING OF THE BOARD IS NECESSARY. (SB 120 INCREASES THE MEMBERSHIP FROM 3 TO 5 ALLOWING FOR APPOINTMENT OF 1 MEMBER FROM EACH OF FIVE GEOGRAPHIC AREAS OF THE STATE, AND AUTHORIZES THE COMMISSIONER OF DNR TO APPOINT AN EXECUTIVE DIRECTOR AND CLERICAL STAFF TO ASSIST THE BOARD.)

THERE IS A ZERO FISCAL NOTE. THE DEPARTMENT HAS INDICATED THEY DO NOT HAVE FUNDING AVAILABLE FOR THIS PROPOSAL THIS YEAR, BUT DOES SUPPORT PUTTING THE RESTRUCTURED BOARD ON THE BOOKS.

CHANGES IN RESOURCES COMMITTEE SUBSTITUTE:

* MEMBERSHIP IN THE ORIGINAL BILL WAS 6. WE CHANGED IT TO 5 TO ENSURE EQUITABLE REPRESENTATION OF THE RESOURCE AREAS IN THE STATE.
* MEMBERS IN ORIGINAL BILL HAD TO BE LAND OCCUPIERS. WE CHANGED IT TO USERS TO ENSURE THAT MEMBERS ACTUALLY WORK THE LAND.
* SPECIFIES THAT THE BOARD REVIEW APPEALS PRIOR TO THE COMMISSIONER'S DECISION. IF REVIEWED AFTER, ANY FURTHER APPEAL WOULD BE WITH THE SUPERIOR COURT. (THIS WAS DNR'S RECOMMENDED AMENDMENT.)

SENATE FINANCE AMENDED THE BILL TO DELETE PAGE 4, LINES 14-17, WHICH WOULD HAVE ALLOWED THE COMMISSIONER OF DNR TO ACCEPT CONTRIBUTIONS (MONEY, SERVICES, MATERIALS) TO CARRY OUT THE PURPOSES OF THE CHAPTER. KERTTULA HAS NO PROBLEM WITH THE AMENDMENT.

TWO REPEALERS:

AS 41.10.020 DEFINED THE ALASKA SOIL AND WATER CONSERVATION DISTRICT AS THE WHOLE STATE (SB 120 DIVIDES INTO 5 GEOGRAPHIC AREAS.)

AS 41.10.050 DEFINED THE CHAPTER'S SHORT TITLE AS "SOIL CONSERVATION LAW". (SB 120 CHANGES ALL REFERENCES TO SOIL AND WATER.)

The Alaska Soil and Water Conservation District is supported by over 900 cooperators statewide in the purpose of promoting positive growth through wise land use and conservation planning. For the past 35 years, Alaskans involved in agriculture and forestry have been dedicated to this goal.

In 1982, some $195,000 worth of federal cost sharing programs was utilized in conservation practices on more than 15,000 acres of land in Alaskan. The Alaska Soil Conservation District has been active in the acquisition of some $500,000 of state and federal funds to aid in the National Cooperative Soil Survey program in Alaska. In 1981 this money was used to fund soil and range surveys in Susitna Valley, Copper River Valley, Delta, Fairbanks, Kenai Peninsula, and the Seward Peninsula. A recent Memorandum of Understanding was adopted by the Soil Conservation District and the State Department of Environmental Conservation where the Soil Conservation District would address non-point source pollution on agricultural lands for the protection of Alaska's water quality. Alaska is unique in the fact that it requires farm conservation plans on any state land disposed for agriculture. The Soil and Water Conservation Board is vested with the responsibility to perform these conservation plans. However, the development of privately owned land through conservation planning is basically voluntary. The Alaska Soil Conservation District is therefore non-regulatory, and implementation of soil and water conservation practices depends on the educational process and reasonalbe economic incentive.

With the increased rate of resource development experienced in Alaska at this time, it is increasingly difficult for the Alaska Soil Conservation Board to function as a responsible arm of government without political support from the Legislature and State officials.

The citizens serve in the Soil Conservation District becasue they are concerned that Alaska not suffer from the same mistakes made by her sister states as they developed. Other states must function under expensive remedial conservation programs while Alaska has an opportuntiy to continue a less expensive, preventative program. Without the support of this bill, Alaska's conservation progam will loose the development race and then we, too will find ourselves operating under the more expensive remedial programs.

5/20 from Kerttula's office

Potential House Resources amendment to CSSB 120 (Res) am

page 5, section 13: add

(3) "Alaska Soil and Water Conservation District" means the area of the state not established under Section 41.10.130(a).

HOUSE RESOURCES COMMITTEE OBSERVER/WITNESS SIGN-UP SHEET

SB 120

DATE: MAY 30, 1983 SPONSOR: KERTTULA

SUBJECT(S): SOIL & WATER CONSERVATION

PLEASE FILL IN A COMPLETE ROW

NAME	REPRESENTING	ADDRESS	PHONE	Observer	Witness	For	Against
RICHARD RAMSEY	SEN. KERTTULA				✓	✓	

Potential House Resources amendment to CSSB 120 (Res) am

page 5, section 13: add

(3) "Alaska Soil and Water Conservation District" means the area of the state not established under Section 41.10.130(a).

STATE OF ALASKA
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907/465-3800

M E M O R A N D U M May 18, 1983

SUBJECT: Soil and water conservation [CSSB 120 (Resources)]

TO: Senator Jalmar M. Kerttula

FROM: Richard A. Bradley
Legislative Counsel

You have requested a sectional analysis of the above described bill.

As a preliminary matter, I must advise you that a sectional analysis or summary of a bill should not be considered an authoritative statement of the contents of the bill and the bill itself is the best statement of its contents. If you would like an interpretation of the bill as it may apply to a particular set of circumstances, please address a specific request to this office.

The bill amends AS 41.20, a chapter relating to the "Soil Conservation District Law." The law has its origins in ACLA, 1949 and 1960 amendments conforming the law to the then newly established structure of state government.

Section 1 of the bill amends AS 41.20.030 and redefines certain technical aspects of the law. The existing law describes the entire state as the "Soil Conservation District of Alaska." See AS 41.20.020 and the commentary on sec. 14 of the bill. The amendment to sec. 30 establishes a "Purpose" to the chapter (AS 41.20) in place of the more awkward "Purpose of [Soil Conservation] District." The amendment also acknowledges that conservation of "water" has also been added as a focus of the chapter.

Section 2 of the bill amends AS 41.10.040. The amendment adds "water" to the name of the former Soil Conservation Board. It provides that the board consists of five members (in place of the former three). It also provides that the commissioner of natural resources (or, in the absence of the

commissioner, the director of agriculture) serves ex officio (by virtue of the office) as a nonvoting member of the board.

In connection with this section note the provisions of sec. 15, a transitional section providing for the termination of the terms of existing members and the appointment of new members.

Section 3 adds a new Sec. 41.20.045. The section directs the commissioner to appoint an executive director and clerical staff to serve the board.

Section 4 amends AS 41.20.060. The section relates to the "Qualifications of Board Members." Existing law requires that board members be "bona fide farmers selected from the major farming areas of the state." As amended by this section, board members would be "bona fide users of land selected from the five major land areas of the state." The term "users of land" is defined [in sec. 13] to mean "producers of renewable resources, including farming and forestry" who have a "current cooperative agreement with a soil and water conservation district." See sec. 13 and its repeal and reenactment of AS 41.20.140(2).

Section 5 adds a new Sec. 41.10.065. It defines the "Major Land Areas of the State."

Section 6 amends AS 41.20.070. The amendment is essentially stylistic; at present,the law provides that initial terms of members of the board are for "one, two, and three" year terms. The provision is, of course, executed and members appointed to those terms presumably have not served on the board for a number of years. The law dealing with this issue for the new board members is not codified in Alaska Statutes but appears in sec. 15 of the bill.

Section 7 adds a new Sec. 41.10.075. It provides for meetings of the board and requires one meeting in the capital and one or more additional meetings at a time and place in the state selected by the board.

Section 8 amends AS 41.10.100. The changes are entirely stylistic.

Section 9 adds a new subsection to AS 41.10.100 to prescribe additional substantive duties for the board.

Section 10 amends AS 41.10.110. The section relates to the "Powers of Commissioner of Natural Resources relating to Soil and Water Conservation." Seven "powers" exist under the current law. With the exception of the changes in sec. 110(4) and (7), whatever changes exist are stylistic.

The amendment to sec. 110(4) deletes the authority of the board to establish conditions on the cooperation, assistance, or agreements that the commissioner offers to users of land.

The finance committee amendment to sec. 110(7) deletes the paragraph as amended. As written, the law permitted the commissioner of natural resources to

> (7) accept contributions in money, services, materials, or equipment from the United States or its agencies, from an agency of the state, and from any other source, for use in carrying out the purposes of this chapter.

The deletion of this section, standing alone, constitutes an anomaly to the extent that the deletion does not change the law. This is because any agency of the state has the power to accept contributions "for use in carrying out [statutory functions]" in the absence of an affirmative prohibition. Since no such affirmative prohibition was added to the bill, the deletion of sec. 110(7) was without legal effect. If there is a desire to add such an affirmative prohibition, I suggest putting sec. 110(7) back in the bill and modifying the introductory language to read:

> (7) may not accept contributions . . . ."

Section 11 amends AS 41.10.120. The amendment changes "land occupier" to "land user", a defined term. It provides that the commissioner of natural resources (rather than the former soil conservation district) may not carry out a "survey, investigation, or plan for land" without the prior approval of the "user of land."

Section 12 amends AS 41.10.130. The section dealt with the creation of "subdistricts" within the "soil conservation district" which, it will be recalled, was the state. See AS 41.10.020, a section proposed for repeal in sec. 14.

Since that concept is abandoned, the establishment of "districts" is permitted under this section; a "district" is

an area proposed by a petition without change from existing law. Except for the change in nomenclature suggested and except for the added requirement that the soil and water conservation board have recommended the establishment of the district, no other substantive change is provided for in the amendment to sec. 130(a).

The amendment also adds a subsection. Sec. 130(b) provides that the "area of the state that is not located within a district organized under (a) of this section shall be governed by the board."

Section 13 repeals and reenacts AS 41.10.140. It defines the board as the newly established board; it defines "land user" or "user of land" as suggested above. Under existing law, AS 41.10.140 provides:

> Sec. 41.10.140. "LAND OCCUPIER" DEFINED. In this chapter "land occupier" or "occupier of land" means a person who holds title to, or is in possession of, three or more acres of land in the state, whether as owner, lessee, renter, tenant, or otherwise.

Section 14 repeals AS 41.10.020 and AS 41.10.150. The sections provide:

> Sec. 41.10.020. CREATION AND BOUNDARIES OF SOIL CONSERVATION DISTRICT. The Soil Conservation District of Alaska is created. The district is composed of the area of the state.
>
> Sec. 41.10.150. SHORT TITLE. This chapter may be cited as the Soil Conservation District Law.

Section 15 is uncodified law. It provides that the terms of the members of the Soil Conservation Board terminate on the effective date of the Act [July 1, 1983: see sec. 16]. It establishes staggered terms for the new appointees: two members receive three year terms; two members receive two year terms; and one members receives a one year term. The section also recognizes that the section establishing the qualifications for board members [AS 41.10.060] prevents new members from qualifying until "soil and water conservation districts" have been created under the amendments; to resolve that problem, the section provides that a person qualified for appointment to the former board will be qualified for appointment under the revisions.

Section 16 establishes an effective date: July 1, 1983.

If I may be of further assistance, please advise.

RAB:ljb
20/017

Chairman Fahrenkamp and members of the Senate Resources Committee:

I would like to help you develop an awareness of the soil and water conservation program in Alaska and the importance of SB 120 to its future. To accomplish this, it is important for you to understand

1) a little of the history behind Alaska's Soil and Water Conservation program;

2) the relationship between the Alaska Soil Conservation District, the Governor, and the Commissioner of Natural Resources; and

3) some of the current responsibilities of the 48 supervisors throughout the state.

In the mid-1930's, President Roosevelt became deeply concerned with the loss of one of America's most valuable resources due to the extreme effects of wind and water erosion. This resource was of course her soil, the basis of America's economic and physical stability. As a result of the "Dirty Thirties," President Roosevelt authorized the development of what is now the Soil Conservation Service under the United States Department of Agriculture. The mandate of this technical service organization was to find 1) the cause and 2) the effect of this depleting natural resource.

The cause, in short, was the misuse and mismanagement in all phases of land use and included agriculture, forestry, grazing, and mining. Most recently we have seen an increase in land resource abuse due to rapid expansion of urban areas. The effect was lower crop yields, destruction of those areas with commercial timber values, complete loss of native range for livestock grazing, deterioration of water and air quality, and the combined effect of all of these on the standard of living and the American economy.

To overcome what seemed to be an insurmountable problem, each state, as well as the Territories of Alaska and Hawaii, was asked to establish a program that would organize the private sector into a unit of government that would work with the Soil Conservation Service in managing the nations renewable natural resources. A.S. 41-10 adopted in 1947 by the Territory of Alaska and amended in 1961 is a result of that request. For the past 36 years the Alaska Soil Conservation District, through a Memorandum of Understanding with the USDA Soil Conservation Service, has provided assistance to the residents of this state as the private sector moves ahead to develop Alaska's valuable natural resources.

I would like to briefly describe the structure of the soil and water conservation program. The current statewide district is administered by three board members appointed by the Governor. There are nine subdistricts established to service various areas of the state where intense land uses have occurred to assist cooperators in their areas. Subdistrict supervisors are elected by the cooperators in their area. The individual districts are

associated into a state association and are also members of the National Association of Conservation Districts to help provide input into programs developed at the federal government level. (Organizational charts attached.)

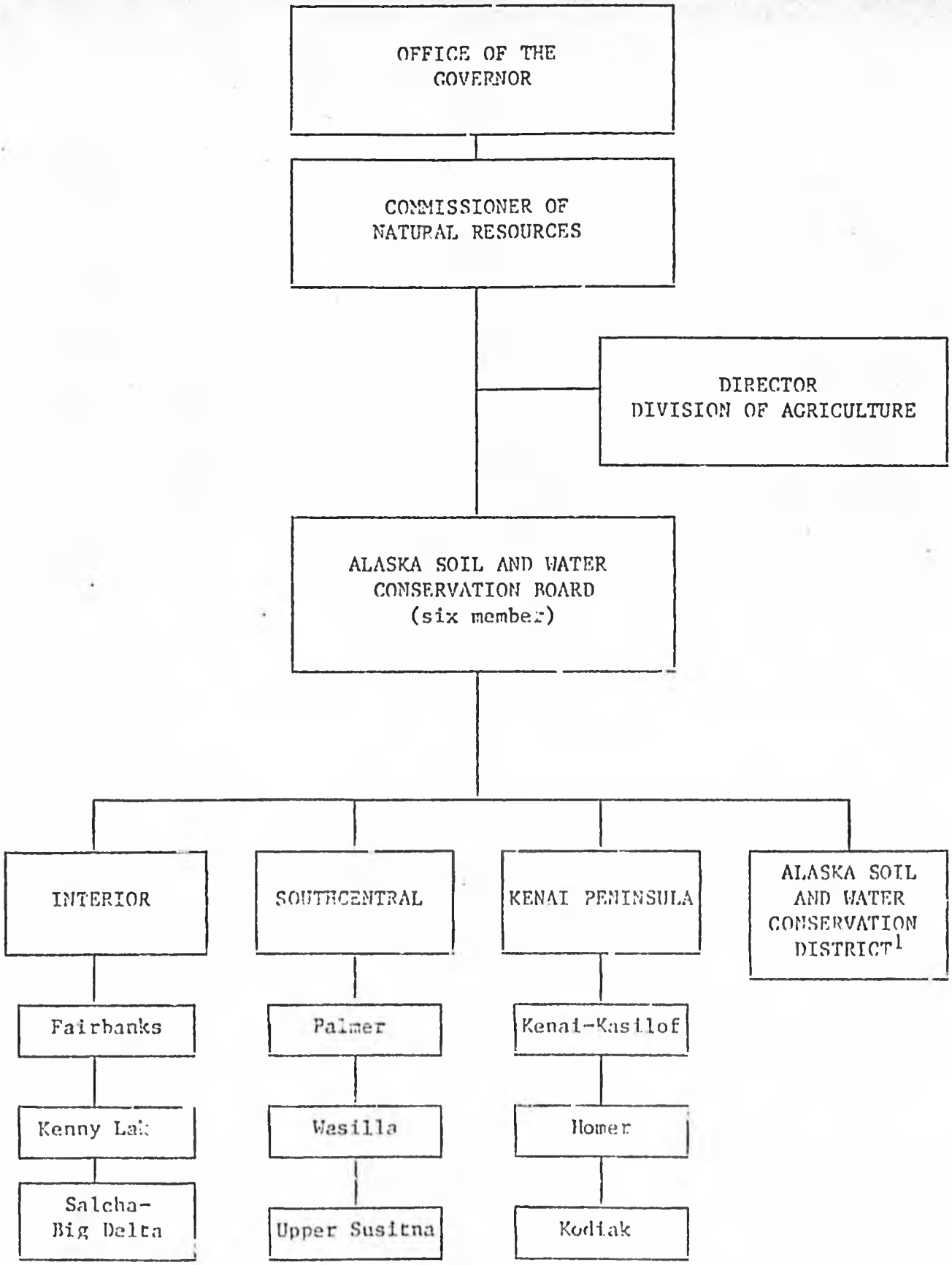
Through long-range and annual plans of operations, the Alaska Soil Conservation District and each of the nine subdistricts identify goals and objectives with regard to the development of the natural resources as a result of settlement. The attitude of the supervisors statewide is that development is a must for Alaska's economic well being, making sure that progress is achieved along reasonable management guidelines. In general, development hazards can be curbed if resource management recommendations are assigned to address the type and intensity of development. An example of such resource management recommendations is the Farm Conservation Plan which is a requirement of the sales contract on all state lands sold for agricultural development. The Farm Conservation Plan is a result of a cooperative effort between the local SCS District Conservationist and the individual farmer and is approved or disapproved by the local soil conservation subdistrict board of supervisors. I would like to emphasize one important aspect of this process. The subdistrict supervisors are elected for three year terms by local land owners in their area who are cooperators with that particular subdistrict.

It is important to remember, however, that development of privately-owned land through conservation planning is basically voluntary. The soil and water conservation program is therefore non-regulatory, and implementation of this program depends on the educational process and reasonable economic incentive.

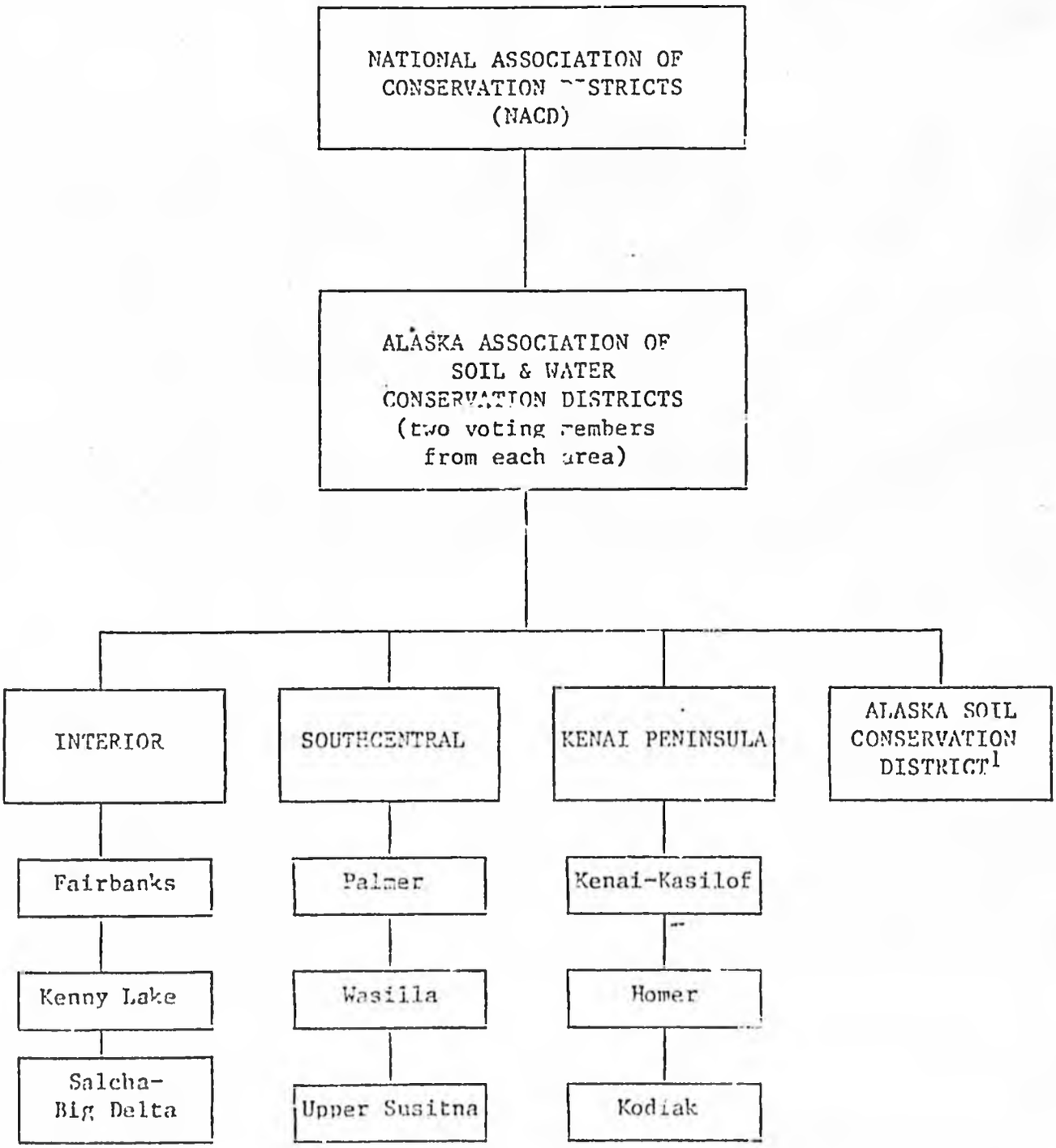
I would like to conclude by reading a brief excerpt from the Executive Summary prepared by the Alaska Soil Conservation District Board of Directors:

> "In 1982 our support of federal programs has been responsible for approximately $195,000 worth of cost-shared conservation practices on more than 15,000 acres of land in Alaska. Recent Soil Conservation Service records indicate 5,595,222 acres of land in Alaska which are adequately treated as a result of conservation planning. The Alaska Soil Conservation District has been active in the acquisition of approximately $500,000 of state and federal funds to help support the National Cooperative Soil Survey program in Alaska. In 1981 this money was used to fund soil and range surveys in the Susitna Valley, Copper River Valley, Delta, Fairbanks, Kenai Peninsula, and the Seward Peninsula. A recent Memorandum of Understanding with the Alaska Division of Forestry establishes a working relationship for conservation planning with regard to privately owned timber resources. The Department of Environmental Conservation also recognizes the ability of the District to address non-point source pollution on agricultural lands for the protection of Alaska's water quality."

Alaska Association of Soil Conservation Subdistricts



[1] Defined as that area of the state which is not encompassed by an organized district. The Alaska Soil and Water Conservation District is administered by the Soil Conservation Board.



[1] Defined as that area of the state which is not encompassed by an organized district. The Alaska Soil Conservation District is administered by the Soil Conservation Board.

SB

128

LETTER OF INTENT

TO ACCOMPANY SB 128

Although access to mineral deposits is not expected to require construction of facilities within marine parks, we acknowledge that such construction may be required in park units adjacent to mineral development which could not otherwise take place. In such cases, it is the intent of the Legislature that the access language within the Act be interpreted to allow development of docking facilities under terms prescribed by the Commissioner of Natural Resources.

Two units of the original marine park proposal - Decision Point and Entry Cove - have been removed from designation at this time, in order to allow a more vigorous analysis of other possible higher and better uses for these areas. Such possible alternative uses could include exchange with private or corporate ownerships for State acquisition of other lands, conveyance to the local municipality, and disposal through the State programs. If an in-depth study does not identify some alternative as being more suitable, these two sites may be legislatively included in the Alaska state park system at a later time.

John Ringstad, Co Chairman

Dick Shultz, Co Chairman

Two units of the original marine park ~~units~~ - Decision Point and Entry Cove - have been removed from ~~proposed~~ proposal designation at this time, in order to allow a more vigorous analysis of other possible higher and better uses for these areas. Such possible alternative uses could include exchange with private or corporate ownerships for State acquisition of other ~~recreational~~ lands, conveyance to the local municipality, and disposal through the State ~~homesite~~ programs. If an in-depth study does not identify some alternative as being more suitable, these two sites ~~can~~ may be legislatively included in the Alaska state park system at a later time.

By Shultz

Proposed amendment to HCS CS SB 128 (Resources)

Page 1, line 20:

following the phrase "wildlife resources",

insert:

<u>and valid existing uses of these resources</u>

adopted unanimously

By Shultz

Proposed amendment to HCS CS SB 128 (Resources)

Page 8, line 21:

Following "AS 41.20.534",

Insert:

except as provided in AS 41.20.532(d)

adopted unanimously

By Shultz

Proposed amendment to HCS CS SB 128 (Resources)

Page 9, line 7:

Add a new subsection to read:

(f) The commissioner of natural resources may not prohibit the continuation of customary, traditional, or pre-established uses within the state-owned land and water described in AS 41.20.534.

failed 4-4

yea - Shultz, Cowdery, Liska & Vaska

nay - Larson, Rinstad, Vehling, Goll

not present - Bussell

STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

DEPARTMENT OF NATURAL RESOURCES

DIVISION OF PARKS

619 WAREHOUSE AVE., SUITE 210
ANCHORAGE, ALASKA 99501
PHONE: (907) 276-2653

April 25, 1983

The Honorable Richard Shultz
Alaska State House of Representatives
State Capitol
Pouch V,
Juneau, AK 99811

Dear Mr. Shultz:

You may soon have the opportunity to vote on the bill (S.B. 128) creating State Marine Parks. A considerable effort has gone into making this legislation acceptable to a wide range of Alaskan interests. This bill is different from past measures. Some facts and figures:

* of the 400,000 National Forest acres selectable under the Statehood Act, only about ten percent is planned for public recreational use. The fourteen marine parks authorized in the the bill now in the House contains but three percent of the 400,000 acres.

* The communities of Whittier, Valdez and Cordova and the Chugach Native Corporation are on record supporting the creation of marine parks.

* These recreation sites are open to:

    1. hunting
    2. trapping
    3. commercial and sport fishing
    4. aquaculture
    5. fisheries enhancement
    6. access to adjacent lands and mineral claims

* The Alaska marine parks provide a coordinated linkage with Washington State's 57 marine parks and British Columbia's 23 marine parks.

* The bill creates nine public recreation sites in Prince William Sound and five units in Southeast; careful planning and selection procedures will provide for additinal marine parks in the future. Again, only about ten percent of land selected from the National Forests is involved.

* Over half of all Alaskans participate in boating; recreation and tourism is our second largest industry, worth half a billion dollars a year and employs almost 11,000 Alaskans. This commitment to recreation provides an important linkage to the tourism industry: boat rentals and charters, boat moorage, boat and aircraft sales, maintenance and repairs, air taxi and guide operations and other visitor service related industries.

The proposed marine park system is designed to guarantee everyone's use of the most scenic small coves, bays, bights and accessible beaches along the Southeast and Southcentral coast of Alaska. The plan has gathered bipartisan support, is carefully thought out and clearly shows that Alaskan's desire to provide for their, as well as their children's, recreational needs.

I ask your support for this Legislation.

Sincerely,

Neil C. Johannsen
Director

NCJ:ces

opinion

Anchorage Daily News

Winner, 1976 Pulitzer Prize Gold Medal for Public Service

Katherine Fanning
Editor and Publisher

Howard Weaver
Managing Editor

Gerald E. Grilly
General Manager

Steve Lindbeck
Editorial Page Editor

Lawrence Fanning Editor and Publisher 1967 to 1971
Alaska's Only Morning Newspaper • Founded in 1946 by Norman C. Brown

Beauty of our coasts

Fourteen of Alaska's most scenic coastal areas would gain state park status — and thus protection against land disposal and timber development — under legislation approved by the Senate Resources Committee this week. Last year the same idea passed the Senate and got stalled in the House; this year it deserves approval from the entire legislature.

Ten of the coastal areas involved are located in Prince William Sound; the other four in Southeast Alaska. Those who've spent time along the water in either region might well divide in partisan debate over which commands more scenic grandeur. But there would be no disagreement that both regions — each blessed with deep fjords, towering mountains, white-water falls, tidewater glaciers and unmatched marine life — are worth protecting.

The proposed legislation would not prevent access across parklands to private land or mineral claims, nor would it exclude hunting, fishing or trapping except by specific regulation from the commissioner of natural resources. What the legislation would do is prevent land disposal or timber development from encroaching on what backers say are the state's "best and most beautiful little coves and bays."

There are places in both regions — perhaps too many places — where private disposal and timber development on public lands will proceed apace in coming years. These 14 coastal parks would set aside small enclaves where the splendor they contain might be reserved for the appreciation of all — not dissipated in the grasp and potential exploitation of a few.

The Anchorage Times

Editorials

A better waterway

IT WOULD be understandable if Alaskans were wary of the state's proposal to create 14 marine parks. They are accustomed to the federal government coming in and locking up their acres.

The state plan, however, appears to be quite a different breed of cat. Management of the parks would be right here at home and not at the whim of back-East bureaucrats and politicians. It also could open to visitors some gorgeous areas of Alaska that heretofore have been out of their reach.

The Senate has approved the bill and sent it to the House, where public hearings are scheduled at the end of the week.

THE MARINE units would be part of the state park system, which, if the law passes, would have to maintain the natural, cultural and scenic values of the sites as well as their existing fish and wildlife resources. The bill guarantees a continuation of public hunting, fishing, trapping, commercial fishing and aquaculture activities as well as access to any nearby privately owned land, including mining claims.

Five of the sites are in Southeastern. Nine are in Prince William Sound.

The state parks division feels these areas should to be set aside while they are still available. Most of them are small parcels — a total of 13,000 acres — beside and in the water.

ONE OF THE necessities to future enjoyment of the magnificent scenery in Prince William Sound is that there will be preserved in the area some coves and bays and natural harbors that will be open to the public — places where boaters in future years can be assured of a place to anchor overnight and where those aboard can go ashore. The bill would remedy this.

The marine parks would be something new for Alaska, but there are a number of them along the coasts of Washington and British Columbia, where they have had wide use.

The marine parks would be a tremendous boost for tourism, which is the state's second largest industry. A spinoff would be economic benefits to nearby communities.

It would be hoped the House will give favorable attention to this bill.

STATE OF ALASKA
FISCAL NOTE

Revision Date , 1983

REQUEST
Bill/Resolution No.: SB 128
Title: Marine Parks
Sponsor: V. Fischer
Requestor: House Resources Committee

II. FISCAL DETAIL
Agency Affected: DNR
Program Category Affected:
BRU, Program of Subprogram(s) Affected:

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Source)						
	0	0	0	0	0	0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						
	0	0	0	0	0	0

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

None affected

IV. ANALYSIS: Attach a separate page for any Analysis (see attached memo)

Prepared By: Ned Farquhar NF
Phone: 465-2400
Division: Commissioner's Office
Date: May 11, 1983

Approved by Commissioner: [illegible], Deputy
Date: May 11, 1983
Department: Natural Resources

Distribution:
Original to Legislative Finance
Copy to Office of Management and Budget (for Legislature introduced bills)
Copy to Department (for Governor introduced bills)
Copy to Sponsor
Copy to Requestor (if different from Sponsor)

3/8/83

MEMORANDUM State of Alaska

TO: Dave Stancliff
House Resources Committee

DATE: May 11, 1983

FILE NO:

TELEPHONE NO:

FROM: Ned Farquhar NF
Special Assistant
Department of Natural Resources

SUBJECT: Marine Parks

For the foreseeable future, the marine parks system will be among passively managed state parklands, although the Division of Parks expects to arrange with the U. S. Forest Service for the cooperative management of some units. The Forest Service has been interested in designating and managing marine parks on federal land. Some private concessions may be arranged, probably returning general fund revenue.

Although no funding will be dedicated to the marine parks system in the next few years, creation of the system is important at this time for several reasons. Primarily, park designation will occur without land acquisition costs. Also, the State can indicate its commitment to recreation management on these lands, which is significant to the U. S. Forest Service as it reviews and conveys state land selections in the National Forests. Last, the designation will clarify the State's management priorities for the affected areas, thereby reducing interagency and interdivisional staff work on management.

cc: Neil Johannsen, Director
Division of Parks

REMARKS OF DNR DEPUTY COMMISSIONER ROBERT D. ARNOLD BEFORE THE HOUSE RESOURCES COMMITTEE ON SB 128 (Marine Parks)
29 April 1983

Mr. Chairman and members of the Committee, thank you for hearing the Administration's position on the proposed marine parks system. Commissioner Wunnicke had hoped to be here today but has instead been called to Anchorage.

When the marine parks proposal came before the Senate Resources Committee earlier during this session, Governor Sheffield supported it. He remains strongly supportive of the proposal, especially because of the important amendments that have been included in this year's proposal.

Governor Sheffield said today, "I see a need for a marine parks system serving Alaskans who enjoy the excellent recreational opportunities of our oceans and islands, and we have sought to meet this need without infringing on the rights and needs of other Alaskans. That is why this year the marine parks bill includes special consideration for access to privately held lands and mineral claims and for continued hunting and fishing in these areas."

Within the Department, our divisions have worked closely together to balance the various needs -- recreation, development, and settlement -- in the marine parks issue. The result is a balanced bill that the Governor supports and that deserves the full support of the House.

Please allow me to introduce Parks Director Neil Johannsen, who can provide further detail on the proposed legislation and answer your questions. Thank you for your attention.

Information on Marine Parks

Proposed for Designation in SB 128

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Southeast Alaska Region Map..... B

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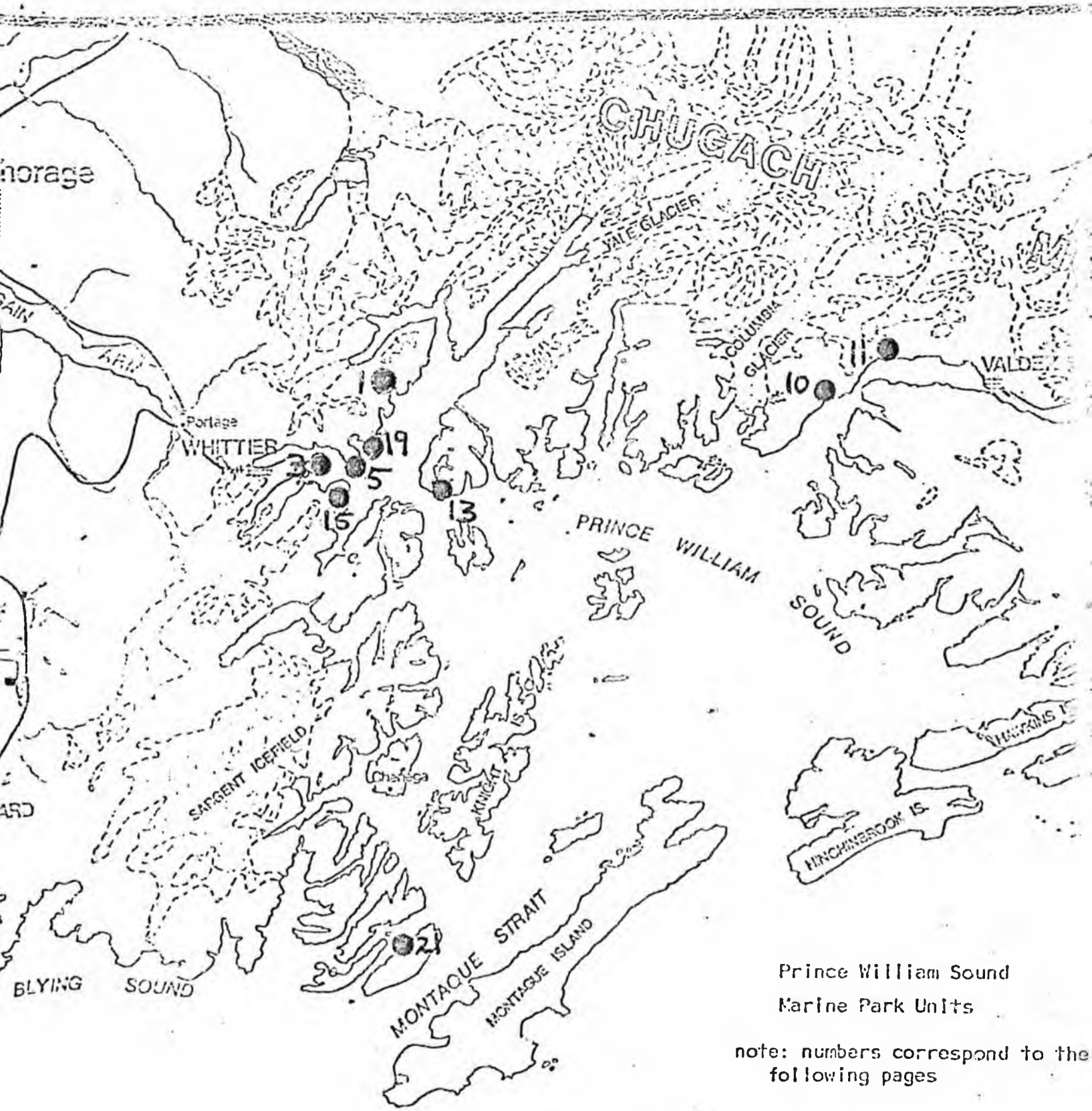
Minerals Assessment for Prince William Sound 29

Minerals Assessment for Southeast Alaska..... 30

prepared by

Alaska Division of Parks
March 1983

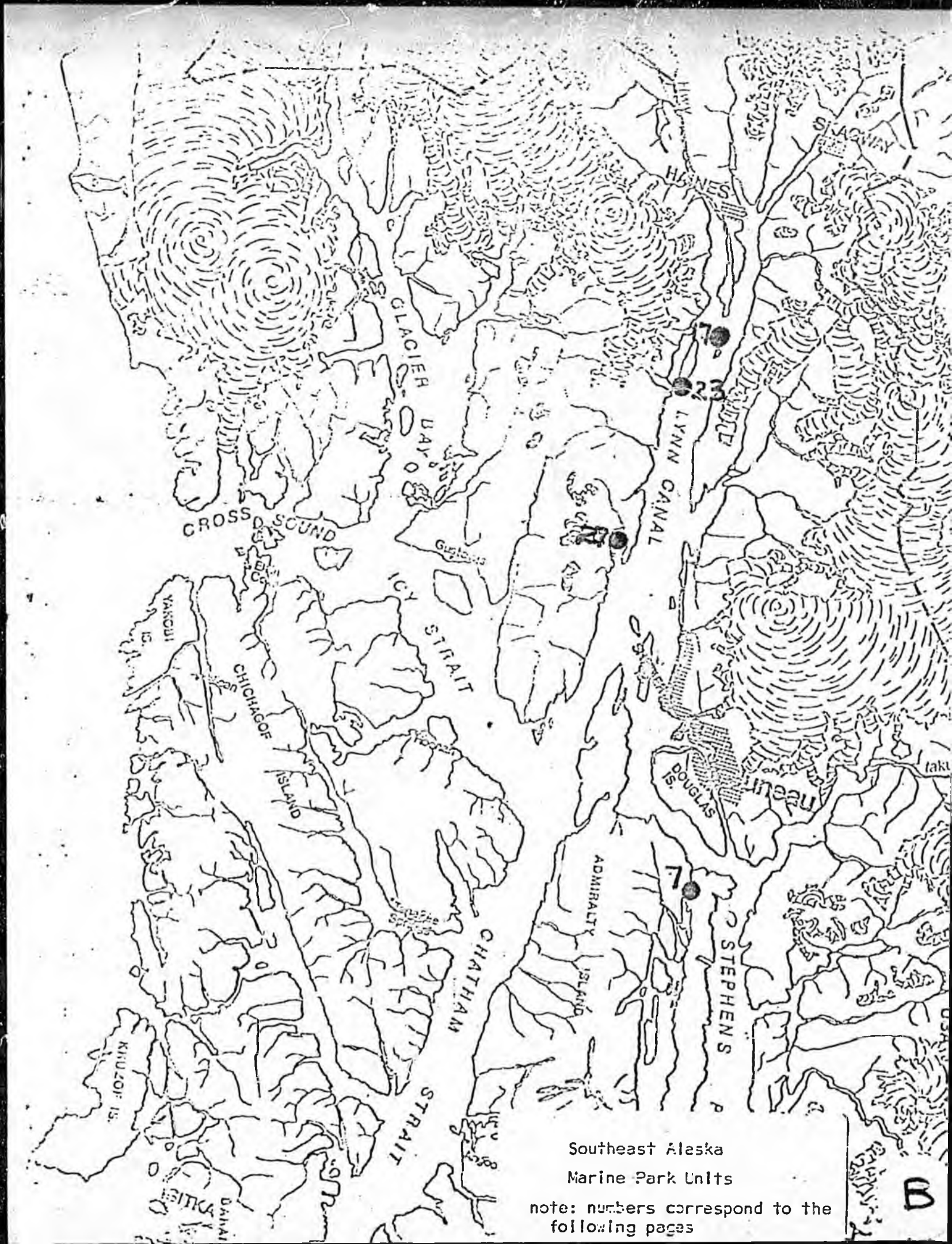


Prince William Sound
Marine Park Units

note: numbers correspond to the following pages

of Alaska

A

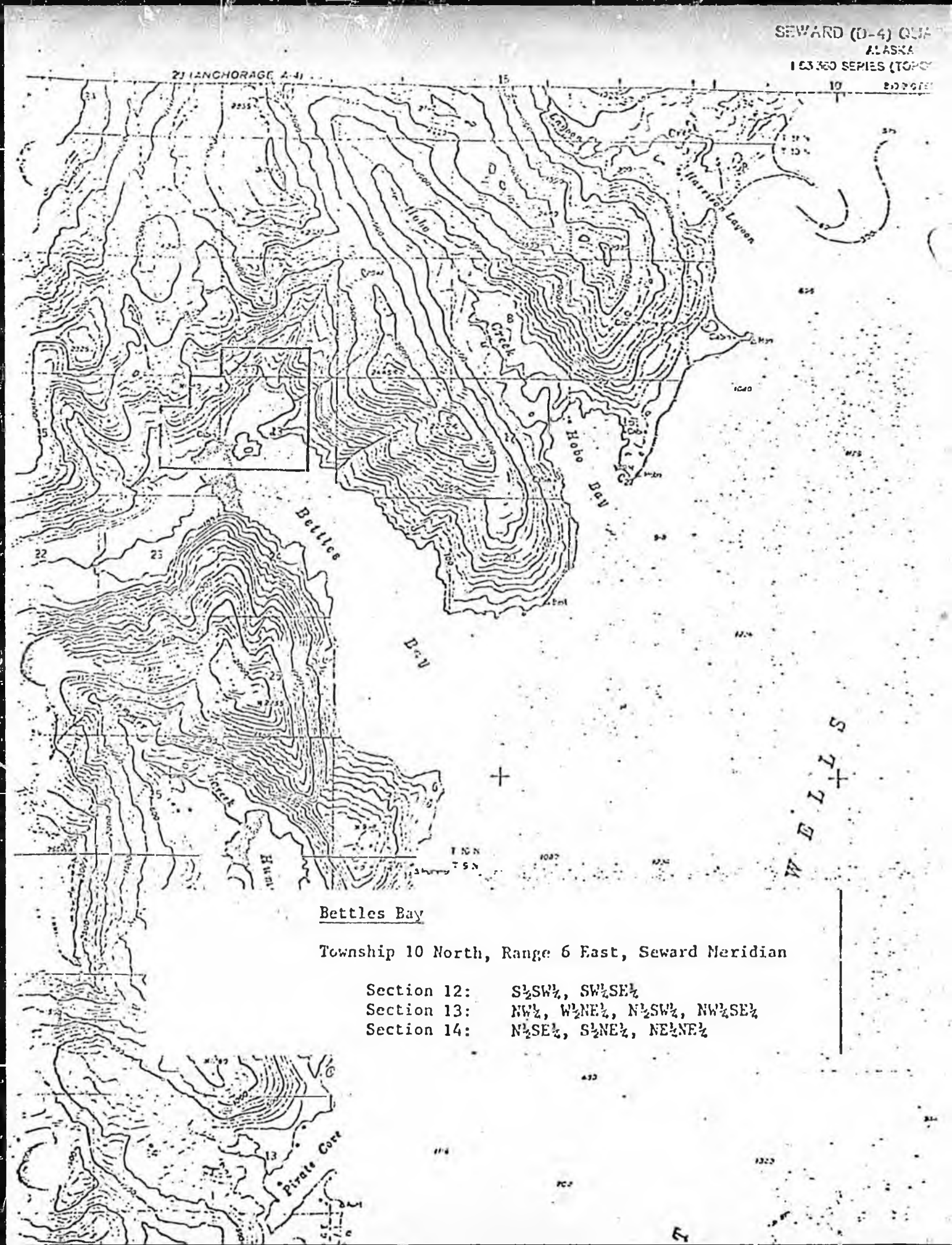


Southeast Alaska

Marine Park Units

note: numbers correspond to the following pages

B



Bettles Bay

Township 10 North, Range 6 East, Seward Meridian

Section 12:	S½SW¼, SW¼SE¼
Section 13:	NW¼, W½NE¼, N½SW¼, NW¼SE¼
Section 14:	N½SE¼, S½NE¼, NE¼NE¼

Alaska Marine Park System

Name

Bettles Bay

Size

land	555
water	125
total	680

General Location

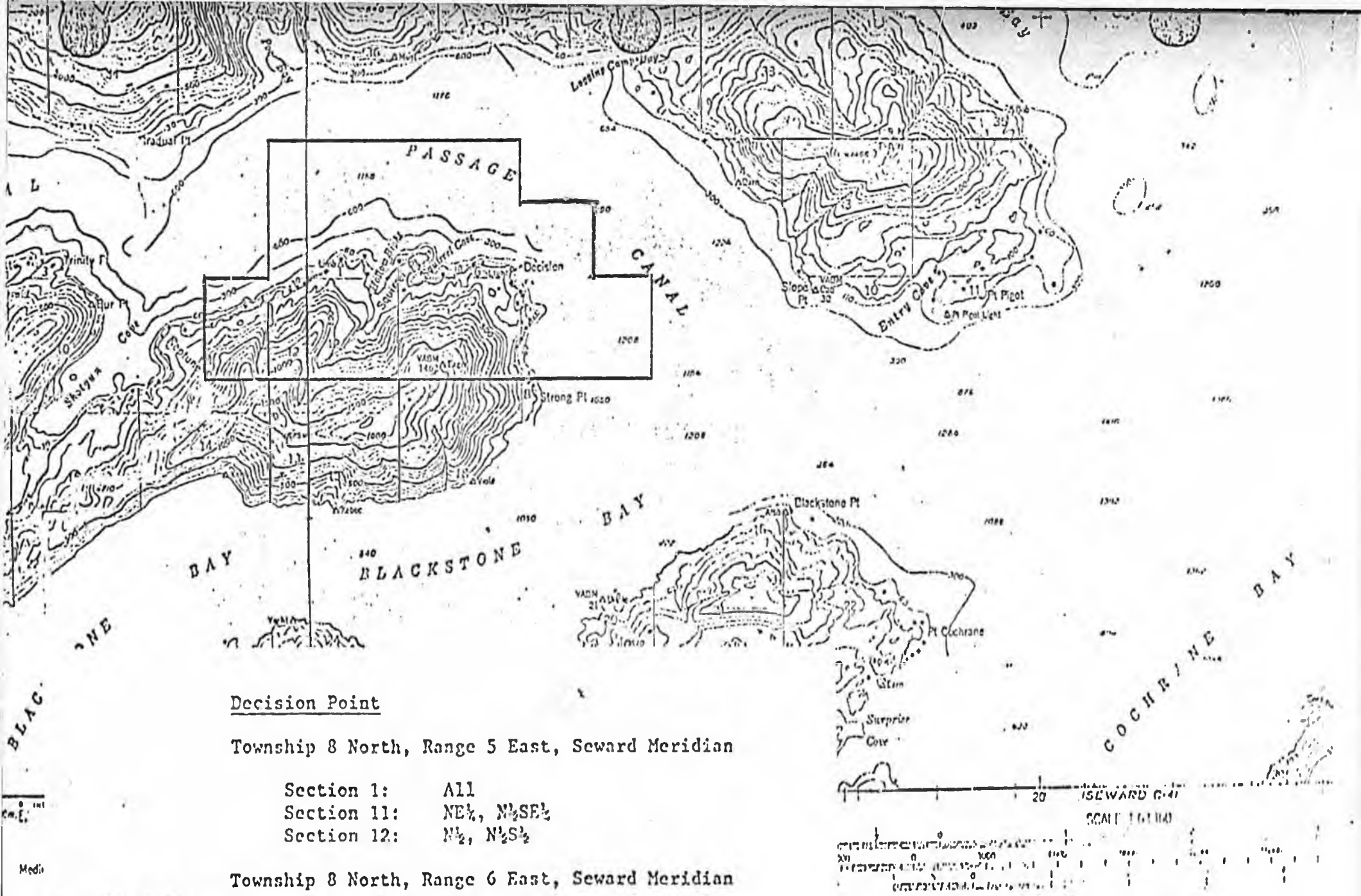
Bettles Bay is located approximately 20 miles from the city of Whittier by small boat. It is located in the central portion of the western shoreline of Port Wells.

Description of the area

Large and well protected, Bettles Bay is a favorite of boaters exploring the Port Wells area, as it is thought to be one of the most scenic bays of the west shore of this major waterway. A number of wildlife species, including the black bear, sea lions, geese, whales, waterfowl, seals, dungeness crab, halibut, pink and chum salmon are reported in the area. An abandoned mine is located outside of the proposed marine parks and is approximately one-half mile southwest of the park boundary.

Reason for Marine Park Status

Bettles Bay has long been a traditional overnight destination anchorage for Whittier-based boaters. Because of this and a well protected anchorage, it is proposed as a unit of the Alaska Marine Park System.



Decision Point

Township 8 North, Range 5 East, Seward Meridian

Section 1:	All
Section 11:	NE¼, N½SE¼
Section 12:	N½, N½S½

Township 8 North, Range 6 East, Seward Meridian

Section 5:	SW¼
Section 6:	All
Section 7:	N½, N½S½
Section 8:	N½, N½S½

Name

Decision Point

Size

land	1,090
water	2,030
total	3,120

General Location

This area is located approximately seven miles east of the City of Whittier. Decision Point forms the southern shoreline of the entrance to Passage Canal. Shotgun Cove, the site of a proposed boat harbor with road access from Whittier, is located one quarter mile to the west of the proposed park boundary.

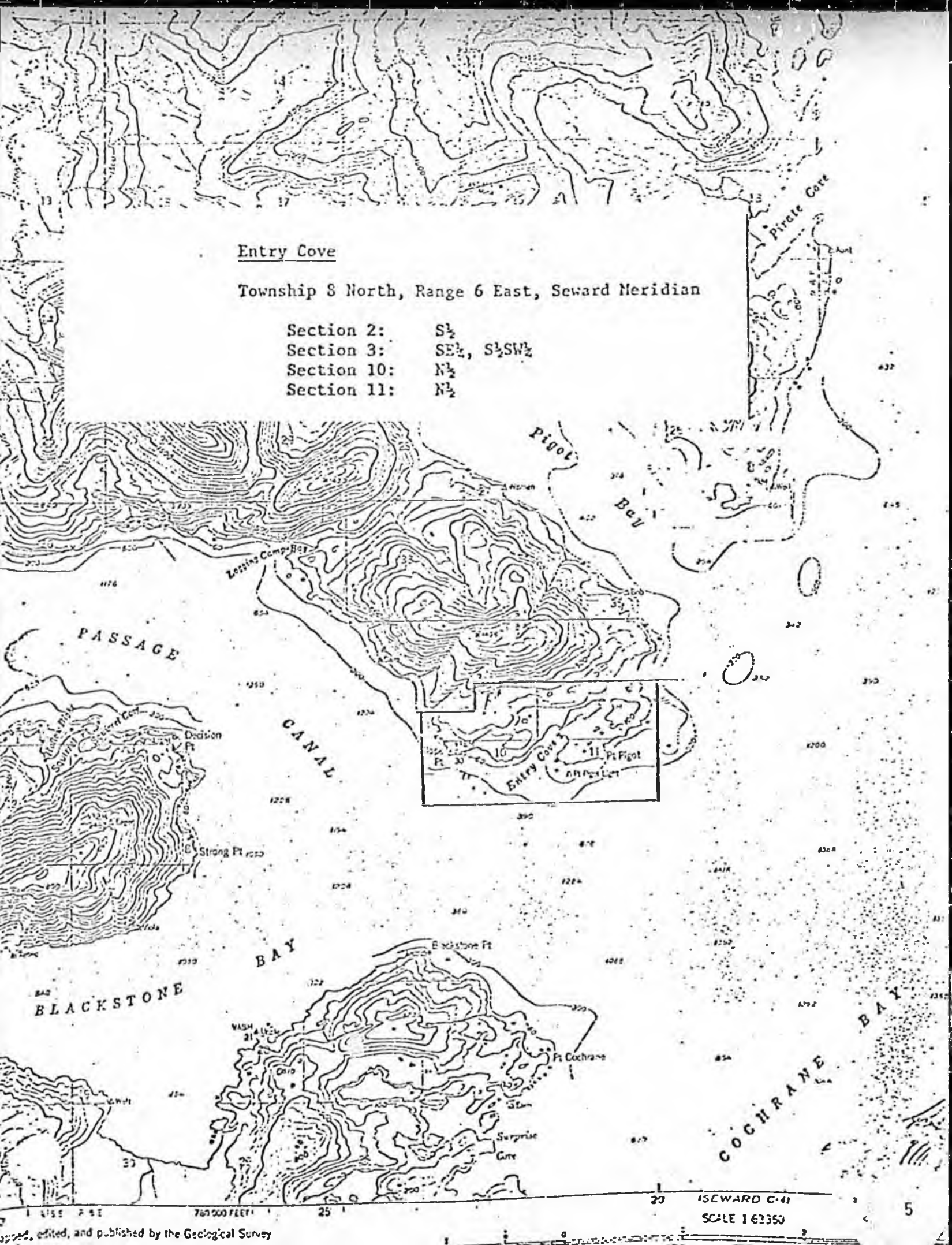
Description of the area

The Decision Point area has a generally rugged shoreline with several large coves suitable for the use as a pleasure craft anchorage during periods of good weather. Numerous beaches found within the area offer kayakers and persons using inflatable boats with excellent opportunities for beach camping. Several runs of pink salmon occur. The area's topography is generally steep with several relatively flat areas located near Squirrel Point and Decision Point. Black bears frequent the area. Eagles nest near Decision Point and whales and seals frequent the nearshore waters.

Reason for Marine Park Status

Because of plans for a road from Whittier to Shotgun Cove, this area offers the potential to be developed with automobile access. This area will insure that persons visiting Whittier who do not have a boat, or access to one, can at least experience Prince William Sound by visiting this park.

It is anticipated that the Division of Parks will develop this area with hiking trails, beach campsites, roads and campgrounds for those persons arriving with automobiles. This area, if developed for public use, will be the only public campground where people in Southcentral Alaska can experience the Sitka spruce forested marine coastline which is so commonly found in Southeastern Alaska. Thus, on a regional basis, this area will provide a unique recreational tourist attraction. The area will compliment the development of the small boat harbor and private enterprise offering visitor services. Native corporation lands, state lands and city lands are scheduled for development in nearby Shotgun Cove.



Entry Cove

Township 8 North, Range 6 East, Seward Meridian

Section 2:	S½
Section 3:	SE¼, S½SW¼
Section 10:	N½
Section 11:	N½

...edited, and published by the Geological Survey

Name

Entry Cove

Size

land	525
water	675
total	1,200

General Location

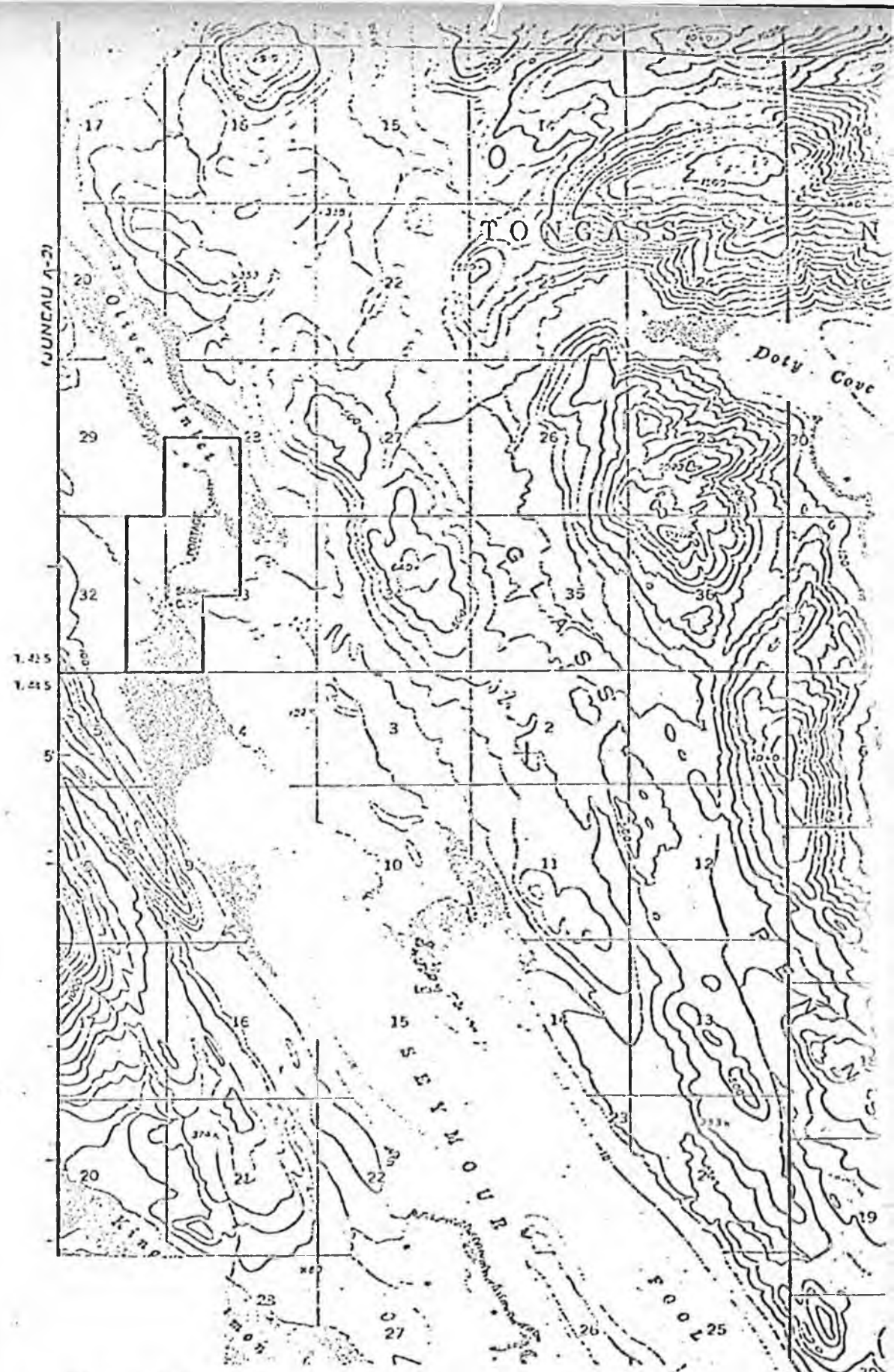
Entry Cove is located 12 miles due east of Whittier by boat. The cove is strategically located at the confluence of Port Wells, Passage Canal, Blackstone Bay and Cochrane Bay.

Description of the area

Entry Cove is a small well protected bay with a shallow entrance. Anchorage for pleasure boats can be found both inside the cove itself and in the outer cove which is protected from all but southeasterly winds. A large gravel beach is located near the Point Pigot light and is heavily used by recreational kayakers. Point Pigot and Entry Cove are located on a low lying area which is forested with Sitka spruce interspersed by large open muskegs. Black bear may be found in the area and an eagle's nest is located near Point Pigot. Point Pigot was named by Captain Vancouver in 1794 for one of his midshipmen. Between October and June, king salmon may be caught near Point Pigot. Fur seals and killer whales are frequently observed in the nearby offshore waters.

Reason for Marine Park Status

Entry Cove has been proposed as a marine park because of its strategic location at the intersection of several commonly used pleasure boat routes and the excellent protection it affords to boaters. The area commands outstanding views of Prince William Sound and is used frequently by both kayakers and larger pleasure boats.



Oliver Inlet
Juneau (A-1)

T43S, R68E Copper River Meridian, Alaska

226	Sec. 28	S½
	Sec. 32	E½E½
	Sec. 33	N½, N½S½

Name

Oliver Inlet

Size

land	425
water	135
total	560

General Location

By boat, Oliver Inlet is located 12 miles south of Juneau between Seymour Canal and Stephens Passage on Admiralty Island.

Description of the area

The area is comprised of old growth Sitka spruce and hemlock forests with numerous gravel beaches. A recreation cabin and a five-mile narrow gauge tramway, and a registration/information station (unmanned) for the Admiralty Island National Monument are all existing facilities at this site. Oliver Inlet is a strategically located overland portage route for boaters entering Seymour Canal from Juneau. Hunting, fishing, boating, kayaking, beachcombing and wildlife viewing and photography are all frequent activities in this area. Located fully within the Admiralty Island National Monument and Federal Wilderness Area, Oliver Inlet provides access to not only Seymour Canal, but other portions of the national monument as well. Hump back and killer whales, seals, sea lions, porpoise, salmon, halibut, rock fish, Sitka deer, and brown bear are found within this area. Alaska Department of Fish ad Game has identified Oliver Inlet as an important wildlife area. Good protected boat anchorages are found in both the Seymour Canal and Oliver Inlet.

Reason for Marine Park Status

This area is proposed for marine park status to assure both the continued public use of the area as well as the protection of its natural and scenic values. It is the only area within the wilderness portion of the Admiralty Island National Monument where public recreational facilities can be built for purposes other than public safety. As such, it serves as a "threshold" park for Admiralty Island.

Sawmill Bay

Township 9 South, Range 9 West, Copper River Meridian

Section 22:	E½SE¼, SW¼SE¼
Section 23:	SW¼, S½NW¼, NE¼NW¼, W½NE¼
Section 26:	W½
Section 27:	E½, S½SW¼
Section 28:	E½SE¼
Section 33:	NE¼NE¼
Section 34:	N½, SE¼, N½SW¼, SE¼SW¼
Section 35:	W½,

Name

Sawmill Bay

Size

land	1,430
water	890
total	2,320

General Location

Sawmill Bay is located approximately 14 miles west and south of the city of Valdez. It is located on the northern shoreline of Port Valdez.

Description of the area

Sawmill Bay is a large well protected bay offering several good anchorages for pleasure boaters. Recreation opportunities in the area include sport fishing for silver salmon, crab, clams and halibut. A public use cabin has been constructed by the U.S. Forest Service in the southernmost branch of Sawmill Bay. Sawmill Bay receives considerable use by boaters originating from Valdez. Opportunities for hiking exist along Twin Falls Creek and near Devish Lake.

Reason for Marine Park Status

Sawmill Bay has been proposed as a state marine park because of its traditional use by boaters from Valdez and boaters in transit to and from Valdez and other parts of Prince William Sound.

Shoup Bay

CRM

Township 8 South, Range 7 West,

Section 30:	W½W½
Section 31:	W½W½

CRM

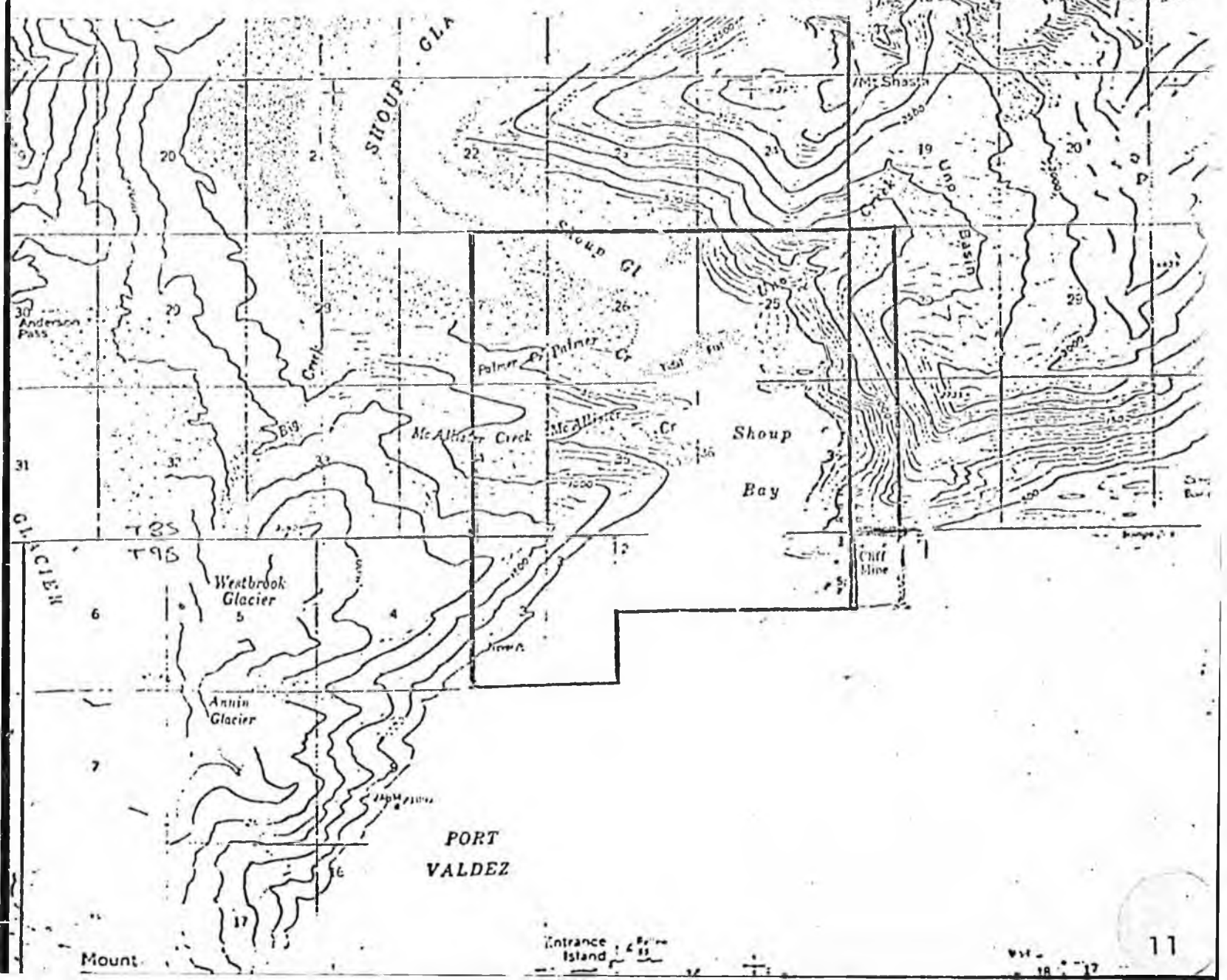
Township 8 South, Range 8 West,

Section 25:	All
Section 26:	All
Section 27:	E½
Section 34:	E½
Section 35:	All
Section 36:	All

CRM

Township 9 South, Range 8 West,

Section 1:	N½NW¼
Section 2:	N½
Section 3:	All



Alaska Marine Park System

Name

Shoup Bay

Size

land	2,925
water	1,635
total	4,560

General Location

Shoup Bay is located 7.5 miles west of the city of Valdez by boat on the north shore of Port Valdez.

Description of the area

Shoup Bay is very scenic with Shoup Glacier extending almost to the bay from the northwest and a large sand pit extending across the mouth of the bay. Fishing, wildlife viewing, and visiting the glacier are the most common reasons for use of the area by the public. Mountain goats can be observed on the slopes above the bay while ducks can be seen feeding on the tidal flats. Shoup Glacier is the main tributary to the huge glacier that carved Valdez Arm. Shoup Bay is also listed in the Guinness Book of World Records for the height of the waves in the bay during the 1964 earthquake. It is said that the bay emptied and filled three times. A well protected anchorage does not exist in the bay. Short-term or fair-weather anchorages can be found in several areas depending on wind direction.

Reason for Marine Park Status

This area has been proposed for marine park status because of its unique natural features and its close proximity to Valdez. Shoup Bay could, in the future, also become an important destination for tour boats operating out of Valdez.

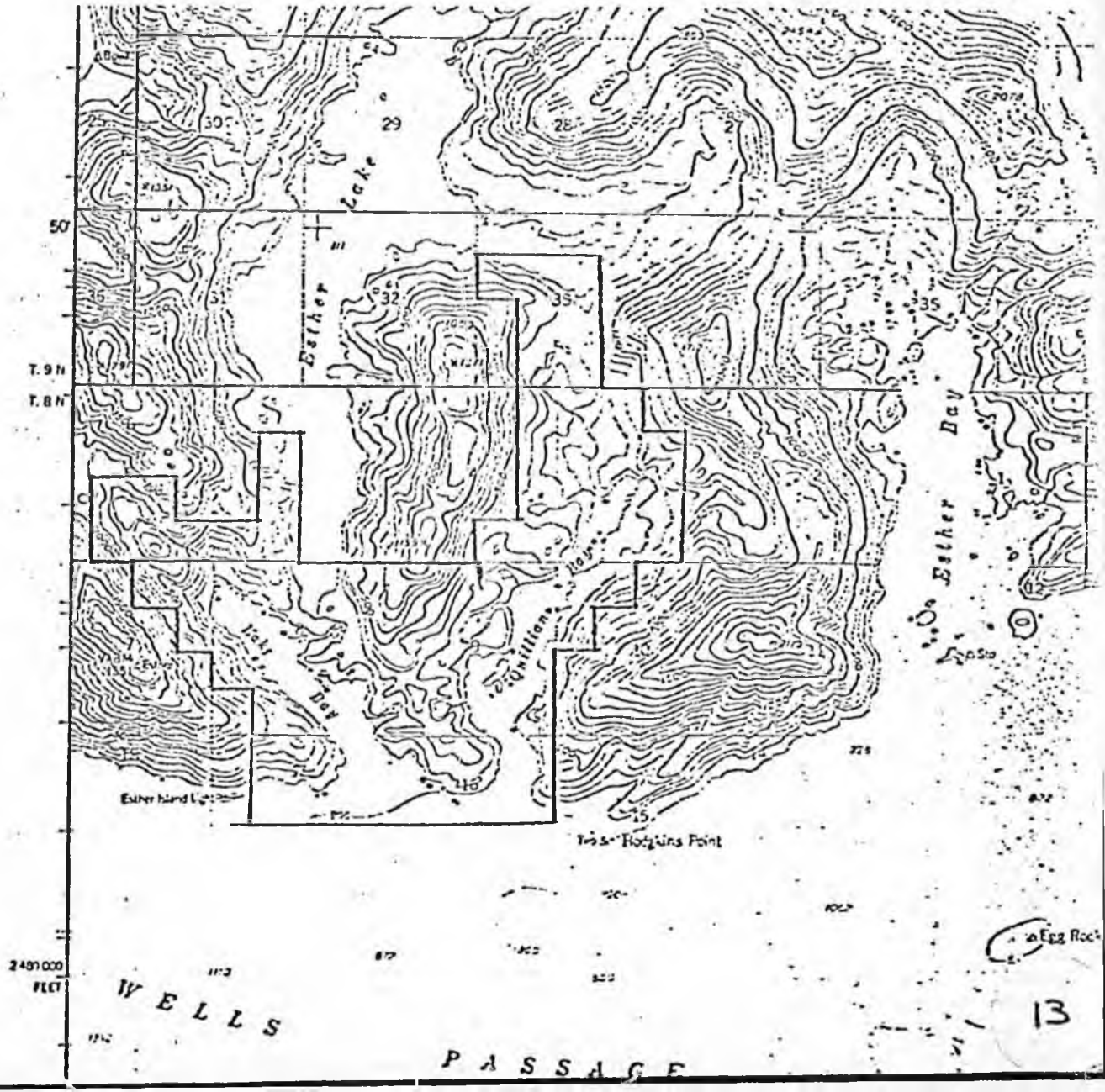
South Esther Island

Township 8 North, Range 8 East, Seward Meridian

Section 3:	W½, W½SE¼, SW¼NE¼
Section 4:	E½E½, SW¼SE¼
Section 5:	E½SW¼, SW¼SW¼, SE¼NW¼
Section 6:	E½SW¼, S½SE¼, NW¼SE¼
Section 7:	N½NE¼, SE¼NE¼
Section 8:	E½, NW¼, N½SW¼, SE¼SW¼
Section 9:	All
Section 10:	N½NW¼, SW¼NW¼
Section 16:	N½
Section 17:	NE¼, E½NW¼

Township 9 North, Range 8 East, Seward Meridian

Section 33:	S½NW¼, SW¼NE¼, E½SW¼, W½NE¼



Name

South Esther Island

Size

land	2,285
water	1,075
total	3,360

General Location

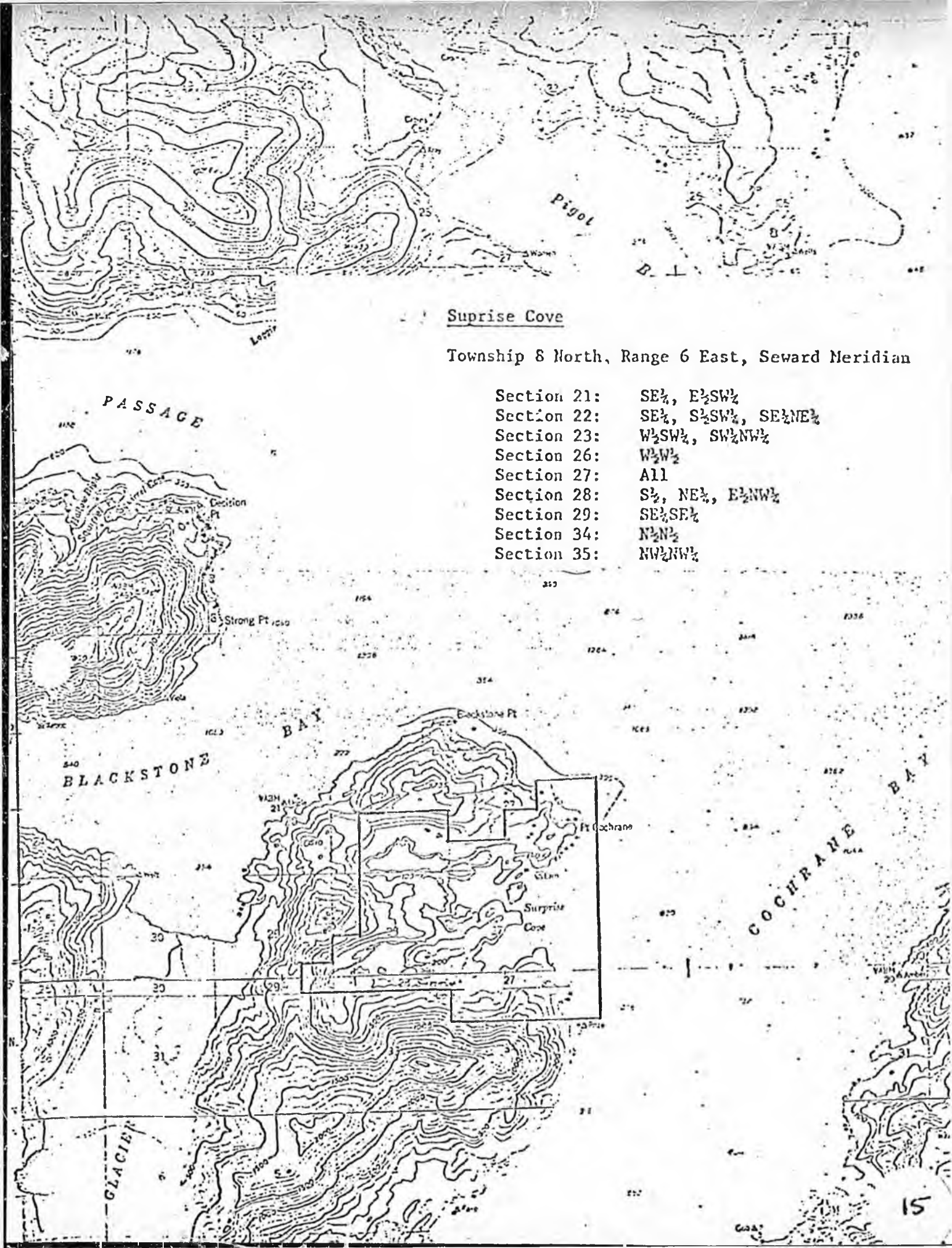
South Esther Island is located approximately 20 miles due east of Whittier. The island is located at the confluence of Wells Passage and Port Wells in upper Prince William Sound.

Description of the area

The area is comprised of Sitka spruce forest interspersed with rolling muskeg and numerous small lakes. Anchorages can be found in both Lake and Quillian bays with the latter being preferred. Esther Island is highly scenic with a number of 2,000' peaks of granite. Boaters frequently can observe whales in Port Wells to the west and sea lions are frequently hauled out on nearby islands and rocks. Sea birds nest in the area and seals and otters are also known to be present. This area is located along a heavily used cross sound pleasure boat route between Valdez and Whittier. The state ferry Bartlett also passes near this area on a daily basis as well as commercial tour boats operating between Whittier and Valdez. The area has been identified by the Alaska Department of Fish and Game for the development of a fish hatchery in the lake bay. The fish hatchery will apparently be developed by the Prince William Sound Acquaculture Corporation in the near future.

Reason for Marine Park Status

South Esther Island is both a destination for Whittier-based pleasure boaters as well as a convenient overnight anchorage for vessels in transit. Quillian Bay has long been used by the commercial fishing fleet as an anchorage during commercial salmon openings. Park status for this area will not only provide for public and recreational needs, but will also help insure that these lands will be managed in a manner compatible with the goals of the proposed fish hatchery and commercial fishing industry. South Esther Island represents an important base of operations for excursions in the Port Wells area, Port Nellie Juan area and Culross Passage.



Suprise Cove

Township 8 North, Range 6 East, Seward Meridian

Section 21:	SE¼, E½SW¼
Section 22:	SE¼, S½SW¼, SE¼NE¼
Section 23:	W½SW¼, SW¼NW¼
Section 26:	W½W½
Section 27:	All
Section 28:	S½, NE¼, E½NW¼
Section 29:	SE¼SE¼
Section 34:	N½N½
Section 35:	NW¼NW¼

Alaska Marine Park System

Name

Surprise Cove

Size

land	1,425
water	855
total	2,280

General Location

Approximately 15 air miles east of the city of Whittier by boat, Surprise Cove is conveniently located along a major route of pleasure boats between Whittier and western Prince William Sound and is at the entrance to Cochrane Bay.

Description of the area

Surprise Cove contains two small embayments off of Cochrane Bay. Two fresh-water lakes are also contained within the unit. Surprise Cove offers a well protected anchorage for pleasure boats. Mountain goats are found on the peaks near the cove. Porpoise are often observed at Point Cochrane. A small beach near the entrance to the cove is suitable for a beach campsite for kayakers.

Reason for Marine Park Status

The strategic location of Surprise Cove along a heavily travelled pleasure boat route, as well as its unique scenic values and recreational opportunities make this area a prime candidate for status as a state marine park. The cove receives heavy weekend overnight use by boaters originating from Whittier. On occasion, up to seven or eight boats may be observed in the cove at one time.

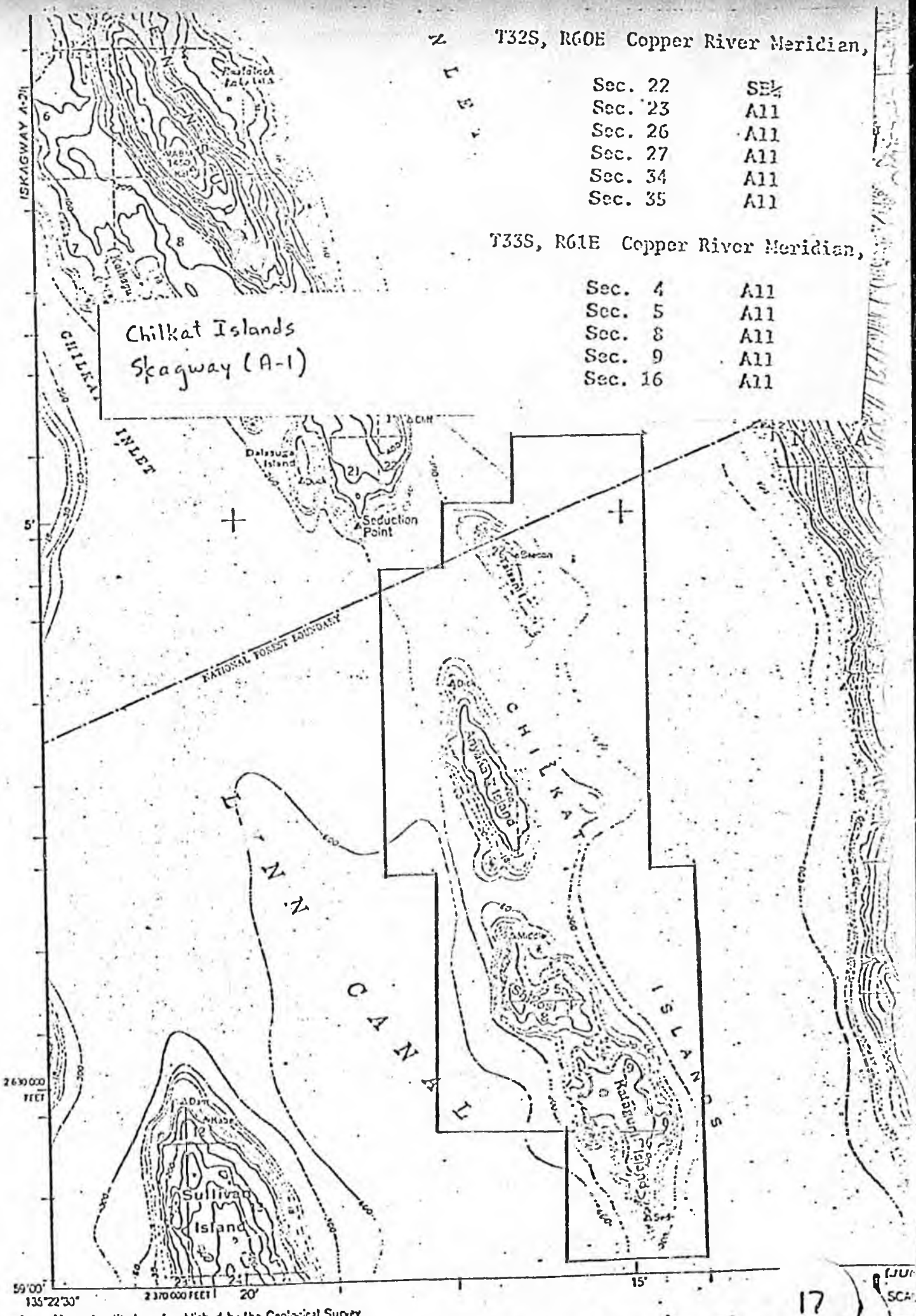
T32S, R60E Copper River Meridian,

Sec. 22	SE¼
Sec. 23	All
Sec. 26	All
Sec. 27	All
Sec. 34	All
Sec. 35	All

T33S, R61E Copper River Meridian,

Sec. 4	All
Sec. 5	All
Sec. 8	All
Sec. 9	All
Sec. 16	All

Chilkat Islands
Skagway (A-1)



Mapped, edited, and published by the Geological Survey
Control by USGS, USC&GS, and IBC

Name

Chilkat Islands

Size

land	503
water	6,057
total	6,560

General Location

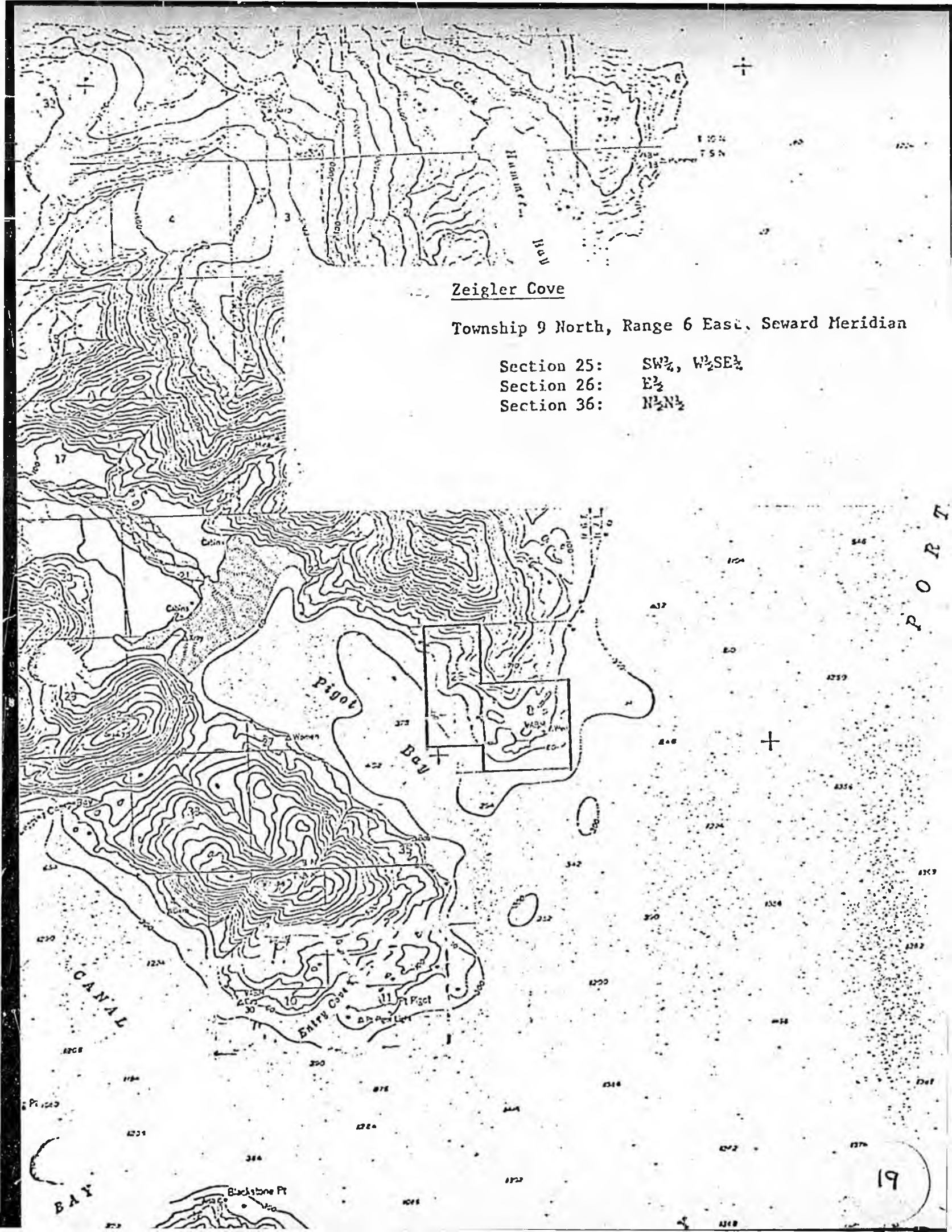
The Chilkat Islands are located 13 miles south of Haines by boat. The islands are located directly off the tip of the Chilkat Peninsula which is an existing state park (Chilkat State Park).

Description of the area

Four small islands comprising 503 acres in total are included within the proposed park. The islands are forested with Sitka spruce and hemlock. These islands are accessible during a day or afternoon of boating from the boat launch located in Chilkat State Park. Reasonably well protected anchorages occur in several locations and could possibly be enhanced with mooring buoys.

Reason for Marine Park Status

The designation of these islands as a state marine park will compliment the existing recreational opportunities found in Chilkat State Park. This designation would also assure continued public use of these islands while maintaining their natural setting. The islands are close to Chilkat State Park and the community of Haines. With the existence of state park facilities and staff on the Chilkat Peninsula, it is expected that these islands can be managed as a state park unit with minimal additional operating expense. The islands offer an excellent opportunity for kayaking, boating, fishing, beachcombing and camping.



Zeigler Cove

Township 9 North, Range 6 East, Seward Meridian

Section 25: SW¼, W½SE¼
Section 26: E½
Section 36: N½N½

Name

Zeigler Cove

Size

land	305
water	415
total	720

General Location

Zeigler Cove is located approximately 14 miles east (by boat) from the city of Whittier. It is located on the northern shore of the entrance to Pigot Bay, a bay on the west side of Port Wells.

Description of the area

Zeigler Cove offers a small but very well protected anchorage for pleasure boaters. The cove is located on a forested and low-lying point extending into both Pigot Bay and Port Wells. Waters near Zeigler Cove offer numerous attraction to sport anglers. Red Snapper, Halibut, Pink, Chum and King salmon, as well as Dungeness Crab are found in Pigot Bay.

Reason for Marine Park Status

Zeigler Cove is a traditionally used anchorage for pleasure boaters originating out of Whittier. The cove provides an excellent protected anchorage as well as opportunities for hiking in the uplands.

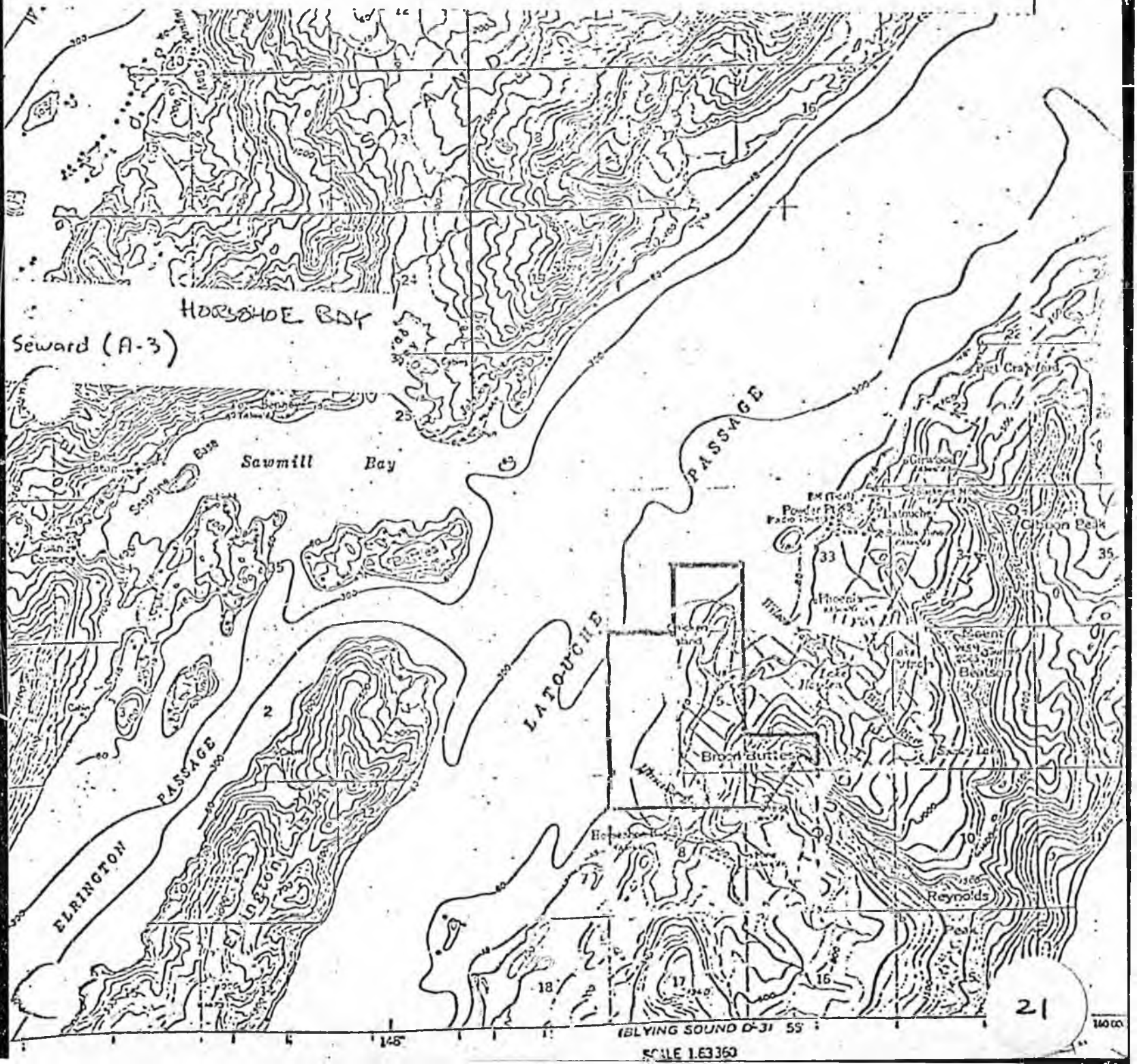
Horseshoe Bay

Township 1 South, Range 9 East, Seward Meridian

Section 32: SE¼

Township 2 South, Range 9 East, Seward Meridian

Section 4: S½SW¼ excluding ammended Iron Mountain Lode No. 2 and Iron Mountain Lode
Section 5: All
Section 8: N½ excluding Iron Mountain Lode No. 11 and Iron Mountain Lode No. 10
Section 9: NW¼NW¼ excluding amended Iron Mountain Lode No. 2 and Iron Mountain Lode



Name

Horseshoe Bay

Size

land	286
water	684
total	970

General Location

Horseshoe Bay is located in southwestern Prince William Sound. It is approximately half way between Seward and Whittier by boat.

Description of the area

Although somewhat exposed to southwesterly winds, Horseshoe Bay offers the most protected anchorage along the Latouche Island shoreline. Horseshoe Bay and Latouche Island area are quite scenic with nearby peaks rising up to 2,000 feet. The old gold mining town of Latouche, located two miles to the northeast, has been subdivided for recreational homesites. The Alaska legislature has appropriated funds to develop a public boat harbor at Latouche. Private lands to the south of the proposed park are expected to be subdivided and offered for sale in 1983. All other lands on Latouche Island, except for a forty acre parcel at the southwest tip of the island, are or will soon be privately owned. Chugach Natives, Incorporated recently received the bulk of the island as part of its land entitlement under the Alaska Native Claims Settlement Act. The area has excellent opportunities for hiking and climbing the nearby Broon Buttes. Whales, seals, and sea lions frequent Latouche Passage.

Reason for Marine Park Status

This area is proposed for marine park status because it is the best anchorage on Latouche Island and one of the last two remaining parcels of public property on the island. The bay offers the opportunity to provide not only public park lands for future residents of the island, but also for visitors to the island.

T34S, R60E Copper River Meridian, Alaska

Sec. 12 SE¼

T34S, R61E Copper River Meridian, Alas

Sec. 7 All
Sec. 18 All
Sec. 19 All

Alaska Marine Park System

Name	Size	
Sullivan Island	land	618
	water	2,102
	total	2,720

General Location

Sullivan Island is located in Lynn Canal approximately 19 miles south of Haines. The area proposed for park status is located six miles south of the Chilkat Islands.

Description of the area

The southern tip of Sullivan Island which is proposed for marine park status is a three-mile long peninsula extending due south in Lynn Canal. This area is comprised of old growth of Sitka spruce and hemlock forests and a number of gravel beaches. Protected moorage can be found within the area. Sullivan Island provides a link for pleasure boaters traveling between Juneau and Haines. Salmon and halibut fishing are an established use of this area. fishing, boating, picnicking, beachcombing and camping are all possible uses of this area. The area is popular for deer hunting.

Reason for Marine Park Status

This area is proposed for marine park status because of its stragegic location along the Haines-Juneau boating route, its existing use for recreation and opportunities for enhancing this use.

T39S, R64E Copper River Meridian,

Sec. 29 All
Sec. 31 All
Sec. 32 All
Sec. 33 All

Juneau - Shelter Is.
Juneau (B-3)

And excluding USS 356, containing 5.97 acres, more or less, lying within Sec. 32, T39S, R64E Copper River Meridian; and those portions of USS 355, containing 3.29 acres, more or less, lying within Sec. 29, Sec. 31, Sec. 32, T39S, R64E CRM.

25

Said exclusions containing a total of 9.26 acres, more or less.

Alaska Marine Park System

Name	Size	
Shelter Island	land	298
	water	2,262
	total	2,560

General Location

Shelter Island is located six miles west of Tee Harbor (Juneau). The island is located approximately 20 miles to the northwest by small boat from downtown Juneau.

Description of the area

The area proposed for a state marine park is located in the north central portion of Shelter Island. The area includes Hand Troller Cove (also called Shelter Cove) on the western side of Shelter Island and Halibut Cove on the eastern or Tee Harbor side of the island. A nine-unit picnic facility has been developed within the area proposed for park status. This area is used by Juneau residents for both evening and daytime trips. The area offers opportunities for kayaking, boating, fishing, diving, beachcombing, picnicking and hiking. In the fall this area offers opportunities to hunt for Sitka blacktail deer. The area is forested with old growth Sitka spruce and hemlock.

Reason for Marine Park Status

This area has been recommended as marine park in the Juneau Area Recreation Plan which was completed in June of 1982 as a cooperative interagency planning effort. Marine Park status for this area would both assure continued public use as well as the ability of the state to develop and manage it for public recreation opportunities.

T37S, R62E Copper River Meridian,

Sec. 27	All
Sec. 28	All
Sec. 29	All
Sec. 30	SE¼, SE¼SW¼
Sec. 31	E½NW¼, NE¼SW¼, E½
Sec. 32	All
Sec. 33	All
Sec. 34	All
Sec. 35	W½

T38S, R62E Copper River Meridian,

Sec. 2	W½
Sec. 3	All
Sec. 4	All
Sec. 5	All
Sec. 6	NE¼, E½SE¼
Sec. 8	N½, NE¼SW¼, SE¼
Sec. 9	All
Sec. 10	All
Sec. 11	W½
Sec. 14	NW¼
Sec. 15	N½
Sec. 16	N½
Sec. 17	N½NE¼, SE¼NE¼

Name

St. James Bay

Size

land	3,385
water	6,835
total	10,220

General Location

St. James Bay is located on the west side of Lynn Canal 12 miles northwest of Tee Harbor (Juneau) and approximately 42 miles south of Haines.

Description of the area

The area possesses numerous protected beaches, tidal flats, and is forested with old growth, Sitka spruce. St. James Bay is both a destination recreational area as well as an overnight stop for boaters enroute between Haines and Juneau. Kayaking, boating, fishing, beachcoming, hiking, camping and picnicking are all existing uses of this area. It is within an easy day travel by boat from Juneau. Alaska Department of Fish and Game has identified Saint James Bay as the best waterfowl habitat and hunting area on Lynn Canal. Populations of black and brown bear and mountain goats exist within the area and to the west in the Chilkat mountain range.

Reason for Marine Park Status

This area is proposed as a unit of the marine park system because of the existing use by pleasure boats and high natural and scenic resource values. This area has been proposed for marine park status in the Juneau Area Recreation Plan (an interagency planning effort completed in June of 1982).

MEMORANDUM

State of Alaska

Division of Geological and Geophysical Surveys

TO: Scott Christy

DATE: November 19, 1982

FILE NO:

TELEPHONE NO: 274-9681

FROM: G.H. Pesse
Geologist VI
GP

SUBJECT: Evaluation of Marine Park Proposals in Prince William Sound

The following is a very quick and preliminary summary of the proposed marine parks in the Prince William Sound area with respect to possible conflicts with mineral resources

BETTLES BAY: At least two small mines and possibly three exist within the proposal, and the largest lode gold mine in the area, Granite Mine, is located within two miles. These gold occurrences are not particularly important in an economic sense, but conflicts could exist if the owners of the claims were to decide to resume activity. The ultimate potential of this type of mine is not probably not very great (USGS), but the mines do exist.

DECISION POINT- no conflicts

ENTRY COVE- no conflicts

SAWMILL BAY- some small scale lode gold mining activity took place in this area between 1910 and 1940. The economic potential is probably not very great, but status on the claims has not been checked out.

SHOUP BAY- same comments as apply to Sawmill Bay.

ESTHER ISLAND- no conflict

SURPRISE COVE- no conflict

ZIEGLER- some low-grade potential for lode gold exists in the area. The USGS reference maps show this as being within an area with some gold potential.

HORSESHOE BAY- This proposal has the greatest potential conflict. The area is located on Latouche Island, near the area where a large amount of mining took place prior to World War II. The mines were producing massive sulphides, mostly copper, and considerable amounts of accessory gold. The potential within this particular block of land is not known, and without considerable research into the literature and perhaps some field work, the mineral resources of the area cannot be ascertained with any certainty. However, it does lie within a region where the USGS thinks that at least two more major discoveries could be made. The claim status in the area should also be checked out.

MEMORANDUM

State of Alaska

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF GEOLOGICAL & GEOPHYSICAL SURVEYS

TO Scott Christy
Special Assistant to the Director

DATE: November 19, 1982

FILE NO.

TELEPHONE NO: 474-7147

FROM Tom Bundtzen, Geologist TB
Fairbanks

SUBJECT: Evaluation of Marine Park Proposals in Southeast Alaska

The following is a brief summary of mineral appraisal in five marine parks, Southeast Alaska.

Oliver Inlet: No conflicts.

Comment: Strataform massive sulfide belt on west side of Seymour Canal; host lithologies are nearby.

Shelter Island: No conflicts.

Comment: In Juneau Cold Belt, but so far no claim filing on Shelter Island and no known mineral occurrences.

Chilkat Island: No conflicts.

Comment: Part of a mineralized silurian clastic sequence in southeast Alaska.

Sullivan Island: No conflicts.

Comment: Only fair mineral potential.

St. James Bay: A major gold deposit is being developed by St. Joe American Corporation on the south side of William Henry Bay. The deposit is considered to have a good chance for production and several million dollars have been expended since 1978. The southern limit of their claim blocks is only about 2 miles from the northern boundary of the marine park. Past production in gold exceeded 20 M.P. in 1982 at prices wh 13. St. James Bay is one of the only sheltered bays on Lynn Canal. If resource development was to occur St. James Bay could possibly be utilized in such a short time frame, I haven't been able to check this out with company officials.

TB/plc

note: A phone conversation with a representitive for the new owners of these properties (Canal Land Co, Fred Eastough Esq.) has determined that William Henery Bay will be where access would be developed, not Saint James Bay.

- Linda Everett, Div. of Parks
3/21/83

30

02-001 (Rev.10/79)

Initial Analysis

CSSB 128 (Res) am "An Act establishing certain areas as marine park units of the Alaska State park system; and providing for an effective date."

Section 1 amends AS 41.20 (AS 41 = Public Resources; Chapter 20 = Parks and Recreational Facilities) by adding a new article creating a marine park program in the Department of Natural Resources.

Sec. 530 declares the purpose as maintenance of natural, cultural and scenic values; maintenance of fish and wildlife resources; and promotion and support of recreation and tourism. It further dedicates in subsection (b) the marine parks as special purpose sites under the constitution (Article 8, sec. 7). The existing state parks do not have this constitutional tie stated in their declaration of purpose.

Sec. 532(a) assigns the parks to DNR for control, maintenance and development.

Subsection (b) assigns to ADF&G management of fish and game resources in the marine parks, and requires ADF&F to consult with DNR before making regulations.

Subsection (c) requires DNR to develop a management plan for each unit, determining each unit's specific purpose and use, and requires DNR to notify all local governing bodies, ADF&G, private parties and others interested in participating in the formulation of the management plan.

Subsection (d) requires that DNR may not restrict fishing, hunting or trapping rights permitted under law within the parks.

Subsection (e) requires DNR to allow aquaculture facilities within the parks if compatible with this article.

Subsection (f) allows DNR to enter into cooperative agreements for management of State marine parklands with proximately located federal, municipal or private lands, and with those landowners.

Subsection (g) requires DNR to consult and cooperate with a Native corporation that owns an historical or cultural site that is proximately located to the parks; to address potential conflicts regarding historical or cultural values; and to provide for protection of these values.

Subsection (h) guarantees continued use of and access to private lands, mineral claims and leases; requires adequate and feasible access across park land to private land within or beyond; but allows DNR to adopt reasonable regulations to protect the values of the park.

Sec. 534 specifies the State land (or land and water to be acquired by the State) at 12 locations to be included in the marine park system.

Sec. 536(a) allows DNR to prohibit or restrict incompatible uses within State land and water described by Sec. 534.

Subsection (b) allows discharge of firearms unless specifically closed by DNR regulations for public safety.

Subsection (c) ensures that work of the FRED division of ADF&G can take place in the parks.

Subsection (d) assures reasonable access to and across marine parks for lawful hunting, fishing, trapping and recreational purposes.

Subsection (e) allows reasonable access to ADF&G and Public Safety for fish and game management, research and enforcement.

Sec. 2 provides an immediate effective date.

adopted

Proposed amendment to HCS CS SB 128 (Resources)

Page 1, line 20.

following the phrase "wildlife resources",

insert:

<u>and valid existing uses of these resources</u>

adopted

Proposed amendment to HCS CS SB 128 (Resources)

Page 8, line 21:

Following "AS 41.20.534",

Insert:

except as provided in AS 41.20.532(d)

Floor Statement

SENATOR FAHRENKAMP
APRIL 8, 1983

CS SB 128, MARINE PARKS

YOU SHOULD PROBABLY MOVE AND ASK UNANIMOUS CONSENT THAT THE COMMITTEE SUBSTITUTE FOR SB 128 BE ADOPTED.

SEN. FISCHER WILL BE PREPARED TO SPEAK TO THE OVERALL PURPOSES AND GOALS OF THE BILL.

YOU MIGHT MENTION THE FOLLOWING PROVISIONS INCLUDED IN THE CS WHICH ADDRESSED PARTICULAR CONCERNS RAISED BY YOU AND THE COMMITTEE:

------THIS YEAR'S BILL INCLUDES ONLY SITES IN STATE OWNERSHIP, VIRTUALLY ALL WITHIN DAY'S TRAVEL OF MAJOR COMMUNITIES OF WHITTIER, VALDEZ, AND JUNEAU.

-------HUNTING, FISHING, AND TRAPPING WOULD BE FULLY PERMITTED AND REMAIN UNDER CONTROL OF FISH AND GAME BOARDS AND DEPARTMENT.

-------AQUACULTURE FACILITIES WOULD BE ALLOWED IN PARK UNITS.

-------ACCESS ACROSS PARK UNITS TO REACH PRIVATE LANDS, AND FOR HUNTING, FISHING AND OTHER USES IN ADJACENT AREAS FULLY PERMITTED.

-------BOUNDARIES HAVE BEEN DRAWN TO EXCLUDE KNOWN MINERAL AREAS, AND GENERALLY INCLUDE ONLY RELATIVELY SMALL LAND AREAS AROUND SMALL BAYS AND COVES.

AMENDMENT

MOVE AND ASK FOR UNANIMOUS CONSENT TO ADOPT THE AMENDMENT WHICH WOULD ADD THE WORDS "OR MINERAL CLAIMS AND LEASES" AFTER THE WORDS "PRIVATELY OWNED LAND" IN THE PROVISION TO ASSURE ACCESS ACROSS PARK UNITS. THIS LANGUAGE WAS IN THE CS PASSED OUT OF COMMITTEE BUT WAS INADVERTENTLY DELETED IN LEGAL. APPEARS ON PAGE 3, LINE 20 OF THE BILL.

ALASKA STATE LEGISLATURE
SENATE STATE AFFAIRS COMMITTEE
SENATOR VIC FISCHER, CHAIRMAN
POUCH V, JUNEAU 99811
(907) 465-4954

February 16, 1983

TO: Senator Bettye Fahrenkamp, Chair
Senate Resources Committee

FROM: Senator Vic Fischer, Chair
Senate resources Subcommittee on
Parks and Recreation

RE: Prince William Sound Recreation Interim report

Enclosed is an interim report by the Senate Resources Subcommittee, Parks and Recreation, on Prince William Sound recreation. The report is based on testimony offered during a statewide teleconference held in Anchorage on October 15, 1982.

Testimony received during the teleconference centered around several issues affecting recreation development in the Sound. Following are suggestions and recommendations made during the public hearing:

1. Establish the Alaska Marine Park System through an act of the Alaska State legislature. As you know, legislation establishing the marine park system, SB 794, passed the Senate unanimously last year, but failed to pass the House before adjournment. It has been re-introduced as SB 128 and is currently before you in the Senate Resources Committee.

2. Improve and increase access to Whittier. There is a bill before the Senate Transportation Committee, SB 30, to upgrade and improve Whittier access. The fiscal restraint currently facing the legislature, however, makes passage unlikely this session. A step we could now take is to fund an updated study to improve Whittier access which considers other alternatives and recent technological advances in road and tunnel building.

3. Provide sufficient funding to Southcentral Emergency Medical Services to form a voluntary search and rescue coordinating group in the Sound. In addition, funds will be needed for equipment and radios and for contracting emergency search and rescue helicopter service in the Sound during the fishing and tourist season.

4. Continue the state's commitment to aquaculture development in the Sound with sufficient funds to maintain existing facilities and those scheduled for development within the next decade.

5. Establish a Prince William Sound Recreation Advisory Committee capable of addressing a wide range of issues. The committee should be

comprised of local residents, user groups, landowner/managers, and other interested parties to assure adequate representation, and should work closely with state and federal joint management efforts. The group should submit a yearly report reflecting overall planning for recreation development in the Sound as well as needs identified through public hearings.

ALASKA STATE LEGISLATURE
SENATE STATE AFFAIRS COMMITTEE POUCH V, JUNEAU 99811
SENATOR VIC FISCHER, CHAIRMAN (907) 465-4954

PRINCE WILLIAM SOUND RECREATION

Report and summary of public meeting/teleconference
PARKS AND RECREATION SUBCOMMITTEE
SENATE RESOURCES COMMITTEE
October 15, 1982
Anchorage, Alaska 99501

The potential of Prince William Sound to help meet recreation needs of Anchorage and the Railbelt area was the subject of a public meeting and statewide teleconference held in Anchorage on October 15, 1982

The hearing, chaired by Senator Vic Fischer before the Senate Resources Subcommittee on Parks and Recreation was a follow up to a similar public hearing held in December 1981. Testimony during the 1981 meeting centered around pending settlement of land ownership and management issues in the Sound, private recreation plans, and transportation problems. Major developments have occurred in those areas since 1981. They include:

1. Transfer of federal land in Chugach national Forest to private native corporations.

2. Final U.S. Forest Service recommendations on land management in Chugach National Forest.

3. State legislation introduced establishing the Alaska Marine Park System.

4. Increased pressure on search and rescue ability in the Sound.

5. Recommendations of sites within the Sound for inclusion in the U.S. Marine Sanctuary Program.

6. Policy and schedule changes in the Alaska Marine Highway system servicing Prince William Sound.

7. State plans for land disposals in the Sound.

8. Private, state and federal recreation development plans.

"During last years teleconference I made a commitment to follow-up our discussions, principally because we found that key elements were currently undecided", Senator Fischer said. " At that time we had a lot of excellent presentations and very good testimony, all of it reinforcing what we knew was the tremendous potential of Prince William Sound to serve the recreational needs of the railbelt as well as it's value for tours and other purposes."

In opening remarks he explained that the proposed Marine Sanctuary program had been tabled by the Forest Service until extensive public hearings, both in Anchorage and Prince William Sound Communities, were conducted.

"For the purposes to this meeting," he said, " I mainly want to make sure that no one confuses Marine parks with Marine Sanctuaries. Marine parks is an Alaska based idea designed to serve recreational needs of Alaskans as well as visitors to the state. The basic concept behind marine Sanctuaries is to set those resources aside for scientific and other preservation purposes."

PRINCE WILLIAM SOUND RECREATION POTENTIAL

The significance of the Sound to Anchorage and other population centers can be seen by a glance at the map. The vast majority of recreational users in Alaska, both resident and tourist, are in close proximity to the Sound.

Don Dickey, Director of the Division of Tourism, said, " In just a couple of years, in 1985, to be exact, we expect a million visitors to Alaska. That is going to be quite a visitation for a state with a population of 400,000. It shows the need for developing new and having balanced recreational opportunities. We think Prince William Sound has that potential."

"Everyone recognizes", he said, " that the Sound actually plays a dual role. It not only provides services and attraction to out of state visitors, but it's also the recreational play ground for our largest city, Anchorage."

Reprinted from: "Alaska National Interest Lands", ALASKA GEOGRAPHIC, Vol.8, No.4(1981)

Dickey said, " The Sound has a great value in a program of promoting travel and tourism to our state. I think two things are our needs, one is diversification of attractions, the second is increased accessibility to those attractions so the people can reach them with ease."

"We want to make sure that the growing number of Americans stop, stay, spend, and hopefully enjoy their vacation in Alaska. I can think of no better partnership between government and the private sector, than teaming up to make certain that the recreational facilities available in Prince William Sound meet the growing demands," Dickey said.

ACCESS

A central theme to testimony received in both teleconferences was the need for increased accessibility to Prince William Sound, specifically through Whittier.

Dickey said, "I think to insure Prince William Sound meets its recreation potential, the government, speaking of both state and federal, has a responsibility to see that access and infrastructure are provided. That's the highways, the harbors, and certainly the small boat harbors, railroad, and the transportation links that are needed."

The state Department of Transportation and Public Facilites (DOTPF) discussed the alternatives presented in the 1980 Whittier Transportation Options study. This study looked at transportation alternatives into Prince William Sound through Whittier. It listed six alternatives ranging in cost from $25 to $50 million, and ranging in service from upgrading the present tunnels to building the Portage Pass Highway.

Stan McCalister of DOTPF testified that the original purpose of the study was fivefold: 1) to analyize the surface transportation needs of Whittier and Prince William Sound with primary attention given to the Portage Whittier link, 2) ascertain the deficencies in the system that would occur in the future when future land use and economic development activities, including recreation and tourism occurred, 3) develop alternative transportation stratagies to accommodate travel demand which was projected to increase, 4) analyze and evaluate available transportation options, and, 5) to recommend a course of action.

After considering each alternative, DOTPF made a recommendation to pursue option one - improvement of the existing Portage-Whittier Shuttle with a Bear Valley/Whittier auto/passenger shuttle.

Senator Fischer introduced legislation in 1982, SB 793, making an appropriation to DOTPF to complete option one. The bill did not pass the Senate.*

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*SB 793 was re-introduced in 1983 as SB 30, updated to FY83 dollars. SB 30 is currently in the Senate Transportation Committee, Chaired by Senator Pappy Moss.

Option one would, 1) improve the existing Portage/Whittier shuttle, by upgrading existing terminals with passenger amenities, station improvements, parking facilities, staging areas and rail and switch work and, 2) require improvements to existing tunnels and new rail passenger cars. In addition, DOTPF recommended construction of a road into Bear Valley with a terminal located there and relocating the base of the train operation to Whittier.

"Since last years teleconference", McCalister said," we are at the point of lining the road into Bear Valley. That project is underway and should be completed by fall of 1983. By then the design will be ready for construction but, as it stands now, we have no construction funding, only enough to complete the design", he said.

As a complement to that project DOTPF is currently designing a road from Whittier to Shotgun Cove. "Again", McCalister said," that project is in design and is slightly further along than the Whittier access or the Bear Valley Road and it too will be completed next year.

Senator Fischer asked when we could expect DOTPF to request funds to complete the recommended projects after the design stage is complete. McCalister answered, " The bear Valley Road is in competition with all the other projects in the region. It's not fared very well in that competiion with major Seward and Sterling highway projects and others. So, in our program for funding of the Bear Valley Road, we will be requesting the money two or three years down the line rather than this year."

"So in other words, if the schedule is to be speeded up it would essentially take legislative action to appropriate funds sooner?" Fischer asked. "Thats correct", McCalister said.

Bill Coghill, from the Alaska Railroad, spoke about recent improvements in Whittier access. "One was some $8 million dollars to put new portals on the tunnels which was completed a couple of years ago on the four tunnel doors. The other $4.2 million dollars went into the Whittier dock and transit facility. We have got just a little bit of work to do in that area and that will probably be delayed until next summer."

"This summer we upgraded the passenger cars, took out some of the older ones because we had put the upgraded electric cars into service. We built new ramps so that cars and passengers at Portage can load at the same time. We will complete the same ramps in Whittier this spring." Coghill said.

In addition, Coghill said, " We had a 5.2% ridership increase over the same two months (July and August) last year. We would certainly support Don Dickey's comments with regard to state assistance for support facilities and we back the study that Stan has addressed here."

Senator Fischer asked to what extent state funds are utilized in the projects mentioned. "We contract the shuttle to the state," Coghill said. It is contracted on a basis of an agreed cost per day. For the

last two quarters it has been a profitable operation and they're in the black or at least have a credit to apply to the winter months to hopefully balance out. The prior couple of years the net has been right around $200,000. I see a drop this year, in the capital cost to the state."

Mary Brown, Whittier's City Manager, testified that increased transportation and access to the Sound was a high priority and considering Whittier in all development plans was crucial.

"If you are going to bring the people in here and out, we need to be able to get in and out and to handle the people that come in and out. And I think that one of the things that we are looking at the closest is the developemnt of the present harbor we have. We have approximately 331 slips now with about 314 people currently on the waiting list", she said.

"If this recreation use is increased, we know there is going to be many many more people needing harbor slips than we have slips for. We would like to stress to all agencies that we would like to get the development of our current harbor taken care of. Look at the access road to Shotgun Cove and the harbor, so we can handle this influx of traffic when it comes," Evanoff said.

CURRENT LANDOWNERS/MANAGERS

There are five major landowner/managers in Prince William Sound. They are: 1) federal government through Chugach National Forest and National Park Service, 2) state government, primarily through the Department of Natural Resources, Division of Parks; 3) Chugach Natives Inc. and village corporations within it; 4) other private landowners, including commercial developers; and 5) municipal governments.

1. Federal landowner/managers - Jim Tallerico, recreational planner for Chugach National Forest, spoke about the recent settlement of major land ownership questions.

The Chugach Regional Study, mandated by the Alaska National Interest Lands Conservation Act in 1980, was completed in 1982. It will result in the conveyance of approximately 378 thousand acres of land to the Chugach Regional Native Corporation. This brings total private land holdings in the Sound to approximately 450 thousand acres including lands that have been or will be conveyed to the villages of Chenega, Tatitlek, and Eyak.

"In addition, approximately 20 thousand acres will go to the state from selections made for community expansion, community recreation, and new communities," Tallerico said. "Additional changes in land ownership patterns may be forthcoming with the possibility of additional state selections. We plan on releasing the final plan before mid-1983."

Tallerico also testified that wilderness, recreation and fisheries enhancement in the Sound were prime considerations in the forest management plan. "The recreation management of forests includes a naturalist program aboard the state ferries in Prince William Sound," Tallerico said. " We have 14 recreation cabins in the Sound and the potential to add others. We are presently working on a project to install five anchor buoys in the vicinity of Whittier and are working on marine related trails in the Sound."

" We are currently working with the state division of parks to develop a system of marine parks and recreation sites throughout the Sound," Tallerico said. "We are working with the State DOTPF and their planning effort to improve access to Whittier. In addition, we are continuing plans for a new visitor center at Portage."

Tallerico explained the necessity of recreation management of the Sound based on a variety of recreation opportunities. " We feel that there exists a spectrum of need for the most primitive to the more modern or developed end of the scale. Providing this spectrum recognizes that visitors have different expectations and needs.

"Prince William Sound can provide for the vast majority of present and future visitors but planning in cooperation between federal, state and private land owners and other interested groups will be the key to meeting the total public recreations needs," Tallerico said.

Senator Fischer asked about timber cutting quotas and to what extent that is liable to affect scenic and recreation values in the Sound. Tallerico answered that, "The Forest Service recognizes the importance of this resource and will continue to manage it on a sustained yield basis. There is a recognized timber resource in Prince William Sound and the best way I think to answer your question is the Forest Service will establish an annual allowable harvest. We will use our Visual Management System, our Cultural Resource Management System in the interest of the state to design any timber activities and to mitigate impacts to the extent we can."

2. Native Landowner/managers - The committee heard testimony from Gail Evanoff, President of the Chenega Village Council and John Allen, President of Tatitlek Corporation. Representitives of Chugach Inc. were unable to attend the teleconference but spoke to Senator Fischer prior to it.

Chugach natives, Inc. (CNI), is the second smallest regional corporation created under the Alaska Native Claims Settlement Act. In 1981 they had not received entitlement to land awarded them under provisions of the act. Final negotiations with the state and federal government were completed in 1982 and CNI will receive entitlement to 378,000 acres, most of it in Prince William Sound, nearly eleven years after ANCSA became law.

Completion of the CNI negotiations was the single most significant event in Prince William Sound in recent years. Major land ownership and

management questions were finally answered and recreation development can be pursued as a more over-all and long-range effort.

Carl Propes, of Chugach Inc. said Chugach plans to move ahead very quickly with recreational related development in Prince William Sound. Some of the proposed development will provide general public and non-shareholders service facilities for recreational users. The corporation intends to aggressively develop recreation facilities, along with other projects, in the Sound.

"The Tatitlek Corporation probably is the largest private land owner in the sound with somewhere in the neighborhood of 87,000 acres, Allen said. " We are a large timber holder in this town. (Cordova) I think we have around 300 million board feet that we plan to harvest swomewhere in the future when the market starts to look a little better."

Allen said Tatitlek has some of the most valuable pieces of real estate in the Sound as far as tourism goes and plans to build either a day lodge or facilities for overnight accommodations in the area within the year (1983).

"I think that since native corporations are the largest private land owners in the area, our actions will impact what happens as far as tourism and recreation development more than anything else," Allen said. "I know that all three corporations have plans for recreation development."

Evanoff testified that Chenega had identified some land use plans that speak to developing land lease programs and putting in recreation cabins and a mini resort in the area. "But as I say, it is still pretty much in a study. Our priority is settling New Chenega but I think by 1984 we will have something that we are able to public v come forth with", she said.

3. State landowner/managers - in 1977 the state, through the Division of parks, began a program to select statehood entitlements from the Chugach National Forest in Prince William Sound. Of the 36 sites proposed in 1977, only 18 had been approved by the Forest Service by 1981. The Chugach settlement has assured conveyance of state land on all but a few areas. Those areas are subject to on-going negotiations by the state and Forest Service, with recreation use being the primary aim on both sides.

The state faces major policy decisions about what to do with their holdings in Prince William Sound. Selected primarily for recreation purposes, state land is scattered over nearly 40 sites within the Sound.

There are many uses for the state held land within the Sound. Among them are: recreation, tourism, municipal development, mining, timber, commercial fishing, aquaculture and land disposals. While state agency representatives testified that they want to pursue each of these ends, public testimony tended to disagree that these uses were compatible. Specifically, the public believed that state owned land within the sound

should remain public land and not be sold to private owners through land disposals.

PUBLIC/PRIVATE LAND OWNERSHIP AND RECREATION DEVELOPMENT

In 1981 less than 5% of Prince William Sound was in private ownership, other than Native corporation entitlements. The Chugach land settlement in 1982 changed those figures dramatically.

Bix Willis, from the state Division of Lands (DNR), testified in favor of land disposals. "All indications that we have are that there is a very strong demand for individual ownership of both residential and recreational properties in the Prince William Sound area," he said. In addition, he said that demand assessment information was gathered prior to the Chugach land settlement.

Senator Fischer replied that he believed if land were available, the state could probably sell hundreds of thousands of acres in the Sound to both Alaskans and non-residents. He asked whether we could dispose of the land without sacrificing scenic and recreation values.

Al Meiners, from the state Division of Parks, testified that, "It's true that the development of private recreational cabins out there would not mean that you couldn't go out there and recreate anymore. "But," he said, " it would mean that a visitor to the area would have a rather significantly diferent kind of experience. That is potentially alright as long as it's well planned for and limited and concentrated in specific areas".

Wayne Mundy, of the Division of Lands, said, "We attempted to place disposals in a very discrete manner so as not to effect the recreation and tourism uses of the Sound. Our selections were quite often kept in back bays out of main passages and tourist boats. So as not to impact the harbor areas themselves, we chose only portions of those areas."

Chuck Evans, a private citizen and boat owner, disagreed. "I would certainly resist any further transfer of lands to private ownership for residences or whatever. I am convinced that the implications of such private ownership on the other values of the land are too great."

"As one person pointed out, you put a dwelling on a bay, for all practical purposes the whole bay is reserved for their use. I felt this myself, we have felt it in places where these buildings were unoccupied, this is somebody elses land and so you stay away from it," he said.

Richard Gruff, a private citizen, testified from Cordova. "Because of ANILCA, we how have a lot of private land in the Sound. Private lands probably will be developed and will provide the kind of services that the recreationists would need and desire," he said.

"My firm opinion is that remaining public lands should be left basically as it is to be used for the multiple use purposes such as the Forest Service plan," Gruff said. " One of the reasons I say this is because

we 1 have the extreme possibility of destroying the very thing that makes Prince William Sound unique."

Testimony from Nancy Decker, a sound resident, landowner, and tourboat operator, supported Gruff's ideas about public versus private land. She spoke in favor of the proposed marine parks system, whether federal or state. She further suggested that, should state land disposals be unavoidable, they at least should be concentrated in one place within the Sound.

Rodger Burggraf of Fairbanks said, " I believe in private enterprise developing private lands for camping and docking and other facilities that people can enjoy. However, with the transfer of large blocks of land to private corporations, access may be denied to the public to enjoy the scenic beauty of these area. I think one way of insuring that the public is able to get into some of these areas is possibly to set up marine Parks in these areas where access may be denied.

ALASKA MARINE PARK SYSTEM

During the 1982 legislature Senate Bill 794 - an act establishing the Alaska Marine Park System was introduced by Senator Fishcer. It passed the Senate unanimously but failed to pass the House before adjournment. It has been re-introduced as Senate Bill .

The marine park system, modeled after similar ones in British Columbia and Washington state would, establish 14 marine park sites, five in Southeastern Alaska and nine in Prince William Sound.

The primary management goal for the Marine Park System is to protect natural, scenic, and cultural resources and to make those resources available for long-term public use and enjoyment. In addition, marine parks would help maintain fish and wildlife rescources while promoting and supporting recreation and tourism in the state.

State park officials see neither the need nor desirability for commercial developments within any of the potential marine park sites in the Sound and hold that basic services should be provided by the private sector.

Judy Marquez, Director of the Alaska Division of Parks, and Al Meiners, a park planner within the Division, spoke about recreation development in the Sound and the proposed Marine Park System.

"The establishment of the marine park system has been proposed as a means of protecting the sites within the Sound with particularly high recreation values for long term public use", Marquez said. " We believe that establishment of this system will help ensure that residents of and visitors to Southcentral Alaska will be able to enjoy the scenic beauty and opportunities of the Sound for years to come."

Meiners testified that the kind of development the division plans in marine park units varies from site to site. "Currently the Forest

Service is placing some mooring buoys in areas along Passage Channel and around Port Wells. As far as the development of the additional sites, this would be addressed through a cooperative management and development plan prepared by the Division of Parks and the Forest Service," Meiners said.

"We really envision some sites being very minimally developed, possibly a mooring buoy or trail, some beach camp sites. Others a little more intensively developed with possibly a dock or float."

"In comparison with highway accessible park sites, marine park units are considerably cheaper for the Division to manage," Meiners said.

The Division is developing a cooperative management plan with the Forest Service for recreation sites in the Sound. Jim Tallerico, park planner for the Forest Service said, " We are currently working with the state division of parks to develop a system of marine parks and recreation sites throughout the Sound. This cooperative effort may resolve some of the present litigation regarding disapproved state selections."

Perry Lovett, Mayor of Cordova, testified in strong support of the marine park system. " We would like to see some reasonable development of the park system," Lovet said. "We would not like to see private land disposals, but keep the land in public ownership. The best way to do that would me marine parks."

Chuck Evans spoke in support of marine parks. "I have viewed this marine parks thing with considerable trepadation and it has become clear that it is more or less an either/or proposition, it is either a marine park or it's private ownership. That being so, let's do the best we can and get on with establishing marine parks," he said.

The marine park system was endorsed by virtually every person testifying during the teleconference. Municipal Mayors, native corporation presidents, and private citizens expressed the belief that a marine park system was the highest and best use of state owned land in the Sound.

OTHER CONSIDERATIONS

1. Search and Rescue - Recreation development in Prince William Sound presents many problems to the state. Regardless of state action or inaction, visitors to the Sound are increasing dramatically. The resulting pressure on already inadequate search and rescue facilities creates a dangerous and potentially tragic situation.

Tom Scott, Southcentral Emergency Medical Services coordinator testified during the hearing that "EMS services in the Sound are currently provided by volunteers in the communities of Cordova, Valdez and Whittier. Those services are organized primarily to serve the needs of the immediate community."

"Search and rescue in the Sound is statutorily the responsibility of the United States Coast Guard and the Alaska State Troopers, both of which

do not have the resources, manpower, or equipment, or finances to really adequately meet the needs of search and rescue in the Sound," Scott said.

While Sound communities believe they are adequately covered, search and rescue operations for the rest of the area are woefully inadequate and, in fact, non-existent in most places. The nearest Coast Guard helicopter is permanently stationed 200 miles away, in Kodiak. The city of Cordova contracted with a private company to provide emergency helicopter rescue service during the fishing and tourist season in 1982.

While such a program is costly for a municipality to manage, Cordova felt it was necessary in view of a series of fatal accidents in the Sound in the Spring of 1982. At least one of the deaths could have been avoided had there been adequate search and rescue response.

"Primarily it's lack of coordination between communities and agencies having responsibility in the Sound," Scott said. Attempts are being made to form a volunteer coordinating group for search and rescue operations but lack of funding has prevented people from getting together to form a core.

Adequate funding for state emergency medical services would help. "I think there is a need for funding. I feel the acuteness right now is to have the funds to develop a plan, to do an analysis and find out what we really need down there. And set up an organization so people are talking to each other and then possibly fund any additional resources," Scott said.

2. Whittier - The increase in visitors to the Sound present special problems to the city of Whittier. A small community of people who greatly value their privacy, Whittier occupies the only sutible land for buildings in the area of one of Alaska's best deep water ports. The entire usable land in the area is less than 100 acres.

Slips in the Whittier boat harbor have been filled to capacity for years with an extensive waiting list. Any state plans to increase access through Whittier must consider the lack of suitable land. There simply isn't enough space for the people visiting the area, let alone their cars, boats and equipment.

Mary Lee Brown of Whittier testified, "Increased transportation and access is of course a real high priority with us. One of the things we are looking at the closest is the development of the present harbor we have. Look at the access road to Shotgun Cove and the harbor, so we can handle this influx of traffic when it comes."

Whittier residents resent the rest of Alaska viewing them as a "bus-stop" on their way to the Sound. Since Whittier represents such a small population base when considering funding priorities for the district, they cannot effectively compete. This situation is greatly exacerbated when the capital facilities considered will primarily benefit Anchorage recreation users. Anchorage is understandbly hesitant

to invest a considerable share of their dollars in capital improvements located in another city.

3. Ferry Service - Ferry service to Prince William Sound communities and scenic areas was the subject of written testimony submitted to the Committee. Residents expressed fear that, since ferry service was limited, having a stop in one place would preclude a scheduled stop in another. Passengers complained that policy changes regarding the amount of carry on luggage they were allowed, prevented many from transporting kayaks into remote recreation areas.

Considerable complaint was registered about the state's decision to stop ferry runs to the face of the Columbia glacier. Since many visitors and resident Alaskans can't afford a private tour boat ride to the glacier, Commissioner Ward's decision has prevented them from enjoying one of Alaska's greatest scenic attractions.

4. Commercial/Recreational fishing - Development of any kind in the Sound must address the real concerns of the commercial fishing industry. Prince William Sound is one of Alaska's greatest fishing resources and provides thousands of Alaskans with a living.

Jeff Stonehill of Cordova testified that, "I feel commercial fisherman have been major users of Prince William Sound in the past and this is definitely changing and will continue to change and I don't think we can resist that. As far as sport fish use and commercial fish use is concerned," he said, " the Sound is big enough that we can all use it."

Fishermen expressed support for the Marine Parks System, aquaculture development, and over-all planning for recreation use that identifies and protects spawning grounds and critical areas. "Mining and logging development will hurt the commercial fisherman more than sport use," Stonehill said, " I would certainly rather see the Sound developed towards more important use and feel the development plan should balance user groups and seperate them as much as possible to alleviate potential conflict."

Fishermen fear increased recreational use could endanger fish stocks and compete with commercial fishing interests. Stan Moberly, of the state aquaculture division, testified that, by channeling some segments of the recreating public into certain places, we could lessen that impact considerably. He also felt pressure on Cook Inlet fishing, particularly sportsfishing, would be reduced by providing access into the Sound.

Moberly gave a comprehensive review of current acquaculture development in the Sound and projected costs for maintaining current facilities. Everyone, from fishermen to mayors, supported continuing acquaculture development as crucial to the future of the Sound.

5. Timber harvest - Initially Senator Fischer requested the state division of Forestry to testify because of plans to harvest timber on state land within the Sound. Although the Division said they had no current plans, timber harvesting will be considered in certain areas at a future date.

Considerable testimony in opposition to any timber harvesting in the Sound was expressed during the hearing. This included harvesting on state, private, or federal land. The general feeling was that timber harvesting presents a serious and unacceptable threat to fish stocks, scenic and recreation values, and public and private multiple use of the Sound. Further, the depressed world timber market made harvesting at this time fiscally irresponsible as well as ecolocically unsound.

Senator Vic Fischer

ALASKA MARINE PARK SYSTEM
CS SB 128 (Resources)

April 8, 1983
(FLOOR VOTE BRIEFING)

- The beauty of Alaska's inside passage and the purity and recreation value of Prince William Sound is nationally and internationally known.

- value to Alaska for tourism, public recreation and enjoyment is tremendous

- Land designated as marine parks under this bill were originally selected under the statehood act for superior scenic and public recreation value.

- State is in court with the U.S. Forest Service over disapproval of selections.

- Alaska's case rests on having selected these lands for public recreation purposes.

- designating them as marine parks assures the feds of our good intentions and strengthens our case.

- SB 128 designates 14 marine park units, 9 in PWS, and [illegible] in SE.

- any further additions to the system can only be done by an act of the Legislature.

- Marine parks are designed to increase public access and use of state owned land high in recreation and scenic value.

- park management under this system will become a standard for an Alaskan park managed for the enjoyment and use of residents and visitors alike.

- a chance to create a state-of-the-art park using the best Alaska, and Alaskans have to offer.

- provisions in SB 128 protect public access to and through marine park units, protects hunting, fishing, and trapping rights along with other traditional uses.

- marine park units will be serviced almost exclusively by small, local, private businesses.

- lodging, fuel docks, food service, and recreation equipment will be provided by private businesses adjacent to the units.

- private landowners adjacent to proposed marine park units already have developed plans and facilities to service public recreation users.

- During 1982 election polls - 65% of respondents supported increased funding for parks and recreation.

- Resident recreation pressure on Kenai-Cook Inlet area has reached critical proportions.

- Opening PWS to public recreation will relieve some of this pressure.

- Sportsfishing pressure on Cook Inlet will be relieved by channeling sportsfishers into the Sound.

- and not by regulating them or restricting them, but by providing increased recreation and sportsfishing opportunities.

- Within the sound, marine park units can help channel recreation users into specific areas and away from major commercial fishing grounds.

- SB 128 constains language encouraging development of acquaculture facilities.

- Establishing a marine park system has received tremendous statewide support.

-

- Most communities in PWS have endorsed the ststem including Chugach Inc, and the village corpprations within it.

- endorsed by the AVA, ACVA, the Ak. Environmental Lobby, and Dale Bonderant of the Izzak Walton League.

Walter J. Hickel

BOX 1700
ANCHORAGE, ALASKA 99510
907-276-7400

April 12, 1983

Honorable John Ringstad
House of Representatives
Pouch V
Juneau, AK 99811

APR 14 1983

Dear John:

Re: Alaska Marine Park System - Prince William Sound

Legislation recently passed the Senate to establish an Alaska Marine Park System. I hope you will support it when it comes before the House. In fact, I hope you'll agree with me the State should do more.

About one-third of the shoreline of the Sound is in private hands already. Most of the bays used by boaters could, at the decision of one or two owners, be closed to all with a "no trespassing" sign. And these are areas with virtually no commercial value.

You know them as I do. Within a few hours from Whittier one can anchor in Eshamy Bay and hike up to Eshamy Lake. But Eshamy is now private. Granite Bay, Paddy Bay, Jackpot Bay, Ewan Bay, and all the areas off Dangerous Passage, are in private hands.

I am sure you are aware that Eshamy Lake and Lagoon is the source of one of the prime fisheries in Prince William Sound for both the commercial and recreational user. In fact the State currently maintains a cabin and fish weir on land that is now in private hands. It's a tragic mistake to not allow public access to Eshamy or any of the several other areas in the Sound that have had active and historical public access.

A review of the land-ownership map in Prince William Sound indicates that not only are the aforementioned prime recreation areas now in private hands but in my opinion virtually the entire useable east coast of Prince William Sound is in private hands, placing access to that land virtually off-limits to the public.

Clearly, the private landowners knew exactly what they wanted in the Sound and from all appearances they got it. Many of the safest harbors and access to some of the most scenic areas are now private.

The State should actively attempt a trade with the private landowners to get some of these lands--with no value but recreation--back into public hands.

The question is not whether the few places listed in the bill pending before you are too many. They may be all that we have. We should do more. Decision Point, Bettles Bay, South Esther Island, and other areas should be reserved for the next generation of Alaskans to enjoy in common.

John, no one who fought the D-2 battle with us or against us can say we're against letting people go out and put a cabin in the wilds. But we're also for some public land, both for the people who don't have cabins and those who want to enjoy the areas from a boat or a kayak. The decision in Washington already was a bad one. Let's make a good decision here, where we care and are in control.

With best regards.

Sincerely,

Walt

Walter J. Hickel

Marine parks for Alaska

By Walter J. Hickel

REPRINTED FROM A GUEST EDITORIAL IN THE ANCHORAGE TIMES, April 28, 1983

FOR NEARLY 25 years I've enjoyed one of Alaska's most valuable resources: the scenic beauty of Prince William Sound. On our boat The Ermalee, I've boated its waters through calms and storms, savored the area's rugged mountains, delighted in the sound's abundant wildlife, hiked the shoreline.

Around the world I've told people to come to Alaska to see the world's greatest waterpark. But let's not kid ourselves. Prince William Sound is not a park. During the past five years I've watched one-third of the sound become private property through native claims. I do not challenge that and I don't apologize for my commitment to private ownership. Private land, not public land, is the foundation of the success and prosperity of our great country.

BUT LET US not ignore another concept instilled in our land by Teddy Roosevelt. I call it the Public Trust. Public Trust is the concept that some areas are so outstanding in their very nature as to properly belong to all of the people for all time. Properly, we don't allow the homesteading of our Yellowstones and Yosemites.

There is now a Public Trust question involving a scattering of small state-selected lands along our beautiful Alaska coast. Some of the more scenic, protected coves, bays and beaches in Southeast Alaska and in Prince William Sound are included. Places being acquired under the auspices of the Statehood Act, which allows up to 400,000 acres to be selected out of the Chugach and Tongass national forests, are proposed as marine parks. I think we should move ahead.

A MARINE PARK lets you do what you do now in these areas: anchor a boat, go ashore to fish, hike or camp. Picked for protection from the weather, these are places where a kayaker can seek adventure, where a pilot can land his amphibious or float plane annd go ashore and not confront a "no trespassing" sign. People do that now all over Prince William Sound.

The only problem is recent land selectons in the area have brought that possibility of a "no trespassing" sign much closer. Near Cordova, all of the east side of the sound, down to the coastline, is now in private hands. On the west side, the bays and inlets of Dangerous Passage are potentially closed to the public. These areas on the route between Whittier and Seward are commonly used by boaters and fishermen from Anchorage.

The question is not whether we should make marine parks; it's whether we are doing enough. Washington State and British Columbia have been creating and managing marine parks for years. Washington has 57 such places; British Columbia has now set up 23 including one a scant five miles south of the Alaska border. By allocating a small percentage of our national forest selections to marine parks, we build what our state parks director, Neil Johannsen, calls the "International Connection."

THERE'S A BILL now pending in the Legislature to establish the first 14 of what should be a recreation system stretching up the Southeast coast to Prince William Sound. The measure was co-sponsored by nearly half the Senate, which passed the measure to the House where it now awaits action.

Last year the House killed a similar bill, desiring some changes. The bill has now been redrafted to protect and provide for a wide range of activities, including hunting, trapping, commercial and sport fishing, aquaculture and access to adjacent lands. The proposed state parks would be managed by Alaskans, not, as a recent editorial pointed out, by "back-East bureaucrats." They average less than 1,000 acres each — this is not a D-2 rip-off. The legislation sitting in the House involves but 3 percent of state-selected national forest lands.

Starting here, the next step for the state is to offer a land trade, and encourage native owners to allow more of the lands now used by all to return to the public trust.

Most Alaskans live on or near our beautiful coast. We enjoy the coast — boating, fishing, flying, digging a bucket of clams. We can afford to save these special places for recreation. We mustn't assume that what we see and enjoy today is what our children will have tomorrow. Alaska is changing fast.

I am committed to seeing these coastal parks created. I urge your support. The time is now for the Alaska Legislature to make this land investment for us all.

Walter Hickel, the author of this guest column is a former governor of Alaska and former secretary of the Interior.

MEMORANDUM

State of Alaska

Division of Geological and Geophysical Surveys

TO: Scott Christy

DATE: November 19, 1982

FILE NO:

TELEPHONE NO: 274-9681

FROM: G.H. Pessel
Geologist VI

SUBJECT: Evaluation of Marine Park Proposals in Prince William Sound

The following is a very quick and preliminary summary of the proposed marine parks in the Prince William Sound area with respect to possible conflicts with mineral resources

BETTLES BAY: At least two small mines and possibly three exist within the proposal, and the largest lode gold mine in the area, Granite Mine, is located within two miles. These gold occurrences are not particularly important in an economic sense, but conflicts could exist if the owners of the claims were to decide to resume activity. The ultimate potential of this type of mine is not probably not very great (USGS), but the mines do exist.

DECISION POINT- no conflicts

ENTRY COVE- no conflicts

SAWMILL BAY- Some small scale lode gold mining activity took place in this area between 1910 and 1940. The economic potential is probably not very great, but status on the claims has not been checked out.

SHOUT BAY- same comments as apply to Sawmill Bay.

ESTHER ISLAND- no conflict

SURPRISE COVE- no conflict

ZIEGLER- some low-grade potential for lode gold exists in the area. The USGS reference maps show this as being within an area with some gold potential.

HORSESHOE BAY- This proposal has the greatest potential conflict. The area is located on Latouche Island, near the area where a large amount of mining took place prior to World War II. The mines were producing massive sulphides, mostly copper, and considerable amounts of accessory gold. The potential within this particular block of land is not known, and without considerable research into the literature and perhaps some field work, the mineral resources of the area cannot be ascertained with any certainty. However, it does lie within a region where the USGS thinks that at least two more major discoveries could be made. The claim status in the area should also be checked out.

MEMORANDUM

State of Alaska

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF GEOLOGICAL & GEOPHYSICAL SURVEYS

TO: Scott Christy
Special Assistant to the Director

DATE: November 19, 1982

FILE NO:

TELEPHONE NO: 474-7147

FROM: Tom Bundtzen, Geologist TB
Fairbanks

SUBJECT: Evaluation of Marine Park Proposals in Southeast Alaska

The following is a brief summary of mineral appraisal in five marine parks, Southeast Alaska.

Oliver Inlet: No conflicts.

Comment: Strataform massive sulfide belt on west side of Seymour Canal; host lithologies are nearby.

Shelter Island: No conflicts.

Comment: In Juneau Gold Belt, but so far no claim filing on Shelter Island and no known mineral occurrences.

Chilkat Island: No conflicts.

Comment: Part of a mineralized silurian clastic sequence in southeast Alaska.

Sullivan Island: No conflicts.

Comment: Only fair mineral potential.

St. James Bay: A major gold deposit is being developed by St. Joe American Corporation on the south side of William Henry Bay. The deposit is considered to have a good chance for production and several million dollars have been expended since 1978. The southern limit of their claim blocks is only about 2 miles from the northern boundary of the marine park. Past production in gold exceeded 20 M.P. in 1982 at prices wh 13. St. James Bay is one of the only sheltered bays on Lynn Canal. If resource development was to occur St. James Bay could possibly be utilized in such a short time frame, I haven't been able to check this out with company officials.

TB/plc

Fred Eastough, (ATT. FOR CANAL LAND CO.) SAID THEY WILL DEVELOP ACCESS IN WILLIAM HENRY BAY, NOT HERE. CANAL CO. JUST PURCHASED THE CLAIMS FROM ST. JOE.
2/21/83

PROPOSED ALASKA STATE MARINE PARK SYSTEM

HISTORY

* Linkage with Puget Sound--Washington State and British Columbia marine park systems.

* Washington State has 57 marine park areas and Canada has designated 23 marine park areas.

* Section 6(a) of the Alaska Statehood Act provides for 400,000 acres to be selected by the state from the National Forests for community expansion and recreation purposes.

* Portions of state land selections filed in 1977 in Prince William Sound and Southeast identified areas of special interest for marine park purposes.

* Extensive public hearings in the land selection process refined final selection areas and support for marine park system.

* The State selected 280,000 acres in 1977, 65,000 acres in 1982, and the remaining of the 400,000 entitlement will be selected in 1983.

* 80 areas or 69,000 acres were initially identified for the state marine park system. In all likelihood the number will be reduced.

* The U.S. Department of Agriculture (U.S. Forest Service) disapproved 55 areas of the 80 total areas selected in 1977.

* 25 proposed marine park areas were approved and lands were conveyed to the state.

* The state has filed suit in Anchorage District Court challening the federal disapproval of other lands selected as a violation of the state's rights to select lands from the National Forest.

MARINE PARK BILL (SB 128)

* Identifies 9 areas in Prince William Sound and 5 acres in Southeast (See map and listing).

* The total land acreage of marine park sites in SB 128 is 13,000 acres or only three percent of the state's 400,000 acre entitlement. Ultimately the marine park system would comprise 40,000 acres or about 10 percent of the state's entitlement based upon a probable out-of-court settlement of the State/Forest Service lawsuit.

* SB 128 guarantees a continuation of public:
  - hunting
  - fishing
  - trapping
  - commercial fishing
  - aquaculture activities
  - fisheries enhancement
  - access to adjacent lands including mining claims

* Marine park areas identified represent some of the best protected boat anchorages and scenic areas used by the public forming a linkage or system of sites.

* Economic benefits to communities through the marine park system include tourism development opportunities, rentals and charters, boat moorage, maintenance and repair services, air taxi and guide operations, and other visitor services.

ESTABLISHMENT OF A MARINE PARK SYSTEM FOR ALASKA: THE FORESIGHT AND RESPONSE TO CHANGE

* The marine park system is considered a positive link to the tourism potential of Prince William Sound and will compliment the development of tourism in other areas of private land.

* Management of the marine park sites would include such public opportunities as public use cabins, tent platforms and open shelters, sanitary facilities, mooring buoys, and trails.

* Recreation user surveys show that 54% of Alaskan residents engage in boating activities.

* Waiting lists for boat moorage slips in the coastal communities often exceed 1,000 applicants.

* Tourism marketing surveys show the marine coastal environment as a major draw for its spectacular scenery, tidewater glaciers, wildlife displays, wilderness character and sense of adventure.

* The marine park system represents a unique opportunity for the state to display a sense of foresight and pride in its protecting its natural wonders.

* Land use changes in Prince William Sound and Southeast have been dramatic. Nearly 300,000 acres or approximately one-third of the shoreline in Prince William Sound is now in private ownership.

* The marine park sites are not located in areas of high mineral or resource development interest. The reservation of marine park sites represents a good balance between commercial timber clear-cutting areas and recreation.

* Communities are supportive of the marine park system with resolutions or letters of support received from Whittier, Seward, Cordova, Valdez, and Chugach Native Corp.

Neil C. Johannsen
Director
Alaska State Parks

JW:ces

MARINE PARKS FOR ALASKA

The International Connection

By Neil C. Johannsen, Chief of Planning, Alaska State Parks

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MARINE PARKS FOR ALASKA

The International Connection

By Neil C. Johannsen, Chief of Planning, Alaska State Parks

An international system of marine parks and recreation areas, stretching from near Olympia, Washington, along southern Puget Sound northward to the Central Alaska coastline, is taking shape. The marine parks, being established in Washington State and British Columbia and planned in Alaska, are usually small in acreage and are located in protected bays and coves; some are situated on tiny islands and others are on the mainland. Planned for boaters and fly-in recreationists will be 163 marine parks — most an easy 1-day boat trip from one to another — spread over 1,600 miles of mostly protected waterways.

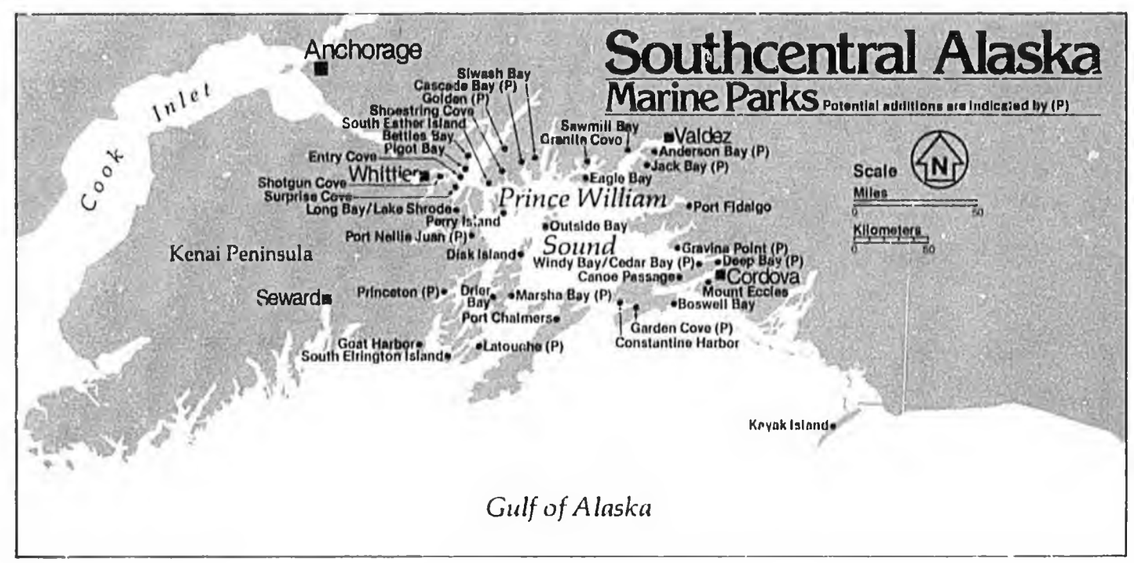
The legendary beauty of the Northwest Coast, coupled with the area's high per-capita ownership of boats and floatplanes, has resulted in increasing interest in efforts to create marine parks. Few governments in the world have a similar opportunity to leave open key portions of their ocean shoreline properties for public use. In Alaska, 54% of all residents participate in boating, a rate far higher than the national average. Boat ownership in the Seattle area is the highest of any large city in the nation. Demand for boat slips in the Vancouver and Victoria areas is many times higher than the supply. A result has been that the state of Washington and the province of British Columbia are working hard to establish 99 marine parks stretching up the coast north from Olympia to a scant 5 miles south of the Alaska-Canada border.

And now Alaska has drawn plans to continue such marine parks up the coast to the northern Gulf of Alaska. Alaska's opportunity to tie into this international system had its genesis when the Statehood Act, drafted in 1958, included Section 6(a), which allows Alaska to select up to 400,000 acres of national forest land, which in Alaska covers most of the convoluted shorelines of Southeastern and Prince William Sound. State selections from the U.S. Forest Service domain must be for purposes of community expansion and for recreational purposes. Alaska Governor Hammond and Attorney General Avrum Gross saw the legal opportunities afforded by the Statehood Act and agreed that the state use a portion of its land entitlement to build the last link in an international marine park system. With 85% of Alaskans residing near the coastline, public reception to the plan was enthusiastic.

Through 2 years of research and meetings with residents of coastal communities, the plans slowly took shape. The result was a decision to allocate 70,000 acres of Forest Service land to a comprehensive plan for the proposed marine parks. Selections for the system were filed with the Forest Service on December 19, 1977.

Overall strategy focused on the idea that numerous small parks would allow for a wider variety of accessible coastal environments than selection of just a few large areas. In addition, the theme used in British Columbia and Washington could be followed. Thus, within Alaska's marine parks, facilities such as docks, mooring floats, beach campsites, trails and toilets could be developed. The vast majority of these proposed Alaska parks are near well-

Sumdum Glacier marks the site of a proposed unit of the marine park system on the south shore of Endicott Arm, off Stephens Passage south of Juneau. Remains of the 1880 gold mining camp of Sumdum can be found near the base of the glacier. (Nancy Simmerman)



Top — *Half a dozen units of the proposed marine park system, some to be managed to accommodate large numbers of recreational boaters, are located within an easy day's sail of this vista of the mountainous east side of Port Wells in northwestern Prince William Sound. (Neil and Betty Johannsen)*

Above — *The sloop* Nellie Juan *inches through the narrow entrance of Disk Island lagoon, near the north end of Knight Island in Prince William Sound. As part of the proposed marine park system, the tiny anchorage will remain as near a natural condition as possible. (Neil and Betty Johannsen)*

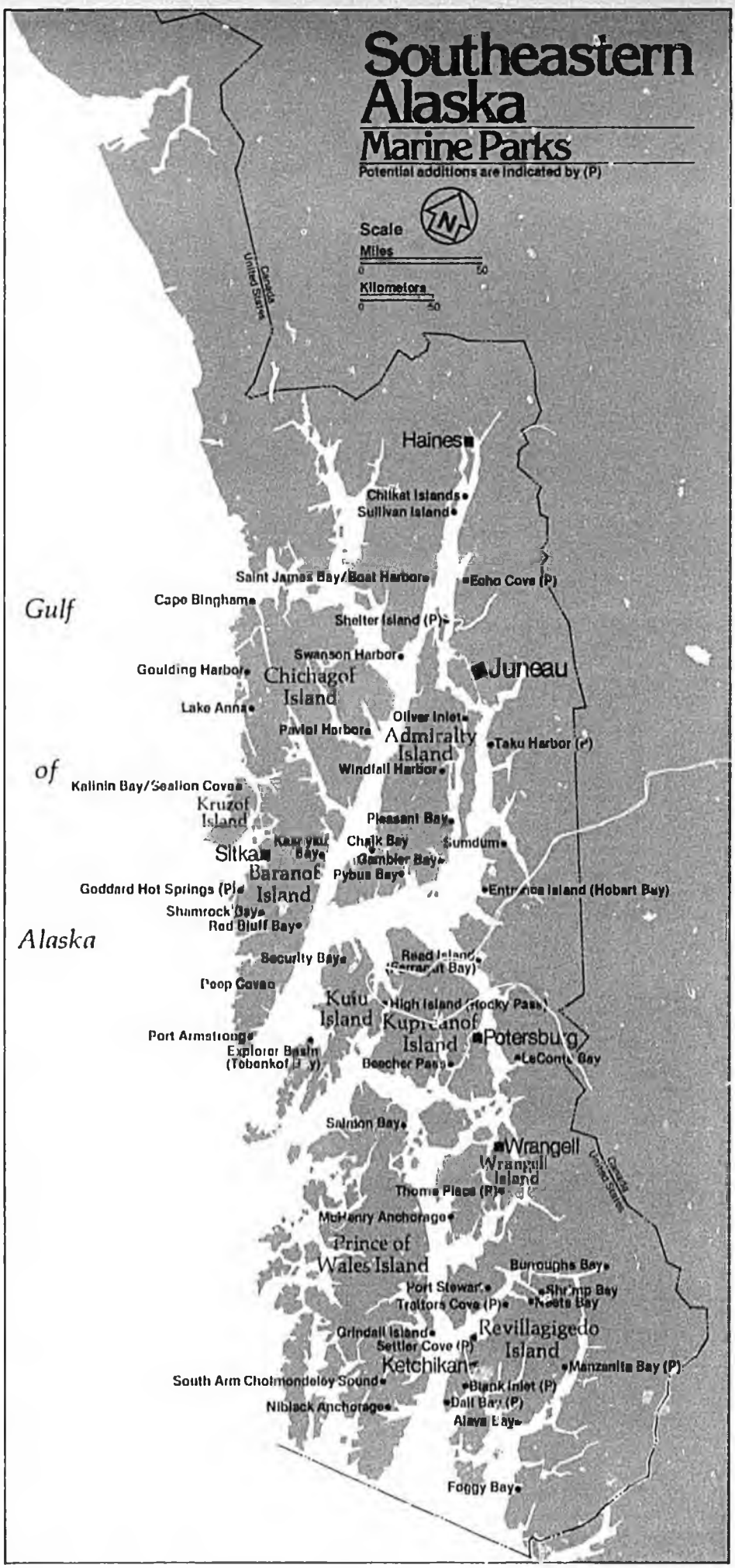
established pleasure boat routes and floatplane landing sites. Some parks are close to communities, while others are in remote wilderness. Areas were carefully selected for scenic quality, productive sport fishing and protection from prevailing winds. Recreational opportunities include beachcombing, crabbing, shrimping, hunting, camping, scuba diving, observing wildlife or visiting historical areas.

Only 15% of Alaska's selections from forest lands is necessary to provide this park system. In total, 25 areas were selected in Prince William Sound and 39 areas were identified for marine park status in Southeastern Alaska. Terry McWilliams, director of Alaska's state park system, recently pointed out that with "growing interest in coastal logging and other extractive industries along Alaska's ocean shores, an unparalleled opportunity is provided to create the system, with only 70,000 acres being reserved for existing plans for wilderness and industrial development."

Though development and management plans for the proposed marine park system haven't yet been drawn up, the primary goal will be to maintain the natural appearance of the sites, providing only basic facilities for the safety and enjoyment of visitors, whether they arrive by powerboat, sailboat, floatplane, kayak or even passenger ferry.

The Alaska Visitors Association, a group dedicated to creating a healthy environment in Alaska for the tourism and hospitality industry, supports the marine park system. The AVA has urged the Forest Service to take favorable action on the state's selection of Forest Service domain. The Forest Service has so far resisted, approving only 3 of the proposed 64 parks. A court battle could result between the state and federal bureaucracies if their resistance persists.

But the vision of an international marine park system remains strong in Alaska. The plans, if implemented, will offer boaters a chance to explore the Northwest Coast from Puget Sound to Prince William Sound, with daily stops in parks managed for scenic protection and recreational opportunity. Washington and British Columbia's 99 marine parks, coupled with Alaska's planned 64 units, will provide accessible, usable recreation gems that will be the envy of the world □



Reprinted from ALASKA® magazine, April 1979

The Anchorage Times

Editorial

A better waterway

IT WOULD be understandable if Alaskans were wary of the state's proposal to create 14 marine parks. They are accustomed to the federal government coming in and locking up their acres.

The state plan, however, appears to be quite a different breed of cat. Management of the parks would be right here at home and not at the whim of back-East bureaucrats and politicians. It also could open to visitors some gorgeous areas of Alaska that heretofore have been out of their reach.

The Senate has approved the bill and sent it to the House, where public hearings are scheduled at the end of the week.

THE MARINE units would be part of the state park system, which, if the law passes, would have to maintain the natural, cultural and scenic values of the sites as well as their existing fish and wildlife resources. The bill guarantees a continuation of public hunting, fishing, trapping, commercial fishing and aquaculture activities as well as access to any nearby privately owned land, including mining claims.

Five of the sites are in Southeastern. Nine are in Prince William Sound.

The state parks division feels these areas should to be set aside while they are still available. Most of them are small parcels — a total of 13,000 acres — beside and in the water.

ONE OF THE necessities to future enjoyment of the magnificent scenery in Prince William Sound is that there will be preserved in the area some coves and bays and natural harbors that will be open to the public — places where boaters in future years can be assured of a place to anchor overnight and where those aboard can go ashore. The bill would remedy this.

The marine parks would be something new for Alaska, but there are a number of them along the coasts of Washington and British Columbia, where they have had wide use.

The marine parks would be a tremendous boost for tourism, which is the state's second largest industry. A spinoff would be economic benefits to nearby communities.

It would be hoped the House will give favorable attention to this bill.

SB

136

HOUSE RESOURCES COMMITTEE OBSERVER/WITNESS SIGN-UP SHEET

SB 136

DATE: MAY 16, 1983 SPONSOR: MULCAHY

SUBJECT(S): OPERATION OF STATIONARY FISH GEAR

PLEASE FILL IN A COMPLETE ROW

NAME	REPRESENTING	ADDRESS	PHONE	Observer	Witness	For	Against
Bob Mulcahy	Prime Sponsor						

Alaska State Legislature

House of Representatives

Special Committee on Fisheries

Pouch V
Juneau, Alaska 99811
(907) 465-4924

CHAIRMAN
ADELHEID HERRMANN
VICE-CHAIRMAN
JACK FULLER
MEMBERS
CHARLIE BUSSELL
BEN GRUSENDORF
PETER GOLL
JACK McBRIDE
FRED ZHAROFF

MEMORANDUM DATE: April 22, 1983

TO: House Resources Committee

FROM: House Special Committee on Fisheries ad

SUBJECT: CS SB 136 (Res) (efd added)

The House Special Committee on Fisheries would like to extend to you its support of CS SB 136 (Res) (efd added). If this bill is not passed out this session, we risk continued unnecessary harrassment of set gill netters during the 1983 salmon season.

Currently, the statutes and regulations require that the permit holder be physically present during the operation of the set net except when traveling to and from the site to sell the catch. This is interpreted to mean within sight or earshot of the site. Existing and historical practices of set netters conflict with this law. For example, set gill netters often have more than one site operating on one permit. In situations like this, the nets are picked at the same time and the permit holder is not able to be at both sites. Another example of a current violation is if the permit holder is in the set net cabin while his crew is picking the set net.

CS SB 136 (Res) (efd added) would clarify the legislature's intent by defining "fishing site" and adding another exemption to the current physically present requirement. The new definition of "fishing site" includes any structure providing shelter in support of the fishing operation. This would allow the permit holder to be at the set net site's shelter. The new exemption to actually being physically present would allow the permit holder to be at or traveling to or from the location of other stationary gear of the permit holder.

These two changes would allow the current and historical practices of set netters to continue without violation of the law. We feel that this bill is needed to correct current misinterpretations and support its quick passage.

(11) establishing seasons, areas, quotas and methods of harvest for aquatic plants;

(12) establishment of the times and dates during which the issuance of fishing licenses, permits and registrations and the transfer of permits and registrations between registration areas is allowed; however, this paragraph does not apply to permits issued or transferred under AS 16.43.010 — 16.43.380.

(b) The Board of Fisheries shall adopt regulations in accordance with the Administrative Procedure Act (AS 44.62.010 — 44.62.650) permitting the taking of fish for subsistence uses unless the board determines, in accordance with the Administrative Procedure Act, that adoption of such regulations will jeopardize or interfere with the maintenance of fish stocks on a sustained-yield basis. Whenever it is necessary to restrict the taking of fish to assure the maintenance of fish stocks on a sustained-yield basis, or to assure the continuation of subsistence uses of such resources, subsistence use shall be the priority use. If further restriction is necessary, the board shall establish restrictions and limitations on and priorities for these consumptive uses on the basis of the following criteria:

(1) customary and direct dependence upon the resource as the mainstay of one's livelihood;

(2) local residency; and

(3) availability of alternative resources. (§ 3 ch 206 SLA 1975; am § 2 ch 218 SLA 1976; am § 4 ch 151 SLA 1978; am §§ 1, 2 ch 110 SLA 1980)

Effect of amendments. — The 1978 amendment added subsection (b).

The 1980 amendment inserted "disease" near the middle of paragraph (8) of subsection (a), and inserted "and regulating" near the beginning of paragraph (10) of subsection (a).

Editor's note. As to legislative intent, see § 1, ch. 151, SLA 1978, in the 1978 Temporary and Special Acts and Resolves.

Legislative history reports. — For report on ch. 151, SLA 1978 (SB 960), see 1978 House Journal, p. 1154.

NOTES TO DECISIONS

The Board of Fisheries has the power to make decisions affecting the utilization of fishery resources. Kenai Peninsula Fisherman's Coop. Ass'n v. State, Sup. Ct. Op. No. 2358 (File No. 5072), 628 P.2d 897 (1981).

Differential treatment not prohibited. — While Alaska Const., art. VIII, § 15, does prohibit granting monopoly fishing rights, that section was not meant to prohibit differential treatment by the Board of Fisheries of such diverse user groups as commercial, sports, and subsistence fishermen. Kenai Peninsula Fisherman's Coop. Ass'n v. State, Sup. Ct. Op. No. 2358 (File No. 5072), 628 P.2d 897 (1981).

Establishment of use priorities. — While the Board of Fisheries did have the authority to establish priorities of use between recreational and commercial fisheries of the salmon stocks in the Upper Cook Inlet, the policy and option establishing these priorities were regulations which should have been adopted pursuant to the provisions of the Administrative Procedure Act, AS 44.62.010 — 44.62.650. Kenai Peninsula Fisherman's Coop. Ass'n v. State, Sup. Ct. Op. No. 2358 (File No. 5072), 628 P.2d 897 (1981).

Sec. 16.05.253. Operation of stationary fishing gear. The Board of Fisheries may require a person who holds a limited entry permit or

an interim-use permit under AS 16.43 to be physically present during the operation of net gear or other stationary fishing gear operated from a beach or riparian site, except when the permit holder is traveling to and from the site of a sale of fish caught in the gear. (§ 1 ch 94 SLA 1982)

Effective dates. — Section 7, ch. 94, SLA 1982, makes this section effective June 16, 1982, in accordance with AS 01.10.070(c).

Sec. 16.05.255. Regulations of the Board of Game. (a) The Board of Game may make regulations it considers advisable in accordance with the Administrative Procedure Act (AS 44.62.010 — 44.62.650) for

(1) setting apart game reserve areas, refuges and sanctuaries in the waters or on the lands of the state over which it has jurisdiction, subject to the approval of the legislature;

(2) establishment of open and closed seasons and areas for the taking of game;

(3) establishment of the means and methods employed in the pursuit, capture and transport of game;

(4) setting quotas and bag limits on the taking of game;

(5) classifying game as game birds, song birds, big game animals, fur bearing animals, predators or other categories;

(6) investigating and determining the extent and effect of predation and competition among game in the state, exercising control measures considered necessary to the resources of the state and designating game management units or parts of game management units in which bounties for predatory animals shall be paid;

(7) engaging in biological research, watershed and habitat improvement, and game management, protection, propagation and stocking;

(8) entering into cooperative agreements with educational institutions and state, federal, or other agencies to promote game research, management, education, and information and to train men for game management;

(9) prohibiting the live capture, possession, transport, or release of native or exotic game or their eggs;

(10) establishing the times and dates during which the issuance of game licenses, permits and registrations and the transfer of permits and registrations between registration areas and game management units or subunits is allowed.

(b) The Board of Game shall adopt regulations in accordance with the Administrative Procedure Act (AS 44.62.010 — 44.62.650) permitting the taking of game for subsistence uses unless the board determines, in accordance with the Administrative Procedure Act, that adoption of such regulations will jeopardize or interfere with the maintenance of game resources on a sustained-yield basis. Whenever it is necessary to restrict the taking of game to assure the maintenance of

STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

DEPARTMENT OF PUBLIC SAFETY
OFFICE OF THE COMMISSIONER

POUCH N
JUNEAU, ALASKA 99811
PHONE:

March 3, 1983 465-4322

Senator Bettye Fahrenkamp
Chairman, Senate Resources Committee
Pouch V
Juneau, Alaska 99811

Dear Senator Fahrenkamp:

Re: SB 136

Our main concern with the proposed amendment is what will constitute the "immediate vicinity". Without a definition or statement of fact outlining when a permit holder is considered to be in the immediate vicinity will create confusion for the fishermen, Alaska Department of Fish & Game and Fish & Wildlife Protection personnel.

In addition, the wording of "immediate vicinity" could be found to be vague and open legal interpretation by the courts.

Sincerely,

Robert J. Sundberg
Commissioner

2-L2LH

SB 136 AN ACT RELATING TO THE OPERATION OF STATIONARY FISHING GEAR.

SPONSOR: MULCAHY

Amends the statute regarding the operation of stationary fishing gear to include a definition of "physically present" to mean "in the immediate vicinity of the gear". Under current statute, the Board of Fisheries may require a person who holds a limited entry permit or an interim-use permit to be physically present during the operation of net gear or other stationary fishing gear (from a beach or river bank or lake shore).

Spoke with Troy in Sen. Mulcahy's office:

The intent of SB 136 is to statutorily allow permit holders to not be constantly present at their nets. In Kodiak, these fishermen are allowed to have 2 nets, usually set up a couple miles apart. They hire crew to "pick" the nets as soon as the fish hit. Fish and Wildlife Protection has been giving citations to crew members who are "picking" nets when the permit holder is not present.

Under current statute, the permit holder is exempted from being present if he's delivering fish. Troy indicated other exemptions are needed. The AG's current opinion defines "physically present" as within shouting distance. Though vague, "immediate vicinity" is intended to be a broader definition of "physically present".

An additional factor: The Board of Fisheries has adopted regulations in some areas of the State that allow the permit holder to not be physically present during the operation of his stationary fishing gear.

Troy indicated much work is yet to be done on this bill. SB 136 has been referred to the Resources Subcommittee on Fisheries.

SUMMARY OF CS SB 136 (Res)

This bill will provide several exemptions to the present requirement that a permit holder be physically present during the operation of stationary fishing gear (set nets, etc.)

The first exemption is already in the present AS 16.05.253; when going to and from the site of a sale of fish caught in the gear.

The second exemption will allow a person to operate or supervise the operation of another piece of gear that is located in another area of the fishing site. This is necessary as gear may be split up and be several miles apart.

The third exemption is to allow a person to be temporarily absent from the fishing site to perform duties directly related to the operation of the gear. This could include such things as fixing a broken outboard motor, mending web, etc. A person could also be absent from the gear to perform physical needs, such as sleeping or eating.

STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

COMMERCIAL FISHERIES ENTRY COMMISSION

POUCH KB
JUNEAU, ALASKA 99811

February 7, 1983

Senator Mulcahy
State Capitol
Pouch U (MS3100)
Juneau, AK 99811

RE: Set net gear operation

Dear Senator Mulcahy:

At your request Commissioner Williams had staff research last session's proposed Bill CSHB637 and offers the following suggested wording to clarify the operation of set net gear:

*Section 1. AS 16.05 is amended by adding a new section to read:

Sec. 16.05.253. OPERATION OF STATIONARY FISHING GEAR. The required physical presence of the permit holder at the site of stationary gear operated from a beach or riparian location will not be construed to mean more than being in the immediate vicinity of the gear. The permit holder is allowed to leave the vicinity only for the purpose of delivering his commercial catch.

Sincerely,

Derrill L. Johnson
Director, Admin. and Operations

DLJ:dan
Attachments
Memo Williams/Stewart 1-25-83 ADF&G & CFEC Statutes & Regs.
Burton/Gross Letter 8-6-75 Chapter 130, SLA 1975
Memo Chuckwuk/Simon 1-21-82 HB 637
Gen. Provisions/pages 163, 167, 168, 175 & Amendment 116

cc: Emil Notti
Legislative Assistant
Office of the Governor
(with attachments)

01-A6LH

MEMORANDUM State of Alaska

TO: John Williams
Chairman

DATE: January 25, 1983

FILE NO:

TELEPHONE NO:

FROM: Beth Stewart
Special Assistant

SUBJECT: ADF&G and CFEC Statutes & Regulations Concerning Set Net Operations

The following excerpts from the ADF&G Finfish Regulations and the CFEC statute deal directly or indirectly with the operation of stationary gear.

ADF&G REGULATIONS

5 AAC 39.107. OPERATION OF NET GEAR. basically requires that the interim-use or entry permit holder for any net gear be physically present during the operation of gear and that he or she "personally operate or assist in the operation of net gear."

During the December 1982 Board of Fisheries meeting, the board adopted new sections to this regulation that will exempt A-Y-K set net and fishwheel permit holders from the "physical presence" requirement to the extent that they may leave this gear unattended while it is in the water (see attachment).

5 AAC 39.130. REPORTS REQUIRED OF PROCESSORS, BUYERS, AND FISHERMEN requires that the permit holder sign the fish ticket. When viewed together with AS 16.43.150(b) and 5 AAC 39.107, this regulation has caused some problems for Protection because set net operators are required to remain on site with their permit cards in their possession as well as be present during the delivery of fish with their permit cards in hand to imprint and sign fish tickets. In areas where set netters must travel some distance to deliver their fish, this group of regulations and statutes would require the permit holder to pull his gear out of the water while he made his deliveries (see attachment).

5 AAC 39.280. IDENTIFICATION OF STATIONARY FISHING GEAR requires that the gear (buoys) be marked with the permit holder's 5-digit CFEC permit serial number (see attachement).

5 AAC 18.331. GILL NET SPECIFICATIONS AND OPERATION. This regulation is specific to the Kodiak area and reads in part:

"The aggregate length of set gill nets used by an individual may not exceed 150 fathoms. No more than two set gill nets may

be operated by the individual holding the valid interim-use or entry permit card for that gear."

5 AAC 18.335. MINIMUM DISTANCE BETWEEN UNITS OF GEAR. This regulation is also specific to Kodiak and says, "No part of a set gill net may be set or operated within 900 feet of any part of another set gill net."

CFEC STATUTE

AS 16.43.140. PERMIT REQUIRED. (b) reads, "A permit is not required of a crewman or other person assisting in the operation of a unit of gear engaged in the commercial taking of fishery resources as long as the holder of the entry permit or the interim-use permit for that particular unit of gear is at all times present and actively engaged in the operation of the gear."

AS 16.43.150. TERMS AND CONDITIONS OF ENTRY PERMIT; ANNUAL RENEWAL. (this is duplicated for IUP's in AS 16.43.220(c)) (b) "The holder of an entry permit shall have the permit in his possession at all times when engaged in the operation of gear for which it was issued."

SB

138

HOUSE RESOURCES COMMITTEE OBSERVER/WITNESS SIGN-UP SHEET

DATE: 3-28-83 SPONSOR: Resources

SUBJECT(S): SB 138 Guide board/marine mammals

NAME	REPRESENTING	ADDRESS	PHONE	Observer	Witness	For	Against

STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

ROBERT J. SUNDBERG
COMMISSIONER

DEPARTMENT OF PUBLIC SAFETY
DIVISION OF FISH & WILDLIFE PROTECTION

P. O. BOX 6188, ANNEX
ANCHORAGE, ALASKA 99502

February 28, 1983

Clark Engel, Master Guide
4129 Lana Court
Anchorage, Alaska 99504

Dear Clark:

During the past few years the guiding industry through the Guide Board has made substantial improvements in cleaning up the industry and improving the image of guiding in Alaska. The Guide Board distribution of exclusive guide areas and it's thorough investigations of accusations made against members of the guiding industry have gone a long way to improving the guiding business in Alaska.

With over 1,100 licensed guides, ranging from Master Guides to Assistants it takes a well coordinated effort to ensure that the same standards are applied by the guiding industry throughout the state. The industry has an impact upon tourism and upon the image of the state of Alaska through the sportsmen that it caters to. This Board has helped standardize the practices and procedures through which the guides have operated thereby giving the guiding industry in Alaska a good image on the outside. From a law enforcement standpoint, during the past few years we have seen a steady decline in the number of guide related violations. In fact, in FY-82 of the commercial users of the resource, the guiding industry had one of the lowest of violation rates of any in the state. I think this speaks highly on the industry and this trend should be continued. Guiding has a role in Alaska and how big that role will be will depend entirely upon the activities and the image of the industry.

Clark, this isn't much but I hope this will give you and your members some idea of how I felt the industry has progressed and the usefulness of the Board during my few years of association with them.

Sincerely,

Bob

Colonel Robert J. Stickles
Director

RJS/rt

12-L12LH

STATE OF ALASKA
FISCAL NOTE

Revision Date , 1983

I. REQUEST

Bill/Resolution No.: HB 273
Title: "Guide Licensing & Control Board"
Sponsor: House Resources
Requestor: House Resources

II. FISCAL DETAIL

Agency Affected: Public Safety
Program Category Affected: F&WP
BRU, Program of Subprogram(s) Affected: Fish and Wildlife Protection

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL OPERATING		-0-	-0-	-0-	-0-	-0-
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

III. SOURCE OF FUNDS TO C FSET FISCAL IMPACT OF BILL:

IV. ANALYSIS: Attach a separate page for any Analysis No fiscal impact anticipated

Prepared By: Paul A. Conger Phone: 464-4338
Division: Administrative Services Date: 3/21/83

Approved by Commissioner: [signature] Date: 3/21/83
Department: Public Safety

Distribution:
Original to Legislative Finance
Copy to Office of Management and Budget (for Legislature introduced bills)
Copy to Department (for Governor introduced bills)
Copy to Sponsor
Copy to Requestor (if different from Sponsor)

3/8/83

STATE OF ALASKA
FISCAL NOTE

Revision Date March , 1983

I. REQUEST

Bill/Resolution No.: HB 273
Title: An Act continuing the Guide Licensing & Control Bd.
Sponsor: Resources Committee
Requestor:

II. FISCAL DETAIL

Agency Affected: Commerce & Econ. Development
Program Category Affected: Public Protection
BRU, Program of Subprogram(s) Affected: Licensing Boards

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL OPERATING	18.0	19.0				
CAPITAL						
REVENUE	* 38.8					

FUNDING: (Thousands of Dollars)

GENERAL FUND	18.0	19.0				
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: Harry D. Treager, Director
Phone: 465-2534
Division: Occupational Licensing
Date: 3-22-83

Approved by Commissioner: Richard A. Lyon
Date: 3/22/83
Department: Commerce & Economic Development

Distribution:
Original to Legislative Finance
Copy to Office of Management and Budget (for Legislature introduced bills)
Copy to Department (for Governor introduced bills)
Copy to Sponsor
Copy to Requestor (if different from Sponsor)

3/8/83

HB 273: FISCAL NOTE ANALYSIS

Expenditures are those funds allocated for board per diem and travel only, under the division's budget - Licensing Boards component.

Additional expenditures in support of the board are allocated through the Administrative component of the division's budget. The licensing examiner assigned to the Guide Board serves two other licensing boards in addition to the Guide Licensing and Control Board.

The legislation, as written, will not add a fiscal impact.

Funding for the board has been included in the FY '84 request.

HB 273 "An Act continuing the Guide Licensing and Control Board, and authorizing the board to license marine mammal guides."

SHORT SECTIONAL ANALYSIS

Section 1 simply extends the sunset date on the board from June 30, 1982 to June 30, 1986. The board was extended last year in SB 834, but the bill was vetoed by the Governor because it contained certain unrelat nguage regarding the validity of regulations promulgated by the administration. Governor Hammond saw the additional section as an invasion of the separation of powers provision of the Constitution.

Technically, the board sunsetted at the end of the last fiscal year, and is now in its wind-down year. Unless the legislature extends its life, it will completely cease to function on June 30.

Section 2 would allow the Guide Licensing and Control Board to take on marine mammal guiding, for which it has already adopted the necessary regulations. It is anticipated that at some point in the next few years the state will regain management authority over marine mammals from the federal government, and it would be helpful to have in place the necessary statutes and regulations to manage the guiding industry on those species.

Editor's notes. — This section was redrafted by the revisor of statutes to remove personal pronouns in conformity with AS 01.05.031(c) and § 4, Chapter 58, SLA 1982.

Cross references. — As to constitutionality of ch. 102, SLA 1970, see notes to AS 09.55.536 and Alas. Const., art. II, § 14.

Chapter 03. Termination, Continuation and Reestablishment of Regulatory Boards.

Section
10. Termination dates for regulatory boards

Section
20. Procedures governing termination, transition and continuation

---

Cross references. — As to review of the activities of agencies, boards and commissions, see AS 44.66.010 et seq.

Sec. 08.03.010. Termination dates for regulatory boards. (a) Boards listed in this subsection have a termination date of June 30, 1979:

(1) Repealed by § 3 ch 36 SLA 1980.
(2) Repealed by § 3 ch 40 SLA 1980.
(3) Repealed by § 3 ch 87 SLA 1980.
(4) Repealed by § 3 ch 74 SLA 1979.
(5) Repealed by § 3 ch 39 SLA 1980.
(6) Repealed by § 3 ch 37 SLA 1980.
(7) Repealed by § 3 ch 38 SLA 1980.
(8) Repealed by § 3 ch 41 SLA 1980.
(9) Repealed by § 3 ch 67 SLA 1980.
(10) Repealed by § 2 ch 43 SLA 1980.
(11) Repealed by § 3 ch 42 SLA 1980.

(b) Boards listed in this subsection have a termination date of June 30, 1980:

(1) Repealed by § 15 ch 82 SLA 1980.
(2) Repealed by § 5 ch 159 SLA 1980.
(3) Collection Agency Board (AS 08.24.011) (obsolete);
(4) Repealed by § 5 ch 159 SLA 1980.
(5) Repealed by § 11 ch 71 SLA 1980.
(6) Repealed by § 7 ch 72 SLA 1980.
(7) Repealed by § 2 ch 63 SLA 1981.
(8) Repealed by § 8 ch 143 SLA 1980.
(9) Repealed by § 42 ch 167 SLA 1980.
(10) Repealed by § 2 ch 153 SLA 1980.
(11) Repealed by § 13 ch 52 SLA 1981.

(c) The following boards have the termination date provided by this subsection:

(1) Board of Nursing (AS 08.68.010) — June 30, 1983.
(2) Board of Chiropractic Examiners (AS 08.20.010) — June 30, 1984.

(3) Board of Examiners in Optometry (AS 08.72.010) — June 30, 1984.
(4) Board of Pharmacy (AS 08.80.010) — June 30, 1984.
(5) Board of Dispensing Opticians (AS 08.71.010) — June 30, 1985.
(6) Board of Dental Examiners (AS 08.36.010) — June 30, 1986.
(7) Board of Veterinary Examiners (AS 08.98.010) — June 30, 1985.
(8) State Physical Therapy Board (AS 08.84.010) — June 30, 1986.
(9) Board of Nursing Home Administrators (AS 08.70.010) — June 30, 1986.
(10) Board of Psychologist and Psychological Associate Examiners (AS 08.86.010) — June 30, 1982.
(11) State Medical Board (AS 08.64.010) — June 30, 1983.
(12) Board of Marine Pilots (AS 08.62.010) — June 30, 1983.
(13) Board of Welding Examiners (AS 08.99.010) — June 30, 1981 (obsolete).
(14) Board of Electrical Examiners (AS 08.40.010) — June 30, 1986.
(15) State Board of Registration for Architects, Engineers, and Land Surveyors (AS 08.45.011) — June 30, 1984.
(16) Board of Barbers and Hairdressers (AS 08.13.010) — June 30, 1984.
(17) Board of Public Accountancy (AS 08.04.010) — June 30, 1984.
(18) Real Estate Commission (AS 08.88.011) — June 30, 1986.
(19) Board of Governors of the Alaska Bar Association (AS 08.08.040) — June 30, 1985.
(20) Guide Licensing and Control Board (AS 08.54.010) — June 30, 1982.

(d) Repealed by § 3 ch 74 SLA 1979.

(e) Repealed by § 3 ch 74 SLA 1979. (§ 2 ch 149 SLA 1977; am §§ 1, 3 ch 74 SLA 1979; am §§ 1, 3 ch 36 SLA 1980; am §§ 1, 3 ch 37 SLA 1980; am §§ 1, 3 ch 38 SLA 1980; am §§ 1, 3 ch 39 SLA 1980; am §§ 1, 3 ch 40 SLA 1980; am §§ 1, 3 ch 41 SLA 1980; am §§ 1, 3 ch 42 SLA 1980; am §§ 1, 2 ch 43 SLA 1980; am §§ 1, 3 ch 67 SLA 1980; am §§ 10, 11 ch 71 SLA 1980; am §§ 6, 7 ch 72 SLA 1980; am §§ 2, 15 ch 82 SLA 1980; am §§ 1, 3 ch 87 SLA 1980; am §§ 7, 8 ch 143 SLA 1980; am §§ 1, 2 ch 153 SLA 1980; am §§ 2, 5 ch 159 SLA 1980; am §§ 41, 42 ch 167 SLA 1980; am §§ 1, 13 ch 52 SLA 1981; am §§ 1, 2 ch 53 SLA 1981; am § 1 ch 28 SLA 1982; am § 1 ch 60 SLA 1982; am § 1 ch 96 SLA 1982)

Revisor's notes. — Subsection (c) was rearranged by the revisor of statutes pursuant to AS 01.05.031 to conform to a logical arrangement of the subject matter.

Cross references. — For present provisions covering the subject matter of subsection (c) as it read prior to the 1979 amendment and of former subsections (d) and (e), see AS 08.03.020.

Effect of amendments. — The 1979 amendment repealed paragraph (14) of subsection (a), which read: "Board of Nursing (AS 08.68.010)," rewrote subsection (c), and repealed subsections (d) and (e), which read: "The termination, dissolution, continuation or reestablishment of a regulatory board shall be governed by the legislative oversight procedures of AS

for shipping to its destination for the purpose of human consumption. If the meat is delivered to a person other than the person who took the animal, a signed and dated statement or receipt stating the kind and quantity of meat received in approximate pounds or named portions of the carcass must be obtained from the recipient and presented upon request to any officer authorized to enforce this chapter. (Eff. 6/28/74, Reg. 50)

Authority: AS 08.54.050

12 AAC 38.120. COOPERATION WITH OFFICIALS. Failure on the part of a guide to assist the Departments of Fish and Game and Public Safety in determining the truth of any statements reported in accordance with 12 AAC 38.030 – 12 AAC 38.180 is considered a violation of ethical conduct. (Eff. 6/28/74, Reg. 50)

Authority: AS 08.54.050

12 AAC 38.130. REQUIREMENT FOR AN ASSISTANT GUIDE LICENSE. Repealed 5/12/79.

12 AAC 38.140. REQUIREMENTS FOR A REGISTERED GUIDE LICENSE. In addition to the requirements of AS 08.54.110, to be qualified for a registered guide license, a person must

(1) demonstrate to the board that he has spent 90 days in the field acting as an assistant guide as certified by the master or registered guides who employed him;

(2) not have violated a federal or state sport fish, game or guide statute or regulation or engaged in unethical activity, unsafe activity or activity which adversely affects the natural resources of the state for the preceding five years. (Eff. 6/28/74, Reg. 50)

Authority: AS 08.54.050
AS 08.54.110(12)

12 AAC 38.150. REQUIREMENTS FOR A MASTER GUIDE. In addition to the requirements of AS 08.54.100, to be qualified for a master guide license a person must have acted as a registered guide for 12 consecutive years. (Eff. 6/28/74, Reg. 50)

Authority: AS 08.54.050
AS 08.54.100(5)

12 AAC 38.155. REQUIREMENTS FOR MARINE MAMMAL GUIDE LICENSE. (a) To help provide economic opportunity for residents of rural coastal Alaska who engage in subsistence uses of marine mammals, the board will, in its discretion, issue a marine mammal guide license to an applicant who meets the following criteria:

(1) is at least 21 years old;

(2) has legally hunted marine mammals during each of at least 10 years, in a manner directly contributing to his experience and competency as a marine mammal guide;

(3) is physically able to perform the services of a marine mammal guide;

(4) demonstrates to the board sufficient standards of competence and ethical conduct and has not been convicted of a crime of moral turpitude;

(5) passes a qualification examination approved by the board and administered by the board or its agent, which covers the following areas:

(A) fishing, hunting, and guiding regulations;

(B) relevant characteristics of marine mammals;

(C) relevant characteristics of the ice, ocean, currents, and weather;

(D) field preparation of trophies;

(E) care of meat;

(F) firearms safety;

(G) practical first aid;

(H) photography; and

(I) booking and contracting guided hunts.

(b) A marine mammal guide will be authorized only to contract for and conduct guided hunts for species of marine mammals and in geographic areas of the state designated by the board.

(c) No marine mammal guide may contract for, or guide, more than two hunters in the field on any one hunt.

(d) A marine mammal guide must comply with AS 08.54 and 12 AAC 38. (Eff. 10/15/82, Reg. 84)

Authority: AS 08.54.040(a) and (b)
AS 08.54.050

12 AAC 38.156. REQUIREMENTS FOR ASSISTANT MARINE MAMMAL GUIDE LICENSE. (a) To help provide economic opportunity for residents of rural coastal Alaska who engage in subsistence uses of marine mammals, the board will, in its discretion, issue an assistant marine mammal guide license to an applicant who meets the following criteria:

(1) is at least 19 years old;

(2) has legally hunted marine mammals during each of at least seven years, in a manner directly contributing to his experience and competency as an assistant marine mammal guide;

(3) is physically able to perform the duties of an assistant marine mammal guide; and

(4) demonstrates to the board sufficient standards of competence and ethical conduct and has not been convicted of a crime of moral turpitude.

(b) No assistant marine mammal guide may

(1) book or contract for a guided marine mammal hunt;

(2) conduct a guided hunt for marine mammals; or

(3) guide for a marine mammal, unless under the immediate supervision of a licensed marine mammal guide. (Eff. 10/15/82, Reg. 84)

Authority: AS 08.54.040(a) and (b)
AS 08.54.050

12 AAC 38.160. IMPROPER CERTIFICATION. No master or registered guide may improperly certify that a person has met the qualifications for a guide license. (Eff. 6/28/74, Reg. 50)

Authority: AS 08.54.050

12 AAC 38.170. IMPROPER REPORTING. No guide may knowingly falsify any information required to be set out on any form required by the Alaska Department of Fish and Game or the Guide Licensing and Control Board. (Eff. 6/28/74, Reg. 50)

Authority: AS 08.54.050

12 AAC 38.175. EMPLOYMENT AND SUPERVISION OF ASSISTANTS. A registered or master guide may employ an unlimited number of registered, master, or class A guides to assist in his guiding operation; a registered or master guide may employ or have under his supervision an unlimited number of employees and helpers who hold assistant guide licenses, but not more than three employees may act in the capacity of, or be employed as, assistant guides at the same time by the same registered or master guide. No assistant guide employed or acting in a capacity other than as assistant guide may count any period of such other employment toward qualification for a registered, master or class A guide license. (Eff. 6/15/80, Reg. 74)

Authority: AS 08.54.210(a)(6)
AS 08.54.050
AS 08.54:040(a)(2)

12 AAC 38.180. GUIDING ETHICS. Unethical activity includes, but is not limited to

(1) not fully cooperating with state and federal wildlife officials or not abiding by and advising clients and personnel of all applicable conservation and game laws and regulations or condoning their violation;

(2) misrepresenting or not clearly defining rates, accommodations and services to prospective clients prior to booking and acceptance of deposit, or otherwise misleading prospective clients through false or fictitious advertising;

(3) being unwilling or incapable of making financial restitution to a client for any breach of

DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT
POSITION PAPER

HB 273: "An Act continuing the Guide Licensing and Control Board, and authorizing the board to license marine mammal guides; and providing for an effective date."

The Department of Commerce and Economic Development supports the continuation of the Guide Licensing and Control Board and the addition of licensing and regulating functions for marine mammal guides to the board.

In 1982, legislation to continue the board was passed by the Legislature and was subsequently vetoed by the Governor. The veto was due to language that "violated the consitutional separation-of-powers doctrine and determined to violate Article III, sections 1, 16 and 24 of the Alaska Constitution by infringing upon the inherent authority of the Guide Board to adopt interpretative regulations to execute AS 08.54." (Letter from Governor Hammond to Senate President Jalmar Kerttula, dated June 24, 1982.) This language is not in SB 138.

The board has responsibly addressed issues that concern licensed professional guides and the protection of resources. Two major issues which involved the board were land withdrawals under D2 and their effects on the guiding industry, and the preparation of a licensing program in anticipation of the Federal Government returning marine mammal protection and management to State jurisdiction. A marine mammal guide licensing program, including an examination (both oral and written), has been formulated and administered on a trial basis. The board held meetings in Western Alaska, and worked with Native representatives from the Arctic villages to establish the program.

The Alaska Professional Hunters Association also supports continuation of the Guide Licensing and Control Board.

Harry D. Seager, Director
Division of Occupational Licensing
3-22-83

3/22/83
Richard A. Lyon, Commissioner
Department of Commerce and
Economic Development

GUIDE LICENSING AND CONTROL BOARD STATISTICS

I. NUMBER OF CURRENT LICENSEES BY TYPE OF LICENSE - 12/31/82

Assistant Guide		666
Class A Assistant Guide		122
Registered Guide		346
Master Guide		41
	Subtotal	1,175
Transporter		75
	Total	1,250

II. HEARINGS FOR LICENSE VIOLATIONS AND AREA NONUSE (FY '82)

	Lic.	Area
Pending	4	17
Opened	6	44
Held	9	49
Completed	8	46

5 Revoked
1 Suspended
1 Denied
1 Approved
8

III. NUMBER OF LICENSES ISSUED BY FISCAL YEAR BY TYPE OF LICENSE

YEAR	MASTER	REGISTERED	CLASS A	ASSISTANT	TRANSPORTER
1973	11	397*	126*	735*	---
1974	17	*	*	*	---
1975	1	*	*	*	---
1976	3	11	40	202	---
1977	4	18	23	109	6**
1978	4	18	18	112	47
1979	2	18	9	135	24
1980	2	16	12	151	15
1981	2	21	11	123	32
1982	1	26	6	124	26
TOTALS	47	525	245	1,691	150

* Figures for 1973-5 merged
** Licensing of transporters began in FY '77

IV. EXCLUSIVE AREAS

There are 466 exclusive areas statewide.

PREPARED BY THE DIVISION OF OCCUPATIONAL LICENSING

STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

ROBERT J. SUNDBERG
COMMISSIONER

DEPARTMENT OF PUBLIC SAFETY

DIVISION OF FISH & WILDLIFE PROTECTION

P. O. BOX 6188, ANNEX
ANCHORAGE, ALASKA 99502

February 4, 1983

Paul Conger
Legislative Aide
Department of Public Safety
450 Whittier Street
Juneau, Alaska 99801

Dear Paul:

This is in response to the request by the House Resource Committee for information on the hunting and fishing guides in the State of Alaska.

In regards to fishing guides we have numerous individuals who provide charter and commercial fishing trips throughout the state, however, there is only one area within the state that has specific regulations relating to sport fishing guides, and that is on the Kenai River, located on the Kenai Peninsula. I am enclosing a copy of the codification of Register 82, 5 AAC 56.036, Kenai River Guiding Requirements. The sport fish guides on the Kenai River are required to maintain logs and provide information on their trips, however, reporting of monetary remuneration is not required.

It is estimated that a guided sport fish trip on the Kenai River costs approximately $80.00 to $100.00 per person.

The following information pertains to the sport fish guides who registered with the Department of Fish and Game in 1982, the first year of the regulation being in effect.

207	Sport fish guides who registered and were issued log books
43	Did not actually fish - no logs
56	Sport fish guides who took 50 or more clients
125	Separate sport fish guide business, with one or more guides employed
179	Boats registered by guides

There were approximately 24,880 man days of sport fishing efforts by the guides and clients on the Kenai River in 1982.

12-L12LH

It is a requirement for game guides to submit a statement of financial remuneration report that does reflect the name of the client(s) who was/were guided. Enclosed is a blank statement of a financial remuneration form that shows the required information that must be submitted on all guided hunts.

There is no requirement that a guide must show the amount of monetary remuneration received from a client for the guide service provided.

There is a space provided on the form that the guide must mark to indicate if financial remuneration was or was not received from a client.

We have the following classification and numbers of guides in the state of Alaska as of this date.

Master Guides	41
Registered Guides	346
Class A Assistant Guides	122
Assistant Guides	666

In 1981 there were approximately 1120 non-resident clients and 350 non-resident alien clients who were provided guide service.

In 1980 there were a combined total of 1600 non-resident and non-resident alien clients provided with guide service. We have not had an opportunity to compile the number of clients receiving guide service for 1982.

The following information is an estimated high and low cost that a guide charges for the animal hunted by a client.

Sheep	$4,500 to $5,500
Moose	$3,000 to $4,000
Caribou	$1,500 to $2,500
Black Bear	$1,500 to $2,500
Brown Bear	$5,000 to $9,000

There are some guides who will charge a client a lesser overall price for a combination hunt as when compared to a single animal hunt. For more information on prices we suggest contacting the Alaska Professional Hunters Association.

If we can be of further assistance to you on this matter, please let us know.

Sincerely,

Captain James R. Nutgrass
Operations Commander

JRN/rt
Attachment

Hein ✓

A M E N D M E N T

Offered in the HOUSE By Fuller

TO: HB 273

Page 1, after line 16, insert:

"* Sec. 3. AS 16.05.408(a) is amended to read:

(a) It is a class A misdemeanor for a nonresident alien to hunt, pursue, or take walrus unless personally accompanied by a licensed marine mammal guide, or a big game animal as defined by the Board of Game unless personally accompanied by a [PERSON WHO IS] licensed [AS A] master guide, registered guide, or class-A assistant guide under AS 08.54."

Renumber remaining section.

FROM MARC JENSEN

SENATE BILL 138 EXTENDS THE GUIDE LICENSING & CONTROL BOARD FOR ANOTHER" FOUR YEARS. I WOULD URGE ITS PASSAGE FOR THE FOLLOWING REASONS:

TESTIMONY BEFORE OUR SENATE COMMITTEE SHOWED THE PROFESSION IS A VERY VIABLE INDUSTRY GENERATING $20 MILLION INTO THE ECONOMY. IN MANY RESPECTS, IT IS A FACTOR OF THE TOURIST TRADE. THE HUNTER CLIENT SPENDS MONEY FOR TRAVEL, HOTEL, SPECIAL GIFTS, AND STATE LICENSES AND GAME TAGS. THE NON-RESIDENT LICENSE MONEY IS USED ON A 4 TO 1 MATCHING PROGRAM UNDER THE FEDERAL PITTMAN-ROBINSON ACT. THE MONEY HAS FUNDED 80 TO 90% OF STATE PROGRAMS.

THE GUIDE BOARD HAS BEEN INEXISTENCE FOR TEN YEARS. IT HAS ACCOMPLISHED MANY THINGS. IT HAS DEVELOPED A HIGH STANDARD OF PERFORMANCE. IN DOING SO IT HAS REVOKED OVER 25 GUIDE LICENSES. MANY OF THESE WERE SOME OF THE BIG OPERATORS IN THE STATE. THE INDUSTRY HAS BECOME VERY CONSERVATION MINDED AND HAS WORKED CLOSELY WITH BOTH THE DEPARTMENT OF GAME AND THE FISH AND WILDLIFE PROTECTION.

THE BOARD HAS ESTABLISHED ORDER BY HAVING BOUNDARIES IN WHICH THE GUIDE MUST WORK. THIS HAS ELIMINATED CONFLICT IN THE FIELD.

THE BOARD HAS HELD HEARINGS AND WORKED CLOSELY WITH THE WALRUS COMMISSION TO DEVELOP REGULATIONS FOR LICENSING MARINE MAMMAL GUIDES. THE STATE IS IN THE PROCESSE OF TAKING OVER MANAGEMENT AND WHEN THIS HAPPENS IT WILL BE A BIG HELP IN SUPPLEMENTING THE ARCTIC ECONOMY.

TESTIMONY WAS RECEIVED FROM NEW AND YOUNG GUIDES, THAT THE PROGRAM IS WORKING AND THEY HAVE AN OPPORTUNITY TO WORK INTO THE SYSTEM.

I URGE THE PASSAGE OF S.B. 138.

Nunivak Island Guide Service

Ed J. Shavings, Sr.
Registered Alaskan Guide

ASSISTANT GUIDES
Chuck Shavings
Tom G. Amos
P.O. BOX 31
MEKORYUK, ALASKA 99630

GUIDED TOURS FOR
WALRUS – MUSKOX
SPORT FISHING
PHOTOGRAPHY ADVENTURES

MEMBER
A.P.H.A. – N.R.A.
S.C.I.

Associates
L & S OUTFITTERS

March 17,1983

Rep.Ringstead,Co-Chairman
House of Resource Committee
Pouch V
Juneau,Alaska 99811

Dear Rep.Ringstead:

This is to let you know that I am fully supporting Guide Bill 138 in the House.

I would like to see continuation of the Guide Board in the State we live in today as with out Guide Baard,guiding in Alaska will not function right.

Being Arctic representative I have been working hard to get Sea Mammal Guides started in coastal areas for walrus and Polar bear hunting.

There are many Ivory carvers in coastal areas, but there are good hunters who needs to be licensed to become Sea Mammal Guides.

Sincerely yours,
Edward J. Shavings Sr.
Edward J. Shavings,Sr.
Arctic Representative for
Alaska Professional Hunter's Association

CHAPTER [illegible]
GUIDE [illegible]

Article
1. Examinations ([illegible]10)
2. Guide Register (12 [illegible]8.020)
3. General Provisions (12 AAC 38.030–12 AAC 38.190)

ARTICLE 1. EXAMINATIONS

Section
10. Examinations

12 AAC 38.010. EXAMINATIONS. (a) The application for a guide examination must be made at least five months before the examination date on a form provided by the board. The application for examination shall include a listing of all hunters the applicant has guided or assisted in guiding during his apprenticeship and a letter of recommendation from any registered or master guide for whom he has worked.

(b) Guide examinations will be administered by the board or its authorized representatives at times and places as announced by the board.

(c) The registered guide examination will consist of a written and an oral portion; successful completion of the written portion is a prerequisite to eligibility to take the oral portion. The registered guide examination will be designed to reveal the qualifications of the candidate to engage in guiding in the district of his choice; however, an applicant who, because of a language barrier, is unable to read and competently understand the English language may be excused from taking the written examination, and may be issued a license based on successful completion of the oral portion of the examination and demonstration of his capabilities and experience. Failure to achieve a passing score of at least 80 percent on either the written or oral portion of the examination constitutes a failure of the entire examination. A candidate receiving a failing score is not eligible to be re-examined for six months from the date of the last examination, and must retake both the written and oral portions of the examination (unless excused from the written portion as provided in this subsection).

(d) A person contesting the results of any portion of the registered guide examination shall direct his appeal and the grounds for it in writing to the Chairman, Guide Licensing and Control Board, Department of Commerce and Economic Development, Division of Occupational Licensing, Pouch D, Juneau, Alaska 99811, within 15 days after written notice was personally served or mailed to the applicant. (Eff. 6/26/74, Reg. 50; am 6/15/80, Reg. 74; am 3/28/82, Reg. 81)

Authority: AS 08.54.040(1) and (2)
AS 08.54.050
AS 08.54.110(5)

ARTICLE 2. GUIDE REGISTER

Section
20. Guide register

12 AAC 38.020. GUIDE REGISTER. (a) On December 31 of the register year, the names of all persons holding a master guide or registered guide license shall be entered by the board, on a register maintained by the board and shall be published for distribution to the public.

(b) All guides shall advise the board of their current address and all changes of address. (Eff. 6/28/74, Reg. 50; am 2/25/77, Reg. 61)

Authority: AS 08.54.040(a)(4) and (5)
AS 08.54.050

ARTICLE 3. GENERAL PROVISIONS

Section
30. Licenses
40. Restriction to districts
50. (Repealed)
51. Guiding area permits
52. Use of a guiding area assigned to another guide
53. Application and qualifications for guiding area permit
54. Reassignment of guiding area permit
55. Death or mental incapacity of guiding area permit holder
56. Changes to guiding area permits
57. Minimum use of guiding area
58. Grounds for revocation or suspension of a guiding area permit
60. Statement of financial remuneration
70. Responsibility of guide to his client

80. Survival gear
90. Presence of guide required
100. Taking of game by guides
110. Transporting meat
120. Cooperation with officials
130. (Repealed)
140. Requirements for a registered guide license
150. Requirements for a master guide
155. Requirements for marine mammal guide license
156. Requirements for assistant marine mammal guide license
160. Improper certification
170. Improper reporting
175. Employment and supervision of assistants
180. Guiding ethics
190. Definitions

12 AAC 38.030. LICENSES. (a) A person must purchase his registered guide license within one year of passing the guiding examination or his eligibility lapses

(b) An application for a guide license shall be made to the Division of Occupational Licensing, Department of Commerce, Pouch D, Juneau, Alaska 99811. (Eff. 6/28/74, Reg. 50)

Authority: AS 08.54.050

12 AAC 38.040. RESTRICTION TO DISTRICTS. (a) A guide may conduct guiding activities only in districts for which he is certified.

(b) Twenty-six guide districts are established and defined as being identical to those areas described as game management units by the Board of Fish and Game in 5 AAC 90.010, as of January 1, 1974, with the addition of the following subdistrict:

(1) repealed 6/15/80;

(2) repealed 6/6/79;

(3) 27 – Arctic Coastal, consisting of all land, including islands, and waters within the jurisdiction of the State of Alaska extending seaward from a point one mile inland from the mean high tide line north of 58° North latitude, beginning at the mount of the King Salmon River near Egegik and extending northward around the western and northern Alaska coastline to the eastern boundary of District 26. This district is designated for the hunting of marine mammals exclusively. "Marine mammals" means those mammals identified by the Alaska Board of Game as marine mammals.

(c) A guide licensed under AS 08.54 as of June 28, 1974 is restricted to certification to guide in those districts for which he was certified on that date. A guide licensed or entitled to renewal under AS 08.54 as of April 11, 1980 and certified in Districts 18, 18A, 22, 23, or 26 is hereby certified for Unit 27.

(d) Except as provided in (c) above, no guide may be certified for more than three districts, in addition to District 27.

(e) A master guide or registered guide may serve as a class A assistant guide in districts for which he is not certified.

(f) Notwithstanding any provision of this section, a guide may petition the board for a transfer of certification to another district if he demonstrates to the satisfaction of the board

(1) that he will incur substantial hardship if a transfer is not permitted as evidenced by

(A) substantial land withdrawals from hunting within his district;

(B) significant reclassifications of land within his district;

(C) depletion of game as evidenced by actions of the Department of Fish and Game; or

(D) other demonstrations of hardship; and

(2) that he is qualified to guide in the district to which he wishes to be transferred. (Eff. 6/28/74, Reg. 50; am 2/25/77, Reg. 61; am 6/6/79, Reg. 70; am 6/15/80, Reg. 74; am 3/28/82, Reg. 81)

Authority: AS 08.54.040(a)(3) and (6)
AS 08.54.050

12 AAC 38.050. REGISTRATION OF MAIN CAMP. Repealed 5/12/78.

12 AAC 38.051. GUIDING AREA PERMITS. (a) Guiding area permits will be issued by the board to guides qualifying under 12 AAC 38.053 and 12 AAC 38.054 for exclusive or joint use of a specified area in order to limit the number of guides allowed to guide for big game animals in that area.

(b) The board will determine the size, boundaries and number of guiding areas assigned to a master or registered guide and is not limited by number or boundaries of guide districts that may be included. In determining the size and boundaries of a guiding area, the board will consider, but is not limited to, the following criteria:

(1) size and boundaries applied for by the guide applicant;

(2) abundance and distribution of game populations in the area and adjacent areas that may be affected, and the ability of these populations to sustain guiding pressures;

(3) historical or customary methods of hunting big game in the area such as hunting on foot, on horseback, with aircraft, or by other means;

(4) value and location of applicant's investments in the area;

(5) likely impact of the applicant's guiding business on other guides in joint use or in adjacent areas;

(6) applicant's past use of and experience in the area;

(7) applicant's local residency;

(8) availability of alternative areas and applicant's dependence on guiding in the requested area;

(9) effect of hunting and land use regulations in that area.

(c) Each guiding area will be assigned a unique identification code.

(d) Notwithstanding any other provisions of this section, no new exclusive guiding area permits will be issued for District 27, as defined in 12 AAC 38.040(a)(3); however, this subsection does not affect valid existing guiding area permits issued for Nunivak Island before March 1, 1981.

(e) An applicant who is aggrieved by a board decision regarding the size or boundaries of a guiding area is entitled to a hearing under AS 44.62.370 to review the board's action; a hearing must be requested within 15 days after the guide receives written notice of the board's action. (Eff. 5/12/78, Reg. 66; am 6/27/81, Reg. 78)

Authority: AS 08.54.040(a)(3),(6) and (8)
AS 08.54.050

12 AAC 38.052. USE OF GUIDING AREA ASSIGNED TO ANOTHER GUIDE. (a) No guide may contract for or conduct a guided big game hunt in an exclusive guiding area not assigned to him by the board without first obtaining written permission from the guide to whom the guiding area is assigned.

(b) No guide may conduct a guided big game hunt in a joint-use guiding area not assigned to him by the board without first obtaining written permission from each joint-use permit holder.

(c) As used in this section, the "written permission" must include the following information:

(1) dates for which the permission is valid;

(2) species and number of big game animals to be hunted;

(3) date permission is signed and signature of each person holding a permit for the area.

(d) The written permission required in (a) and (b) of this section must be approved as provided in (e) of this section and at all times during the hunt a copy must be on the person of the guide conducting the big game hunt or in the base camp from which the hunt is conducted, and be on the person of each employee of each master or registered guide operating in the guide area.

(e) No guide may lease or rent a guide to another guide for monetary or material gain. The only lawful reasons for allowing use of another's area are the following:

(1) the guide seeking to grant permission to another is unable to conduct a contracted hunt due to physical or mental incapacity;

(2) a state or federal law or regulation adopted not more than nine months before the date of proposed use has closed or otherwise restricted hunting in the guiding area of the guide seeking use of another's area, making guiding in his own area infeasible; or

(3) migration or movement of caribou out of a guide's own area necessitates guiding in another's area.

(f) Each guide who gives written permission to another to use his exclusive or joint-use guiding area, may be held equally responsible with the guide receiving the permission, in a hearing before the board for revocation of the permit, for any violations in or misuse of the guiding area committed during the time authorized in the written permission. (Eff. 5/12/78, Reg. 66; am 10/11/81, Reg. 80; am 10/15/82, Reg. 84)

Authority: AS 08.54.040(a)
AS 08.54.050

12 AAC 38.053. APPLICATION AND QUALIFICATION FOR GUIDING AREA PERMIT. (a) An applicant for initial issuance of a guiding area permit must, at the time of application and at the time the application is reviewed by the board, be a registered or master guide in good standing and must be certified in the district or districts in which the applied-for guiding area is located. If civil or criminal charges for violation of a state or federal sport fish, game, or guiding law or regulation are pending against a guide at the time the board is to review the application, the board may defer action on the application until conclusion of the civil or criminal action.

(b) In order to be considered, an applicant must submit to the board, on or before the published deadline, an application which describes the proposed geographic boundaries of the guiding area being applied for and a 1:250,000 scale map showing the proposed boundaries.

(c) Each application must include satisfactory documentation of the applicant's past use, occupancy, or financial investment in the guiding area applied for. The application may include other relevant information if it is substantiated by satisfactory documentation.

(d) The board will, in its discretion, issue a permanent guiding area permit to a qualified applicant who can substantiate his use, occupancy, or financial investment in the guiding area for at least three of the five years immediately preceding the published deadline for filing the application for that particular unit. The board will, in its discretion, issue a temporary guiding area permit to a qualified applicant who can substantiate his use, occupancy or financial investment in the guiding area for at least two of the five years immediately preceding the published deadline for filing the application for that particular unit. In determining whether to issue a guiding area permit, the board will give preference to qualifying guides whose permanent residence is within the district in which the area is located and will consider criteria including the following:

(1) ability of the area to sustain an additional guided hunting operation, in terms of game populations, terrain, methods of hunting, and use by other guides or hunters; and

(2) amount of investments in the applied-for area, and length of use in the district.

(e) The holder of a temporary guiding area permit may apply for a permanent permit after one additional year of use, in the temporary guiding area.

(f) The board will not issue to a master or registered guide more than three exclusive or joint-use guide area permits, either on a temporary or permanent basis.

(g) In this section, "use" means conducting guided hunts as a registered or master guide in the district in which the applied-for area is located, as evidenced by statements of financial remuneration submitted to the board under 12 AAC 38.060(b). (Eff. 5/12/78, Reg. 66; am 10/15/82, Reg. 84)

Authority: AS 08.54.040(a)
AS 08.54.050

12 AAC 38.054. REASSIGNMENT OF GUIDING AREA PERMIT. (a) Guiding area permits are not transferable by the permit holder. The board will, in its discretion, reassign a guiding area permit

(1) upon the death of the permit holder or upon a judicial determination that the permit holder is mentally incompetent;

(2) upon revocation or suspension of a guiding area permit;

(3) if the permit holder voluntarily relinquishes the guiding area permit; and

(4) upon application for reassignment.

(b) Under (a)(4) of this section, a permit holder may apply to the board for reassignment of his or her guiding area permit to a designated master or registered guide; the application must be made jointly by the permit holder and the designated master or registered guide. Approval of the reassignment will be given only upon a finding by the board, after notice and opportunity for a hearing, that the designated registered or master guide is qualified to guide in the area, is certified in the district or districts in which the applied-for guiding area is located, and that the reassignment is consistent with the public interest. The board will consider the designated master or registered guide's past use, occupancy, or financial investment in the guiding area and other relevant and reliable information in determining whether the designated master or registered guide is qualified.

(c) Except as otherwise provided in this chapter, an applicant for a guiding area permit which is to be reassigned must meet the requirements of 12 AAC 38.053(a) and make application in the manner prescribed for initial issuance of a guiding area permit.

(d) If an applicant cannot establish past use of the guiding area to be transferred or is not certified in the district or districts in which the guiding area is located, the board will consider experience and current use in another area of similar terrain if the applicant can establish to the satisfaction of the board that he or she is competent because of other relevant factors to conduct guiding activities in the guiding area.

(e) The board will consider the recommendations of the prior holder of the guiding area permit to be reassigned and will, in areas of joint use, consider the recommendations of the other holders of permits for the guiding area.

(f) When an area has been revoked or suspended under (a)(2) of this section, the area is closed to all guided hunting until it is reassigned. (Eff. 5/12/78, Reg. 66; am 10/15/82, Reg. 84)

Authority: AS 08.54.040(a)
AS 08.54.050

12 AAC 38.055. DEATH OR MENTAL INCAPACITY OF GUIDING AREA PERMIT HOLDER. (a) Upon the death of a holder of a guiding area permit, the board will, in its discretion, grant a waiver, for a time specified by the board, of the requirements of 12 AAC 38.057 if application is made by the estate within 90 days after death. Failure to make application within 90 days is considered a voluntary relinquishment of the permit. At any time during the period of the waiver, an heir may apply to the board for a reassignment of the permit to a person designated by the heir.

(b) Upon a judicial determination that a guiding area permit holder is mentally incompetent, the board will, in its discretion, grant a waiver, for a time specified by the board, of the requirements of 12 AAC 38.057 if application is made by the permit holder's guardian within 90 days after a judicial determination of the permit holder's mental incompetency. Failure to make application

within 90 days is considered a voluntary relinquishment of the permit. At any time during the period of the waiver the guardian may apply to the board for a reassignment of the permit to a person designated by the guardian. (Eff. 5/12/78, Reg. 66)

Authority: AS 08.54.040(a)(3),(6) and (8)
AS 08.54.050

12 AAC 38.056. CHANGES TO GUIDING AREA PERMITS. (a) Petitions for amendments to guide area permits will be accepted for all guide districts and will be reviewed at a regularly scheduled meeting of the board. Petitions are limited to the following amendments:

(1) reassignment of a guiding area permit;

(2) changes within the boundaries of a guide area assigned to the petitioner including reducing permit area size, clarifying boundaries, and creating exclusive guiding areas in areas already assigned in joint use, as provided in (d) of this section; however, no petitions will be accepted seeking expansion of guiding permit area size.

(b) The board will give each petitioner reasonable notice of the date and place of the meeting during which his petition is scheduled for review. No petition will be heard by the board unless the petitioner, or a person authorized by him in writing to appear in his behalf, personally appears at the scheduled time.

(c) When a petition concerns a joint-use guiding area permit, the board will send each joint-use permit holder a copy of the petition and reasonable notice of the date and place of the meeting at which the petition is scheduled to be heard; each joint-use permit holder may appear before the board and present testimony relevant to the petition.

(d) The board will, in its discretion, issue an exclusive guiding area permit for an area or portion of an area already granted in joint use only upon a finding that

(1) all other affected guides in joint-use agree to the change; or

(2) creation of an exclusive guiding area is required by changes in game populations, hunting regulations, weather patterns, or land use laws or regulations, and other guides in joint use of the area will not be detrimentally affected by the change; in determining whether other guides may be detrimentally affected, the board will consider projected loss of hunting clients, revenue, investments, access and other similar concerns.

(e) A guide aggrieved by a board decision under this section is entitled to an administrative hearing to review the decision in accordance with AS 44.52.370. The guide must request such a hearing within 15 days after receipt of a notice from the board of the board's action. (Eff. 5/12/78, Reg. 66; am 6/16/80, Reg. 74; am 6/27/81, Reg. 78)

Authority: AS 08.54.040(a)(3),(6) and (8)
AS 08.54.050

12 AAC 38.057. MINIMUM USE OF GUIDING AREA. Each holder of a guiding area permit must conduct at least two contracted hunts within two consecutive calendar years within the guiding area as evidenced by statements of financial remuneration filed in accordance with 12 AAC 38.060. If, in any calendar year, the holder of a guiding area permit fails to conduct a guided hunt in that guiding area, he must submit to the Department of Public Safety, Fish and Wildlife Protection Division, Records Section, P.O. Box 6188 Annex, Anchorage, Alaska 99502, by January 31 of the following calendar year, a written statement explaining his failure to use the area. Failure to conduct at least two guided hunts within two consecutive calendar years in the guiding area as required by this section constitutes grounds for revocation of the guiding area permit unless the permit holder can demonstrate to the satisfaction of the board that circumstances beyond his control precluded conducting the required hunts. (Eff. 5/12/78, Reg. 66; am 6/27/81, Reg. 78)

Authority: AS 08.54.040(a)(3),(6) and (8)
AS 08.54.050

12 AAC 38.058. GROUNDS FOR REVOCATION OR SUSPENSION OF A GUIDING AREA PERMIT. The board will, in its discretion, revoke or suspend a guiding area permit or permits if the permit holder

(1) violates a federal or state sport fish, game or guiding statute or regulation, which violation occurred while guiding;

(2) has his guide license revoked or suspended or is denied renewal of a license for violation of a federal or state sport fish or game or guiding statute or regulation other than for nonpayment of current license fees;

(3) is found by the board to have misused a guiding area. (Eff. 5/12/78, Reg. 66)

Authority: AS 08.54.040(a)(3),(6) and (8)
AS 08.54.050

12 AAC 38.060. STATEMENT OF FINANCIAL REMUNERATION. (a) Before hunting with his or her client, a guide shall complete or have completed a statement of financial remuneration in triplicate on a form provided by the board for this purpose and shall state

(1) that he received financial or material remuneration for his services;

(2) the dates of the contract hunt;

(3) the species to be hunted for;

(4) the legal signature of the guide and his client;

(5) the typed or printed name and address of the guide and his client;

(6) the guiding area permit unique identifying code assigned under 12 AAC 38.051(c).

(b) The original of the statement required in (a) of this section shall be sent to the Department of Public Safety, Division of Fish and Wildlife Protection, Records Section, P.O. Box 6188 Annex, Anchorage, Alaska 99502, within 21 days after completion of the hunt.

(c) The guide is responsible for furnishing one copy of the statement to his client.

(d) One copy of the statement shall be filed in camp for the duration of the hunt and thereafter at the guide's regular place of business for four years, and shall be produced for inspection upon request by an agent of the Department of Public Safety. (Eff. 6/28/74, Reg. 50; am 5/12/78, Reg. 66)

Authority: AS 08.54.050

12 AAC 38.070. RESPONSIBILITY OF GUIDE TO HIS CLIENT. (a) It is the responsibility of a guide to ascertain that a client has a proper license and appropriate tags and harvest reports, in his possession, for the big game species being hunted before hunting. The guide is responsible for attaching appropriate tags to any game taken by his client and is responsible for having all game sealed or marked as required by Alaska Department of Fish and Game regulations.

(b) A guide shall take every reasonable measure to assure the safety and comfort of his clients. He is responsible for having available the following:

(1) adequate first aid supplies;

(2) sufficient food to provide for emergencies that might render the party immobile:

(3) shelter which is normally considered satisfactory and comfortable under field conditions;

(4) transportation or communications or arrangements to obtain them without hardship or unreasonable delay. (Eff. 6/28/74, Reg. 50)

Authority: AS 08.54.050

12 AAC 38.080. SURVIVAL GEAR. A guide is responsible for assuring that each aircraft operated by him, and used in any phase of a hunt conducted by him, carries survival gear as required by AS 02.35.110. (Eff. 6/28/74, Reg. 50)

Authority: AS 08.54.050

12 AAC 38.090. PRESENCE OF GUIDE REQUIRED. A master, registered or class A assistant guide must be in the field and participating in the conduct of the guided hunt whenever assistant guides are guiding. (Eff. 6/28/74, Reg. 50; am 11/2/75, Reg. 56)

Authority: AS 08.54.050

12 AAC 38.100. TAKING OF GAME BY GUIDES. (a) No guide may take big game animals or marine mammals while acting as a guide, except in cases of actual emergency when a bear or other animal is attacking or when a bear or other animal is about to escape after being wounded. It is then the duty of the guide to take such actions as he considers necessary.

(b) It is unlawful for a master guide, registered guide, class A assistant guide or assistant guide guiding a hunter for walrus to take or assist in taking any walrus other than the animal taken by the client he is guiding; however, one crewman other than the guide may take one single cow walrus and its calf if this taking does not exceed the bag limit as prescribed by regulations of the Board of Game. (Eff. 6/28/74, Reg. 50; am 6/12/77, Reg. 62)

Authority: AS 08.54.050

12 AAC 38.110. TRANSPORTING MEAT. A guide is responsible for transporting the meat of big game animals, except bear, wolves, and wolverine, taken by his client from the site of the kill to its destination or to a common carrier

contract by the guide or his employees, owing to no fault of the client;

(4) not advising clients of game population to the best of the guide's ability based on past performances in hunting areas and advising him of his chances of encountering the species he desires in the time allotted;

(5) making "guarantees" as to the success of a hunt or the number of pieces of game to be collected;

(6) not maintaining and providing stock, mechanical equipment, gear, food supplies and facilities to a quality and condition to provide services equal to or better than described in the guide's advertising, correspondence, verbal declaration or contractual agreements;

(7) not maintaining a neat, orderly and sanitary camp at all times, or not providing reasonably well-prepared, palatable and balanced camp meals for clients and personnel in keeping with the conditions of the hunt;

(8) contracting for more hunts or for more hunters at any one time than the guide or his employees can adequately facilitate rendering services for;

(9) hiring guides that are improperly licensed, or ill trained in the arts of woodsmanship, judging trophies, cooking, first aid, photography, firearms, trophy preparation and caring for clients;

(10) failing, while guiding a client, to take all precautions if an animal is wounded;

(11) failing to use every means at his disposal to bag any wounded animal while it is in danger of escaping, or if in a serious emergency, human life or well-being is endangered;

(12) filling a client's game tag or bag limit;

(13) failing, barring unforeseen conditions, to properly prepare, according to generally accepted procedures, all antlers, horn, hides and capes to be delivered to the taxidermist or to the client at the conclusion of a hunt in a satisfactory and unspoiled condition;

(14) failing to endeavor to salvage all meats of trophies taken by his client, in accordance with existing state law;

(15) promoting hunting or the taking of trophies by means other than fair chase: specifically, the pursuit of a trophy in an illegal or unsportsmanlike manner, by herding, driving or chasing of animals with the use of any mechanically powered equipment;

(16) failing to practice sound wildlife conservation or failing to create an awareness of conservation needs and practices during his associations with the public. (Eff. 6/28/74, Reg. 50)

Authority: AS 08.54.040(6)
AS 08.54.050

12 AAC 38.190. DEFINITIONS. Unless otherwise indicated, in this chapter

(1) "competence" means a professional standard of conduct which satisfactorily implements, under field conditions, the knowledge and qualifications of a guide;

(2) "transport" means shipping, carrying, importing, exporting, or receiving or delivering for shipment, carriage or export;

(3) "board" means the Alaska Guide Licensing and Control Board. (Eff. 6/28/74, Reg. 50)

Authority: AS 08.54.050

CHAPTER 40. STATE MEDICAL BOARD

Article
1. Licensing (12 AAC 40.010–12 AAC 40.050)
2. Abortions (12 AAC 40.060–12 AAC 40.140)
3. Continuing Medical Education (12 AAC 40.200–12 AAC 40.220)
4. Mobile Intensive Care Paramedics (12 AAC 40.300–12 AAC 40.390)
5. Physician Assistants (12 AAC 40.400–12 AAC 40.490)
6. General Provisions (12 AAC 40.970–12 AAC 40.990)

ARTICLE 1. LICENSING

Section
10. License by endorsement
20. License by examination
30. Re-examination fees
40. Recognized hospital
50. Biographical data required

12 AAC 40.010. LICENSE BY ENDORSEMENT. An applicant for license by endorsement shall submit evidence satisfactory to the board that he has passed an examination in the medical and basic science subjects. (Eff. 12/20/70, Reg. 36)

Authority: AS 08.64.250

12 AAC 40.020. LICENSE BY EXAMINATION. (a) The written examination will be the FLEX examination administered in Alaska.

(b) The oral examination required under AS 08.64.220 will be given in conjunction with the written examination.

(c) An applicant for license by examination must attain a FLEX weighted average of not less than 75 percent on his examination. (Eff. 12/20/70, Reg. 36; am 8/29/73, Reg. 47)

Authority: AS 08.64.100
AS 08.64.220

12 AAC 40.030. RE-EXAMINATION FEES. The following fees will be charged for re-examination where applicable:

GUIDE AREAS - What are they and how do they work?

It is ironic that the guide area concept which has proven so beneficial both within the guiding industry and to the State's wildlife management authorities as a management tool, can yet remain so misunderstood by the public. Apparently much of the confusion has resulted from the misnomer "exclusive" guide area, because from the public's point of view there is nothing exclusive about guide area assignments whatsoever.

To the contrary, guiding area assignments affect only licensed guides as a management tool existing solely within the confines of statute (and related regulatory) authority of Title 8 - an act relating to guides, as established by the Alaska Legislature about 1970.

Guiding in Alaska has endured quite a tumultuous history. Following WWII light aircraft opened Alaska's vast back country and a highly mobile guiding industry evolved. By the 1960's however, it became apparent that aircraft hunting had become too efficient, and both the public and resource managers demanded such practices be stopped. As result, the late 1960's was one of reform on the Alaskan hunting scene and many laws and regulations were passed to effect this reform. Within the guide industry, mobility, which previously had been the the aircraft guide's greatest asset, allowing him to jump from one hot spot to another, was severely restricted.

Unless an ethic of responsible management of one's own guiding activity was established, and established quickly, guiding would soon have received so much bad press that the industry would not have survived. The old days of being able to hunt out one drainage and go the the next were gone, and the newly established Guide License and Control Board was faced not only with trying to find solution to the problem, but to provide leadership to an ailing industry. From testimony received from within the industry a plan was formulated and by the mid-1970's the board had roughed out a plan of designating exclusively or joint-use (in case of extreme conflict) guide areas for each operating guide who could show past use of his area. Understandably such a turnabout from the freewheeling approach of former years has had its share of problems, but by the late 1970's the job was accomplished and only few, relatively minor problems were left to clean up. Two of the biggest included revocation of those areas which were not being used, thus making these areas available to new guides and to guides displaced by d-2 legislation; and licensing of coastal residents for the taking of Marine Mammals 'if and when' the State regained management authority of these species. Both these problems have been solved.

The concept of assigning each guide his own area and limiting his activity to that area has proven very beneficial to all concerned. Guides no longer skip about the country without regard to the public and other guides, but must become part of a responsible management scheme for their own areas... or risk the chance of being put out of business for their excesses. Today guides are getting along better and better with both Fish and Game, as well as the Protection Division of Public Safety as result, and while there is still room for improvement of course, are becoming a more responsible user group than ever before.

MARINE MAMMAL GUIDNG PERMITS

Sec. 08.54.045. Guiding Permit

That two guide classifications for marine mammals be established, those being "Marine Mammal Guide Permit" and "Assistant Marine Mammal Guide Permit." Marine mammals include those so designated by the Alaska Department of Fish and Game (walrus, polar bear, beluga whale, ribbon seal, sea lion, spotted seal, bearded seal, ringed seal and sea otter).

1. Application and Examinations for Marine Mammal Guide

   A. Application for a Guide Permit for Marine Mammal must be made at least five months before the examination date on a form provided by the Guide Board. The application shall include a list of those guided hunts the applicant has participated in during his apprenticeship. (A special provision shall be made for the initial application and examination under these provisions to allow for application prior to to be completed without a designated waiting period.)

   B. Applications and examinations may be administered by authorized representatives of the Guide Board.

   C. Marine Mammal Guide Permits and Marine Mammal Assistant Guide Permit examinations will be administered orally, using a point system required. An applicant who fails the examination may not be reexamined for a period of six (6) months.

2. Qualifications for MMGP

   A. Is 21 years of age or more.

   B. Is a resident of the area of the state in which he is to guide.

   C. Has legally hunted in the state for all or part of each of ten years in a manner directly contributing to his experience and competency as a guide; and has been a recognized boat captain three years.

   D. Is physically able to perform the services of a guide.

   E. Has demonstrated to the board sufficient standards of competence and ethical conduct and has not been convicted of a crime involving moral turpitude.

   F. Has surpassed the qualification examination prepared and administered bythe board or its agent(s), to include knowledge of the following:

      1. fish and game laws and regulations (add guiding regulations);

      2. relevant characteristics of the specific species of marine mammals to be hunted;

      3. relevant characteristics of the ice, ocean currents, and weather of the area in which the applicant is to guide;

      4. field preparation of trophies;

      5. care of meat;

      6. firearm safety;

      7. practical first aid;

      8. photography; and

      9. booking and contracting.

A. Is 19 years of age or more.

B. Is a resident of the area of the state of which he is to guide.

C. Has legally hunted in the state for all or part of each of seven years in a manner directly contributing to his experience and competency as an assistant guide.

D. Is physically able to perform the duties of an assistant marine mammal guide.

E. Has been recommended in writing by a master, registered, or marine mammal guiding permit holder.

4. Privileges and Limitations of Marine Mammal Guides

A. Marine Mammal Permit Holder

1. may sign statements of remuneration;

2. shall be limited to two hunters in the field on any one hunt; and

3. shall be held responsible for those same responsibilities as a master or registered guide under similar conditions.

B. Assistant Marine Mammal Guide Permit Holder

1. may not contract hunts; and

2. may not conduct a hunt, and shall be under the immediate supervision of the marine mammal guide by whom he is employed and/or working with.

STATE OF ALASKA
Department of Commerce and Economic Development
Division of Occupational Licensing
Pouch D
Juneau, Alaska 99811-0800

MARINE MAMMAL GUIDE PERMIT APPLICATION

(for Department use only)

++++++

APPLICATION FOR MARINE MAMMAL AND/OR ASSISTANT GUIDE PERMIT TEST

Complete and return to the Department of Safety, Fish and Wildlife Protection, Box 6188, Annex, Anchorage, Alaska 99502.

****

Name: ———————————————————————— Date: ————————
(type or print) (Last, First, M.I.)

Address: Mailing ————————————————————————————————
Residence ————————————————————————————————

Phone: ———————— Social Security No. ———————— D.O.B. ————————

Physical Description:

Height: ——'——" Weight: ——— lbs. Hair Color ——— Eye Color ———

List names, addresses, and dates of all registered guides and/or marine mammal guide permittees for whom you have worked. (Use additional sheet if necessary.)

————————————————————————————————————
————————————————————————————————————
————————————————————————————————————

Have you been convicted of or charged with any fish, game or guiding violations within the past five years? If yes, give details: ————————————————————————————
————————————————————————————————————
————————————————————————————————————

Pending ———————— Completed ————————

Are you a resident of Unit 27 area? op Yes op No How long ————————

Are you a citizen of the United States? op Yes op No

Physical impairments: ————————————————————————————————
————————————————————————————————————

Have you had any serious problems with any of the clients, registered guides, or Marine Mammal guide permittees for whom you worked? If yes, submit details: ————————————————————
————————————————————————————————————

How many years have you hunted Unit 27 marine mammals? ————————————————
How many years have you been recognized as a boat captain? ————————————————

Submit along with this application recommendation(s) from registered and/or marine mammal guide permittees for whom you have worked.

Submit any additional information that may help make a fair evaluation.

I, ———————————————— swear that all claims and statements made herein are true and that each question has been answered in its entirety.

Sworn to before me this ———— day of ————————————, 19 ——.

———————————————— ————————————————
Signature Notary Public in and for the State of Alaska
My commission expires: ————————

(for Registered Guide applicants)

CERTIFICATION OF APPRENTICESHIP
Guide Licensing and Control Board
Department of Commerce
Pouch D
Juneau, Alaska 99811

Should identify as Master, Registered Guide or Hard Time Marshal Permitee

I, _____ hereby certify that _____
(~~AKA MW Guide Permitee~~) (Applicant)

has worked for me in the field on guided hunts for _____ number of days, from _____, 19__ to _____ 19__, and to my personal knowledge has had the following experience:

1. Experience in Unit 27 ☐ Yes ☐ No
2. Has caped one or more big game animals ☐ Yes ☐ No
3. Has experience in care of meat ☐ Yes ☐ No
4. Has experience in care of trophies ☐ Yes ☐ No
5. Has knowledge of first aid ☐ Yes ☐ No
6. Has experience in care of firearms ☐ Yes ☐ No
7. Is familiar with Fish & Game and Guide regulations and statutes ☐ Yes ☐ No
8. List the species of big game animals applicant has personally taken:

_____

_____ _____
(Signature of Guide) (Signature of Applicant)

_____ _____
(Address) (Address)

_____ _____

Subscribed and sworn before me at _____
this _____ day of _____, 19____.

_____
Notary Public in and for the State of Alaska
My Commission expires _____

12 AAC 38.140. REQUIREMENTS FOR A REGISTERED GUIDE LICENSE. In addition to the requirements of AS 08.54.110 to be qualified for a registered guide license, a person must: (1) demonstrate to the board that he has spent 90 days in the field acting as an assistant guide as certified by the master or registered guide who employed him.

THE INFORMATION CONTAINED HEREIN WILL BE INVESTIGATED BY FISH & WILDLIFE PROTECTION, DEPARTMENT OF PUBLIC SAFETY. PLEASE BE SPECIFIC AS TO DATES.

HB 273 "An Act continuing the Guide Licensing and Control Board, and authorizing the board to license marine mammal guides."

SHORT SECTIONAL ANALYSIS

Section 1 simply extends the sunset date on the board from June 30, 1982 to June 30, 1986. The board was extended last year in SB 834, but the bill was vetoed by the Governor because it contained certain unrelated language regarding the validity of regulations promulgated by the administration. Governor Hammond saw the additional section as an invasion of the separation of powers provision of the Constitution.

Technically, the board sunsetted at the end of the last fiscal year, and is now in its wind-down year. Unless the legislature extends its life, it will completely cease to function on June 30.

Section 2 would allow the Guide Licensing and Control Board to take on marine mammal guiding, for which it has already adopted the necessary regulations. It is anticipated that at some point in the next few years the state will regain management authority over marine mammals from the federal government, and it would be helpful to have in place the necessary statutes and regulations to manage the guiding industry on those species.

Editor's notes. — This section was redrafted by the revisor of statutes to remove personal pronouns in conformity with AS 01.05.031(c) and § 4, Chapter 58, SLA 1982.

Cross references. — As to constitutionality of ch. 102, SLA 1970, see notes to AS 09.65.536 and Alas. Const., art. II, § 14.

Chapter 03. Termination, Continuation and Reestablishment of Regulatory Boards.

Section
10. Termination dates for regulatory boards
20. Procedures governing termination, transition and continuation

Cross references. — As to review of the activities of agencies, boards and commissions, see AS 44.66.010 et seq.

Sec. 08.03.010. Termination dates for regulatory boards. (a) Boards listed in this subsection have a termination date of June 30, 1979:

(1) Repealed by § 3 ch 36 SLA 1980.
(2) Repealed by § 3 ch 40 SLA 1980.
(3) Repealed by § 3 ch 87 SLA 1980.
(4) Repealed by § 3 ch 74 SLA 1979.
(5) Repealed by § 3 ch 39 SLA 1980.
(6) Repealed by § 3 ch 37 SLA 1980.
(7) Repealed by § 3 ch 38 SLA 1980.
(8) Repealed by § 3 ch 41 SLA 1980.
(9) Repealed by § 3 ch 67 SLA 1980.
(10) Repealed by § 2 ch 43 SLA 1980.
(11) Repealed by § 3 ch 42 SLA 1980.

(b) Boards listed in this subsection have a termination date of June 30, 1980:

(1) Repealed by § 15 ch 82 SLA 1980.
(2) Repealed by § 5 ch 159 SLA 1980.
(3) Collection Agency Board (AS 08.24.011) (obsolete);
(4) Repealed by § 5 ch 159 SLA 1980.
(5) Repealed by § 11 ch 71 SLA 1980.
(6) Repealed by § 7 ch 72 SLA 1980.
(7) Repealed by § 2 ch 53 SLA 1981.
(8) Repealed by § 8 ch 143 SLA 1980.
(9) Repealed by § 42 ch 167 SLA 1980.
(10) Repealed by § 2 ch 153 SLA 1980.
(11) Repealed by § 13 ch 52 SLA 1981.

(c) The following boards have the termination date provided by this subsection:

(1) Board of Nursing (AS 08.68.010) — June 30, 1983.
(2) Board of Chiropractic Examiners (AS 08.20.010) — June 30, 1984.

(3) Board of Examiners in Optometry (AS 08.72.010) — June 30, 1984.
(4) Board of Pharmacy (AS 08.80.010) — June 30, 1984.
(5) Board of Dispensing Opticians (AS 08.71.010) — June 30, 1985.
(6) Board of Dental Examiners (AS 08.36.010) — June 30, 1986.
(7) Board of Veterinary Examiners (AS 08.98.010) — June 30, 1985.
(8) State Physical Therapy Board (AS 08.84.010) — June 30, 1986.
(9) Board of Nursing Home Administrators (AS 08.70.010) — June 30, 1986.
(10) Board of Psychologist and Psychological Associate Examiners (AS 08.86.010) — June 30, 1982.
(11) State Medical Board (AS 08.64.010) — June 30, 1983.
(12) Board of Marine Pilots (AS 08.62.010) — June 30, 1983.
(13) Board of Welding Examiners (AS 08.99.010) — June 30, 1981 (obsolete).
(14) Board of Electrical Examiners (AS 08.40.010) — June 30, 1986.
(15) State Board of Registration for Architects, Engineers, and Land Surveyors (AS 08.48.011) — June 30, 1984.
(16) Board of Barbers and Hairdressers (AS 08.13.010) — June 30, 1984.
(17) Board of Public Accountancy (AS 08.04.010) — June 30, 1984.
(18) Real Estate Commission (AS 08.88.011) — June 30, 1986.
(19) Board of Governors of the Alaska Bar Association (AS 08.08.040) — June 30, 1985.
(20) Guide Licensing and Control Board (AS 08.54.010) — June 30, 1982.

(d) Repealed by § 3 ch 74 SLA 1979.

(e) Repealed by § 3 ch 74 SLA 1979 (§ 2 ch 149 SLA 1977; am §§ 1, 3 ch 74 SLA 1979; am §§ 1, 3 ch 36 SLA 1980; am §§ 1, 3 ch 37 SLA 1980; am §§ 1, 3 ch 38 SLA 1980; am §§ 1, 3 ch 39 SLA 1980; am §§ 1, 3 ch 40 SLA 1980; am §§ 1, 3 ch 41 SLA 1980; am §§ 1, 3 ch 42 SLA 1980; am §§ 1, 2 ch 43 SLA 1980; am §§ 1, 3 ch 67 SLA 1980; am §§ 10, 11 ch 71 SLA 1980; am §§ 6, 7 ch 72 SLA 1980; am §§ 2, 15 ch 82 SLA 1980; am §§ 1, 3 ch 87 SLA 1980; am §§ 7, 8 ch 143 SLA 1980; am §§ 1, 2 ch 153 SLA 1980; am §§ 2, 5 ch 159 SLA 1980; am §§ 41, 42 ch 167 SLA 1980; am §§ 1, 13 ch 52 SLA 1981; am §§ 1, 2 ch 53 SLA 1981; am § 1 ch 28 SLA 1982; am § 1 ch 60 SLA 1982; am § 1 ch 96 SLA 1982)

Revisor's notes. — Subsection (c) was rearranged by the revisor of statutes pursuant to AS 01.05.031 to conform to a logical arrangement of the subject matter.

Cross references. — For present provisions covering the subject matter of subsection (c) as it read prior to the 1979 amendment and of former subsections (d) and (e), see AS 08.03.020.

Effect of amendments. — The 1979 amendment repealed paragraph (1) of subsection (a), which read: "Board of Nursing (AS 08.68.010)," rewrote subsection (c), and repealed subsections (d) and (e), which read: "The termination, dissolution, continuation or reestablishment of a regulatory board shall be governed by the legislative review procedures of AS

DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT
POSITION PAPER

HB 273: "An Act continuing the Guide Licensing and Control Board, and authorizing the board to license marine mammal guides; and providing for an effective date."

The Department of Commerce and Economic Development supports the continuation of the Guide Licensing and Control Board and the addition of licensing and regulating functions for marine mammal guides to the board.

In 1982, legislation to continue the board was passed by the Legislature and was subsequently vetoed by the Governor. The veto was due to language that "violated the consitutional separation-of-powers doctrine and determined to violate Article III, sections 1, 16 and 24 of the Alaska Constitution by infringing upon the inherent authority of the Guide Board to adopt interpretative regulations to execute AS 08.54." (Letter from Governor Hammond to Senate President Jalmar Kerttula, dated June 24, 1982.) This language is not in SB 138.

The board has responsibly addressed issues that concern licensed professional guides and the protection of resources. Two major issues which involved the board were land withdrawals under D2 and their effects on the guiding industry, and the preparation of a licensing program in anticipation of the Federal Government returning marine mammal protection and management to State jurisdiction. A marine mammal guide licensing program, including an examination (both oral and written), has been formulated and administered on a trial basis. The board held meetings in Western Alaska, and worked with Native representatives from the Arctic villages to establish the program.

The Alaska Professional Hunters Association also supports continuation of the Guide Licensing and Control Board.

Harry D. Treager

Harry D. Treager, Director
Division of Occupational Licensing
3-22-83

3/22/83

Richard A. Lyon, Commissioner
Department of Commerce and
Economic Development

STATE OF ALASKA
FISCAL NOTE

Revision Date March , 1983

I. REQUEST

Bill/Resolution No.: HB 273
Title: An Act continuing the Guide Licensing
Sponsor: Resources Committee & Control Bd.
Requestor:

II. FISCAL DETAIL

Agency Affected: Commerce & Econ. Development
Program Category Affected: Public Protection
BRU, Program of Subprogram(s) Affected: Licensing Boards

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL OPERATING	18.0	19.0				
CAPITAL						
REVENUE	* 38.8					

FUNDING: (Thousands of Dollars)

GENERAL FUND	18.0	19.0				
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: Harry D. Treager, Director
Phone: 465-2534
Division: Occupational Licensing
Date: 3-22-83

Approved by Commissioner: Richard A. Lyon
Date: 3/22/83
Department: Commerce & Economic Development

Distribution:
Original to Legislative Finance
Copy to Office of Management and Budget (for Legislature introduced bills)
Copy to Department (for Governor introduced bills)
Copy to Sponsor
Copy to Requestor (if different from Sponsor)

3/8/83

HB 273: FISCAL NOTE ANALYSIS

Expenditures are those funds allocated for board per diem and travel only, under the division's budget - Licensing Boards component.

Additional expenditures in support of the board are allocated through the Administrative component of the division's budget. The licensing examiner assigned to the Guide Board serves two other licensing boards in addition to the Guide Licensing and Control Board.

The legislation, as written, will not add a fiscal impact.

Funding for the board has been included in the FY '84 request.

GUIDE LICENSING AND CONTROL BOARD STATISTICS

I. NUMBER OF CURRENT LICENSEES BY TYPE OF LICENSE - 12/31/82

Assistant Guide		666
Class A Assistant Guide		122
Registered Guide		346
Master Guide		41
	Subtotal	1,175
Transporter		75
	Total	1,250

II. HEARINGS FOR LICENSE VIOLATIONS AND AREA NONUSE (FY '82)

	Lic.	Area
Pending	4	17
Opened	6	44
Held	9	49
Completed	8	46

5 Revoked
1 Suspended
1 Denied
1 Approved
8

III. NUMBER OF LICENSES ISSUED BY FISCAL YEAR BY TYPE OF LICENSE

YEAR	MASTER	REGISTERED	CLASS A	ASSISTANT	TRANSPORTER
1973	11	397*	126*	735*	---
1974	17	*	*	*	---
1975	1	*	*	*	---
1976	3	11	40	202	---
1977	4	18	23	109	6**
1978	4	18	18	112	47
1979	2	18	9	135	24
1980	2	16	12	151	15
1981	2	21	11	123	32
1982	1	26	6	124	26
TOTALS	47	525	245	1,691	150

* Figures for 1973-[illegible] merged
** Licensing of transporters began in FY '77

IV. EXCLUSIVE AREAS

There are 466 exclusive areas statewide.

PREPARED BY THE DIVISION OF OCCUPATIONAL LICENSING

STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

ROBERT J. SUNDBERG
COMMISSIONER

DEPARTMENT OF PUBLIC SAFETY

DIVISION OF FISH & WILDLIFE PROTECTION

P. O. BOX 6188, ANNEX
ANCHORAGE, ALASKA 99502

February 4, 1983

Paul Conger
Legislative Aide
Department of Public Safety
450 Whittier Street
Juneau, Alaska 99801

Dear Paul:

This is in response to the request by the House Resource Committee for information on the hunting and fishing guides in the State of Alaska.

In regards to fishing guides we have numerous individuals who provide charter and commercial fishing trips throughout the state, however, there is only one area within the state that has specific regulations relating to sport fishing guides, and that is on the Kenai River, located on the Kenai Peninsula. I am enclosing a copy of the codification of Register 82, 5 AAC 56.036, Kenai River Guiding Requirements. The sport fish guides on the Kenai River are required to maintain logs and provide information on their trips, however, reporting of monetary remuneration is not required.

It is estimated that a guided sport fish trip on the Kenai River costs approximately $80.00 to $100.00 per person.

The following information pertains to the sport fish guides who registered with the Department of Fish and Game in 1982, the first year of the regulation being in effect.

207	Sport fish guides who registered and were issued log books
43	Did not actually fish - no logs
56	Sport fish guides who took 50 or more clients
125	Separate sport fish guide business, with one or more guides employed
179	Boats registered by guides

There were approximately 24,880 man days of sport fishing efforts by the guides and clients on the Kenai River in 1982.

12-L12LH

It is a requirement for game guides to submit a statement of financial remuneration report that does reflect the name of the client(s) who was/were guided. Enclosed is a blank statement of a financial remuneration form that shows the required information that must be submitted on all guided hunts.

There is no requirement that a guide must show the amount of monetary remuneration received from a client for the guide service provided.

There is a space provided on the form that the guide must mark to indicate if financial remuneration was or was not received from a client.

We have the following classification and numbers of guides in the state of Alaska as of this date.

Master Guides	41
Registered Guides	346
Class A Assistant Guides	122
Assistant Guides	666

In 1981 there were approximately 1120 non-resident clients and 350 non-resident alien clients who were provided guide service.

In 1980 there were a combined total of 1600 non-resident and non-resident alien clients provided with guide service. We have not had an opportunity to compile the number of clients receiving guide service for 1982.

The following information is an estimated high and low cost that a guide charges for the animal hunted by a client.

Sheep	$4,500 to $5,500
Moose	$3,000 to $4,000
Caribou	$1,500 to $2,500
Black Bear	$1,500 to $2,500
Brown Bear	$5,000 to $9,000

There are some guides who will charge a client a lesser overall price for a combination hunt as when compared to a single animal hunt. For more information on prices we suggest contacting the Alaska Professional Hunters Association.

If we can be of further assistance to you on this matter, please let us know.

Sincerely,

Captain James R. Nutgrass
Operations Commander

JRN/rt
Attachment

SB

139

Alaska State Legislature

HOUSE OF REPRESENTATIVES

COMMITTEE ON RESOURCES

JOHN RINGSTAD, CO-CHAIRMAN
RICHARD SHULTZ, CO-CHAIRMAN
POUCH V
JUNEAU, ALASKA 99811
(907) 465-3715

To: Co-chairman Ringstad

From: Committee Staff

Date: March 16, 1984

Re: SB 139

This legislation originated when legal revisors reviewing the statutes determined that the statutes involved were not serving a useful public purpose.

Agencies involved in the implementation of the big game transporter statutes also agreed that they were nearly impossible to enforce, and took time away from other, more important enforcement problems.

Senate Resources, after hearing testimony from big game guides, as well as appropriate agencies, passed SB 139, repealing the big game transporter provisions from Alaska statutes.

Nearly all parties agree that, although the legislation setting up these statutes was well-intended, it has caused more problems than it has solved.

STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

DEPARTMENT OF PUBLIC SAFETY
OFFICE OF THE COMMISSIONER

POUCH N
JUNEAU, ALASKA 99811
PHONE:

March 8, 1983 465-4322

Senator Bettye Fahrenkamp
Chairman, Senate Resources Committee
State Capital
Pouch V
Juneau, Alaska 99811

Dear Senator Fahrenkamp:

Re: SB 139

We support your intent to remove transporters from Title 8.

Sincerely,

Robert J. Sundberg
Commissioner

12-L2LH

SB 139 AN ACT REPEALING THE LICENSING OF BIG GAME TRANSPORTERS.

SPONSOR: RESOURCES COMMITTEE

Removes reference to "transporters" and "transporting activity" from the statute on guides.

Repeals the following sections:
- Qualification for transporter license.
- Restriction to transportation.
- Transporter report.
- License fee for a transporter.
- Definition of "transporting".

(Transporting is defined as conveying a person by any lawful means to an area for remuneration or material benefit in excess of normal operating costs, when the primary purpose of the person being conveyed is the taking of big game and the associated removing of big game meat after big game has been taken.)

Currently, a transporter is required to submit a notarized application with a $10 fee to the Department of Commerce. (The Department has issued 161 licenses since the program began in 1977.) Under current statute, Master, Registered, Class A Assistant, and Assistant Guides are exempt from the license requirements for transporters, but must comply with the reporting provisions. There is no limit on the number of transporter licenses that can be issued, nor are transporters restricted to certain geographic areas.

The Division of Legislative Audit did a follow-up review of the Guide Licensing and Control Board dated 12-21-81, and recommended the repeal of the "transporter laws", as they are not needed to protect the safety of the public or manage the game resources. In addition, air transporters' flying safety qualifications and aircraft safety are regulated by the FAA.

STATE OF ALASKA
PRELIMINARY STATEMENT OF FISCAL IMPACT

Bill No: SB 139 Date on Bill: 2/23/83
Title: repealing the licensing of big game transporters.
Sponsor: Resources Committee
Requestor: Senate Resources

1. Estimated fiscal impacts on:

a. Expenditures:

(Thousands of Dollars)

			FY 83	FY 84	FY 85	FY 86		
Capital								
Operating								
Total			0	0	0	0		

b. Revenues:

Revenue			0	0	0	0		

2. Source of funds to offset fiscal impact of bill:

Source of funds not identified by sponsor

3. Assumptions:

No fiscal impact

4. Disclaimer:
This statement has not been reviewed by the OMB in the Office of the Governor. It therefore does not represent the final estimate of fiscal impact.

Prepared By: Col. Robert J. Stickles RJS Phone: 269-5532
Division: Fish & Wildlife Protection Date: 3/2/83

Approved by Commissioner: Date: 3/4/83
Department: Public Safety

5. Distribution:
Original to Legislative Finance
Copy to OMB
Copy to Sponsor
Copy to Requestor

2/15/83

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: November 30, 1983

I. REQUEST
Bill/Resolution No.: SB 139
Title: Repeal Licensing Big Game Transporters
Sponsor: Senate Resources Committee
Requestor:
Date of Request:

II. FISCAL DETAIL
Agency Affected: Fish and Game
Program Category Affected: NRMEC
BRU, Program of Subprogram(s) Affected:

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Source)						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						
TOTAL						

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

OFFICE OF MANAGEMENT & BUDGET
NOV 30 1983

IV. ANALYSIS: Attach a separate page for any Analysis

BUDGET REVIEW

Prepared By: Beverly Beaume
Phone: 465-1130
Division: Administration
Date:
Approved by Commissioner: [signature]
Date: 11/29/83
Department: Fish and Game

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9/14/83

STATE OF ALASKA
FISCAL NOTE

Revision Date March , 1983

I. REQUEST

Bill/Resolution No.: SB 139
Title: An Act repealing the Licensing of Big Game Transport
Sponsor: Resources Committee
Requestor: Resource Committee

II. FISCAL DETAIL

Agency Affected: Commerce & Econ. Developmer
Program Category Affected: Consumer Protecti
BRU, Program of Subprogram(s) Affected: Licensing Boards

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL OPERATING						
CAPITAL						
REVENUE	1.0	1.0	1.0			

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: Harry D. Treager, Director
Phone: 465-2534
Division: Occupational Licensing
Date: March 14, 1983

Approved by Commissioner: Richard A. Lyon
Date: 3/16/
Department: Commerce & Economic Development

Distribution:
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3/8/83

FISCAL NOTE
SB 139

ASSUMPTIONS: Since the inception of licensing of big game transporters in 1977, a total of 161 transporters have been licensed by the Division of Occupational Licensing. This bill would eliminate revenue as follows:

Transporter licenses are $10.00 and must be renewed annually.

During calendar year 1982, 75 big game transporters were licensed.

Since the beginning of FY '83, 75 transporters have been licensed. It is anticipated that this figure will remain constant through FY '84 and FY '85.

One-third of one licensing examiner position is alloted to the Guide Licensing and Control Board; transporter licensing is only a portion of the Guide Licensing and Control Board's function and repeal will not appreciably alter staff duties.

SB834

A FOLLOW-UP REVIEW OF THE GUIDE LICENSING AND CONTROL BOARD
(Originally Released July 17, 1979)

December 21, 1981

Audit Control Number
08-012-0023-R

Commissioner, Department of Commerce and Economic Development	Charles R. Webber
Commissioner, Department of Public Safety	William R. Nix
Commissioner, Department of Revenue	Thomas K. Williams

Members of the
Guide Licensing and Control Board

Chairman	Marcus F. Jensen
Member	Clark Engle
Member	H. Glen Glenzer
Member	Norman G. Sutcliff
Member	Donald Harris
Member	William G. Stroecker
Member	Herbert C. Wiese

ORGANIZATION AND FUNCTION

The Guide Licensing and Control Board was established by the 1973 Session Laws of Alaska and succeeds the Board of Fish and Game, Department of Fish and Game, which previously regulated the guiding industry. The seven member Board is appointed by the Governor with confirmation by the Legislature and is restricted to having no more than three members as licensed guides. Board members serve staggered terms of three years or until their successors are appointed.

The Board is organized under the Department of Commerce and Economic Development, Division of Occupational Licensing. Two budgeted positions, a Guide Investigator and Administrative Assistant, in the Department of Public Safety, Division of Fish and Wildlife Protection, have been provided to assist in the licensure and investigations of guides.

The function of the Board is primarily regulatory, mandated by AS 08.54.040. Accordingly, the Board has the capacity to administer examinations; determine qualifications of guides; establish performance standards and regulate activities; maintain guide registers; prohibit harmful guiding activities; conduct hearings regarding licensure; and establish quotas of guides for specified geographical areas (exclusive guiding areas). The Board, through the assignment of exclusive guiding areas, limits hunting pressure by guides within a specific geographical area.

In addition, the Board licenses "transporters". A licensed "transporter" is a person who transports hunters for hire.

REPORT CONCLUSION

Policy Issues

This review contains policy issues raised as a result of our evaluation of various Board practices. The final policy decisions affecting these practices are not within the scope of this review but require legislative consideration. In debating these issues, the legislative oversight committees should consider the findings and alternatives presented in this report in reaching their decision.

Report Conclusion

In our opinion, the Guide Licensing and Control Board should be continued. For the following reasons, we believe the regulation and licensing of guides is needed to protect the public's health, safety and welfare:

A. This profession involves contracting for hunting game that could result in severe physical harm if practiced by incompetent persons. Potential harmful results include injury or death to the hunter due to neglect or carelessness on the part of the guide.

B. Other users of game resources, such as the general public and subsistence hunter, can be directly or indirectly affected by guiding activities. For example, overhunting by guides in an area not only depletes the game resources available to the general public but also adversely affects the subsistence hunters in that area.

C. In order to protect the public without unduly restricting individual rights, AS 16.05.407(a) exempts Alaskan residents from requiring the services of a guide.

While the reasons above indicate that the Board should continue to license and regulate guides, certain changes need to be implemented in order for the Board to more effectively serve the public.

The Board agrees that the transfer of the guides licensing function to the Department of Public Safety would enhance public convenience and be cost efficient. The Board believes legislation should be submitted seeking such a transfer (see Prior Audit Recommendation No. 1).

The Board has proposed changes to the statutes in response to two of our prior audit recommendations. However, the statute changes have not passed and a continued effort will be necessary to provide clear, relevant and workable statutes (see Prior Audit Recommendations No. 2 and No. 3).

The Department of Revenue has developed forms and procedures to collect and account for revenues from guides as required by statute. However, a continued effort will be required to improve the efficiency and accuracy of the reporting system (see Prior Audit Recommendation No. 4).

The Board is in the process of establishing a formal set of specific objectives and related measurement criteria so that its performance can be evaluated (see Prior Audit Recommendation No. 5).

Legislative Audit's Current Position

The Board agrees that the transfer of the guide licensing function to the Department of Public Safety would enhance public convenience and be cost efficient. The Board believes that legislation will soon be submitted seeking such a transfer.

Prior Audit Recommendation No. 2

The Guide Licensing and Control Board should seek legislation to have the "transporter laws" repealed.

The purpose of the "transporter laws" [Alaska Statutes 08.54.142, 08.54.144, 08.54.146 and 08.54.170(c)] is to protect the safety of the citizens of the State and better manage and protect the State's resources by licensing persons who transport hunters for hire so that reasonable standards and guidelines would be met and activities affecting the State's game resources would be more accurately monitored and assessed.

In our opinion, the "transporter laws" are not needed to protect the safety of the public or manage the game resources.

Personnel in the Department of Public Safety, Division of Fish and Wildlife Protection, consider the "transporter laws" confusing and difficult to enforce. In addition, we found the information and reports that transporters are required to file are not being used and are not needed to manage the game resources of the State. Furthermore, air transporters' flying safety qualifications and aircraft safety are regulated by the Federal Aviation Administration.

Legislative Audit's Current Position

The Board has submitted legislation providing that the transporter laws be repealed. The above mentioned statutes are addressed in House Bill 199.

Prior Audit Recommendation No. 3

The Board should continue its efforts to make the statutes more clear, relevant and workable.

Over the past several years the Board has been adopting regulations to make the statutes more clear, relevant and workable. However, we noted several statutes which need further consideration. For example:

(11) has been favorably recommended in writing by two hunters that the person has guided or assisted in guiding during each year of the person's three years as an assistant guide, whose recommendations have been solicited by the board from a list provided by the applicant;

(12) meets additional qualifications which the board may require. (§ 1 ch 17 SLA 1973)

Editor's notes. — This section was redrafted by the revisor of statutes to remove personal pronouns in conformity with AS 01.05.031(c) and § 4, Chapter 58, SLA 1982.

NOTES TO DECISIONS

There is a rational connection between one's competence to continue as a guide and a violation of fish and game regulations and statutes designed to conserve these resources of the state. Herscher v. State, Dep't of Commerce, Sup. Ct. Op. No. 1491 (File Nos. 2927, 2967), 568 P.2d 996 (1977).

If a guide violates the licensing statute and regulations of the board, he has demonstrated his failure to accomplish the joint objectives of reasonable harvesting of the game resources and their conservation, and, therefore, shows his incompetence to continue in the occupation of guiding hunters of Alaska's game resources. Herscher v. State, Dep't of Commerce, Sup. Ct. Op. No. 1491 (File Nos. 2927, 2967), 568 P.2d 996 (1977).

Extent of rational connection. — There is no requirement under due process that there must exist a rational connection between all of the several qualifications or standards one must meet to become a licensed hunting guide, and the various laws and regulations that must be obeyed if one is to retain his guide license. The "rational connection" is between the violations and one's competence, not to be licensed as a guide, but to continue in the occupation of guiding. Herscher v. State, Dep't of Commerce, Sup. Ct. Op. No. 1491 (File Nos. 2927, 2967), 568 P.2d 996 (1977).

Notice and hearing required for license suspension. — In the suspension of a hunting guide license, adequate notice and opportunity for a hearing were required. Herscher v. State, Dep't of Commerce, Sup. Ct. Op. No. 1491 (File Nos. 2927, 2967), 568 P.2d 996 (1977).

Sec. 08.54.120. Qualifications for a class-A assistant guide license. A person is entitled to be licensed as a class-A assistant guide if the person

(1) has been employed for at least one season as a licensed assistant guide;

(2) has had at least 20 years experience in the guide district in which the person is to be employed; for the purposes of this paragraph physical presence at some time of the year during each of the 20 years constitutes adequate evidence of experience, and military service outside the state for no more than six years shall be accepted as part of the required 20 years experience;

(3) has been recommended in writing as qualified by a registered or master guide to the board. (§ 1 ch 17 SLA 1973)

Editor's notes. — This section was redrafted by the revisor of statutes to remove personal pronouns in conformity with AS 01.05.031(c) and § 4, Chapter 58, SLA 1982.

Sec. 08.54.130. Privileges and limitations of class-A assistant guides. A class-A assistant guide

(1) may not contract for hunts;

(2) shall be under the supervision of a registered or master guide who has contracted with the client for whom the class-A assistant guide is conducting the hunt;

(3) may take charge of a camp and conduct hunts from it without the registered or master guide necessarily being present in the area if the registered or master guide is physically present in the state and is actively supervising in guiding activities. (§ 1 ch 17 SLA 1973)

Sec. 08.54.140. Qualifications for assistant guide license. A person is entitled to be licensed as an assistant guide if the person

(1) is 19 years of age or more;

(2) is a resident of the state;

(3) is favorably recommended to the board, in writing, by a registered guide;

(4) meets additional qualifications which the board may require;

(5) is in sound physical condition. (§ 1 ch 17 SLA 1973)

Editor's notes. — This section was redrafted by the revisor of statutes to remove personal pronouns in conformity with AS 01.05.031(c) and § 4, Chapter 58, SLA 1982.

Sec. 08.54.142. Qualification for transporter license. (a) A person may not engage in the activity of transporting unless the person is licensed as a transporter under this chapter. A person may be licensed as a transporter if the person

(1) is a resident of the state;

(2) is familiar with the terrain and transportation problems in the district or districts for which the license is requested;

(3) obtains a business license to do business as a transporter under AS 43.70.030.

(b) A person may not engage in the activity of transporting by air without an air commerce certificate as required by AS 02.05.040. (§ 2 ch 106 SLA 1976)

Editor's notes. — This section was redrafted by the revisor of statutes to remove personal pronouns in conformity with AS 01.05.031(c) and § 4, Chapter 58, SLA 1982.

Section 10, ch. 106, SLA 1976, provides: "Nothing in this Act gives a person licensed as a transporter a right as an air carrier which he does not otherwise hold under law."

Sec. 08.54.144. Restriction to transportation. (a) A licensed transporter may transport persons whose primary purpose is the taking of big game or the associated removing of big game meat and parts of big game, with the intent of receiving monetary or material remuneration for the transportation

(b) Air carriers who transport persons between airports, landing strips or other landing areas officially listed in the United States government Flight Information Publication, Alaska Supplement, as revised, or the United States government Sectional Aeronautical Charts, as revised, are exempted from the license requirements for transporters under this chapter but shall comply with the reporting provisions as prescribed in AS 02.05.170(f).

(c) Master guides, registered guides, class-A assistant guides or assistant guides are exempted from the license requirements for transporters under this chapter but shall comply with the reporting provisions as prescribed in AS 02.05.170(f). (§ 2 ch 106 SLA 1976)

Editor's notes. — Section 10, ch. 106, SLA 1976, provides: "Nothing in this Act gives a person licensed as a transporter a right as an air carrier which he does not otherwise hold under law."

Sec. 08.54.146. Transporter report. A transporter shall maintain a record of (1) the names and addresses of all persons transported; (2) the type of game transported; (3) an estimate of the quantity of meat transported; (4) the date of transporting; and (5) if known, the locality where the game was taken. The report shall be submitted to the Department of Fish and Game within 90 days after transporting the game. After receiving a report required under this section, the Department of Fish and Game shall send a copy of it to the Department of Public Safety. (§ 2 ch 106 SLA 1976; am § 4 ch 133 SLA 1976)

Editor's notes. — This section was redrafted by the revisor of statutes to remove personal pronouns in conformity with AS 01.05.031(c) and § 4, Chapter 58, SLA 1982.

Sec. 08.54.150. Responsibility of registered or master guide for violations. A registered or master guide contracting for a hunt is equally responsible under AS 08.54.200 for a violation of a federal or state sport fish, game or guide statute or regulation committed by a class-A assistant guide or assistant guide while in the course of the class-A assistant guide's or assistant guide's employment. (§ 1 ch 17 SLA 1973)

Editor's notes. — This section was redrafted by the revisor of statutes to remove personal pronouns in conformity with AS 01.05.031(c) and § 4, Chapter 58, SLA 1982.

Sec. 08.54.170. License fees. (a) License fees for engaging in the profession of guiding are:

(1) master guide license, annual $75

(2) registered guide license, annual 75

(3) [illegible] 15

(4) assistant guide license, annual 10

(b) The license fee for a master guide, registered guide, class-A assistant guide or assistant guide license is in addition to the fee required for a hunting or fishing license.

(c) The license fee for a transporter is $10. (§ 1 ch 17 SLA 1973; am § 3 ch 10[illegible] SLA 1976)

Sec. 08.54.180. Examination fee. An applicant for a guide examination shall pay a fee of $25. (§ 1 ch 17 SLA 1973)

Sec. 08.54.185. Additional fees. In addition to the license and examination fees provided for under this chapter, master guides and registered guides are subject to fees imposed under AS 16.05.340(e). (§ 4 ch 268 SLA 1976)

Sec. 08.54.190. Expiration and renewal. (a) A master guide, registered guide, class-A assistant guide, assistant guide or transporter license expires on December 31, following issuance.

(b) A license may not be issued to a class-A assistant guide or assistant guide who has failed to renew a license issued under this chapter for two consecutive years unless the class-A assistant guide or assistant guide again meets the qualifications for initial issuance of the license.

(c) A master or registered guide who fails to renew a license is not required to requalify under AS 08.54.100(2) or 08.54.110(8), respectively. (§ 1 ch 17 SLA 1973; am § 12 ch 127 SLA 1974; am § 4 ch 106 SLA 1976)

Editor's notes. — This section was redrafted by the revisor of statutes to remove personal pronouns in conformity with AS 01.05.031(c) and § 4, Chapter 58, SLA 1982.

Sec. 08.54.200. Grounds for disciplining a licensee. (a) The board shall hold a hearing to determine if disciplinary action is necessary if

(1) complaints concerning the licensee have been filed with the board from three or more clients of separate parties; or

(2) a licensee has been charged with a violation of federal or state sport fish, game or guide statutes or regulations; or

(3) a licensee has been convicted of a violation of federal or state sport fish, game or guide statute or regulation.

(b) After a hearing, the board may revoke, suspend, or deny renewal of a license if the board finds that the licensee

(1) engaged in unethical activity, unsafe activity, or activity which adversely affects the natural resources of the state when such activity is unrelated to the legal and legitimate purposes of the contract hunt; or

Sec. 08.54.220. Injunction against unlawful action. When in the judgment of the board a person or corporation or other entity has engaged in an act in violation of AS 08.54.130 and 08.54.200 — 08.54.210 or the regulations promulgated under them, the board may apply to the appropriate court for an order enjoining the act. Upon a showing by the board that the person is engaging in the act, the court shall grant injunctive relief or other appropriate order without bond. (§ 1 ch 17 SLA 1973; am § 5 ch 43 SLA 1975)

Article 3. General Provisions.

Section
240. Definitions

Sec. 08.54.240. Definitions. In this chapter

(1) "board" means the Guide Licensing and Control Board;

(2) "guide", "guides" or "guiding" means assisting another person to take game with the intent of receiving monetary or material remuneration for the services, by accompanying and directing that person personally or through a licensed assistant guide for the duration of a hunt, and not solely for the purpose of providing transportation services;

(3) "resident" means a person who

(A) maintains a place of residence within the state;

(B) has not claimed residency in another state for the immediately preceding 12 months;

(C) shows by all attending circumstances the intention to permanently reside in this state;

(4) "unethical activity" means

(A) deception in any degree involving prospective or actual clients either before, during, or following contract hunts;

(B) misrepresentation either through private communication or public advertising of the nature, type, duration, cost, or other conditions of contract hunts;

(C) making a guaranty that a species or certain number of species of game will be taken on a contract hunt;

(5) "transporting" or the "activity of transporting" means conveying a person by any lawful means to an area for remuneration or material benefit in excess of normal operating costs, when the primary purpose of the person being conveyed is the taking of big game and the associated removing of big game meat and parts of big game after big game has been taken; big game as used in this paragraph means game which, if taken by a nonresident, would require a big game tag. (§ 1 ch 17 SLA 1973; am §§ 7, 8 ch 106 SLA 1976; am § 2 ch 133 SLA 1976)

Editor's notes. — This section was redrafted by the revisor of statutes to remove personal pronouns in conformity with AS 01.05.031(c) and § 4, Chapter 58, SLA 1982.

Chapter 56. Hotels and Boardinghouses.

Section
10. Registration of travelers
20. Effect of refusal to register
30. Penalty for noncompliance
40. Disposition of fines
50. Liability for valuables
60. Baggage liability
70. Definitions

Cross references. — For other provisions relating to hotels and boardinghouses, see AS 34.35.510 — 34.35.530.

Collateral references. — 46 Am. Jur. 2d, Hotels, Motels and Restaurants, §§ 28-48.

48A C.J.S., Inns, Hotels, and Eating Places, §§ 4-10.

What constitutes a hotel or inn. 19 ALR 517; 35 ALR 988.

Maintenance or regulation by public authorities of tourist or motor camps, courts or motels. 22 ALR2d 774.

Sec. 08.56.010. Registration of travelers. The proprietors of roadhouses, hotels, or boardinghouses located outside of incorporated cities shall each keep a register containing the name and address of each guest with the date of arrival and departure. (§ 35-2-161 ACLA 1949)

Editor's notes. — This section was redrafted by the revisor of statutes to remove personal pronouns in conformity with AS 01.05.031(c) and § 4, Chapter 58, SLA 1982.

Sec. 08.56.020. Effect of refusal to register. No person who refuses to register may be accepted as a guest or given accommodations. (§ 35-2-161 ACLA 1949)

Sec. 08.56.030. Penalty for noncompliance. The proprietor of a roadhouse, hotel, or boardinghouse who fails to comply with this chapter is punishable by a fine of not less than $10 or more than $25, or by imprisonment for not more than 10 days, or by both. (§ 35-2-162 ACLA 1949)

Sec. 08.56.040. Disposition of fines. All fines collected under this chapter shall be deposited in the general fund. (§ 35-2-162 ACLA 1949)

Sec. 08.56.050. Liability for valuables. (a) When the operator of a hotel or boardinghouse provides a safe or vault in which guests may deposit valuable property for safekeeping and notice of this fact is posted in three or more conspicuous places in the hotel or boardinghouse, the operator is not liable for the loss, damage or

SB

151

STATE OF ALASKA
DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT
OFFICE OF THE COMMISSIONER

BILL SHEFFIELD, GOVERNOR

POUCH D
JUNEAU, ALASKA 99811
PHONE: 465-2500

May 26, 1983

Amendments for HCS CSSB 151 (C&RA)

Section 30.13.020(c) The three members appointed by the governor shall be the commissioner of Transportation and Public Facilities and the heads of two other principal departments of the executive branch (and shall serve at the pleasure of the governor), or the designees of the three members.

Section 30.13.040(9) charge and collect only those rents, rates, fees, or other charges (for its services and facilities) which are necessary to pay for the costs, including principal and interest, of bonds issued to finance the facility and to pay for costs necessary to maintain and to operate the facility;

(add to)

Section 30.13.050 An authority may not use rents, rates, fees or other charges collected through operation of the facility to finance the improvement, establishment and development of other, unrelated facilities.

Who is behind this legislation?

Cominco-Alaska, Inc. and NANA Corporation are partners in developing the Red Dog Mine near Kotzebue and requested this legislation. The Red Dog deposit is generally considered the richest lead and zinc find in the free world.

Cominco-Alaska's parent company, Cominco Limited of Vancouver B.C. is one of the world's largest lead and zinc producers. Cominco has vast experience in mining in the Arctic regions of Canada as well as in Greenland.

The Red Dog mine when operating will employ some 400 people directly. The mine will operate 24 hours a day, seven days a week for 50+ years. Current schedules call for completion of construction of both the mine facility and transportation systems by late 1986.

Other mining companies such as General Crude Oil Minerals and Kennecott have supported the legislation.

Why was the legislation proposed?

Given current law affecting the unorganized borough the proposed regional authority legislation was seen as the best way to achieve:

--tax exempt revenue bond financing (through lower interest rates and longer terms)

--Public ownership of a transportation system and port with equal access to any users (such as other mining projects which might come on line).

--Local input to decision making by the developer.

Why doesn't the NANA region simply form a borough?

The NANA corporation board of directors has set forming a borough government in their area as a priority. During the summer and fall of 1983 the process of beginning the process by formal discussions throughout the region will begin.

To keep the Red Dog project on schedule, the people in the region feel they cannot have the borough government in place soon enough.

HB 377 is seen as an interim neasure to keep the project on schedule until a borough is formed.

The Red Dog mine once operating will bring the regions valuation to a point where a sufficient tax base will exist for borough formation.

What State controls and oversight are contained in HB 377?

1. Authority Formation has to be approved by the Governor.
2. Three of the eight members of the Authority Board of Governors will be selected by the Governor from his cabinet.
3. Any bond sale must have advance approval of the State Bond Committee (the Commissioners of Commerce, Revenue, and Administration).
4. Financial records of the Authority are subject to audit by the Legislative Auditor; records must be established and maintained in a manner approved by the Legislative Auditor.

Alaska Environmental Lobby, Inc.
419 6th Street, Suite 328 Juneau, Alaska 99801 · 907-586-2345

24 March 1983

REGIONAL RESOURCE DEVELOPMENT AUTHORITIES: ISSUES AND PROBLEMS

INTRODUCTION

Senate Bill 151 allows the creation of 21 Regional Resource Development Authorities in Alaska, with full powers to issue revenue bonds for mining roads and ports. This bill would immediately benefit the development of the proposed Red Dog mine in northwest Alaska. But the larger issue is whether the state needs to create a new form of government in the unorganized borough which can issue unlimited amounts of tax exempt revenue bonds.

TAX EXEMPT BONDS

Bonds are usually tax exempt when they are issued by a state or local government (or an agent of a state or local government) and are used for a public purpose. Because the interest on these bonds is exempt from federal taxes, they are popular with investors, and hence have lower interest rates. General Obligation Bonds require approval by the voters and are usually paid off by taxes or any other state revenues. Revenue bonds should pay for themselves, out of the revenues from the project that was financed by the bonds, in this case a "toll" on mining developments and roads. Since these bonds are supposed to be paid off through user fees, they do not require voter approval. 85% of Alaska's $8.5 billion debt was incurred by revenue bonds--in other words, without voter approval.

After RRDA's are established by local elections, they can issue tax exempt revenue bonds for roads and harbor development. The issuing of these bonds does not require either state approval or voter approval, according to the current committee bill. Because the interest rates on these bonds would be lower than the rates for bonds issued by private corporations, they could encourage mining development that might not otherwise be possible. The effect is marginal, as the current difference in interest rates is about 3%, but the mining companies insist that this advantage is essential for profitability.

PAYING OFF REVENUE BONDS

The tolls form the roads and port facilities normally would pay the interest and principle due on the bonds. If the mining company fails to pay the tolls and charges required to pay for the road, the authority will be able to take legal action against the mining company. If, however, there is a deep slump in mineral prices, the mining company may go bankrupt, and the authority will have no way to pay off the bonds--except by going back to the state of Alaska and asking for more money.

Under SB 151, the state of Alaska has no legal obligation to help authoriities in trouble. As a practical matter, however, the state must come to the rescue, or suffer the consequences of having the reputation of Alaska's bonds all being suspect. This is a problem common to all state authorities. An article in the Sunday, March 20, edition of the Anchorage Times "'Separate' Agencies Rely on State Backup" investigated this problem. Harold Kuplesky, of the Bankers Trust Company, authorized a $50 million line of credit to the Alaska Power Authority. The Times reported:

> Harold Kuplesky isn't worried. Why? "As a backup, we have the state of Alaska standing behind the project." And if Tyee isn't finished and the state refuses to pay off the loan? "The market looks very dimly on people who do not honor their obligations," Kuplesky replied.
>
> Kuplesky then illustrated his point. "A good example is the New York Urban Development Authority," he said. "They defaulted, and we shut off the credit to the state of New York."
>
> "What happened? "The Legislature came up with the money, and fairly quickly, too."

THE BABY ELEPHANT PHENOMENON

A report to the Legislative Budget and Audit Committee, "Alaska's Public Corporations," by the Institute of Public Administration (Jan. 1982) described this situation in more vivid terms on page 48:

> History has shown very clearly that unless state governments become involved in any bail out arrangements for their corporate subsidiaries, state credit will be damaged if not cut off by bond market participants. Market analysts call this the 'baby elephant phenonmenon' The elephant (the indebted corporation in trouble) stumbles up on the state's front porch and says, "feed me or I'll fall down dead on your doorstep."

OTHER STATE SUBSIDIES

In Senate Bill 151, elections for Regional Resource Development Authorities will be paid for by the state. The operating expenses for the authorities are not specifically provided for. The door is left open for gifts, grants, loans, and payments for contracts from the state, as well as from individuals, private organizations, municipal governments and the federal government.

LOCAL CONTROL

One of the attractive points of SB 151 is that it provides for a measure of local control of road and port development. The RRDA's will be governed by a board of eight members. Five are elected by voters in the region (a region has the same boundaries as one of the regional educational attendance areas) and three are appointed by the governor. The authority has been likened to a single purpose local government. It is established to build roads and ports, but it does not have powers of land use planning, zoning, permitting, or taxation. The bond issues are approved by the Board, but are not voted on by the members of the region.

Adevelopment authority may be succeeded by a first or second class borough. If an authority fails and goes bankrupt, the subsequent formation of a borough may be complicated or prevented by the legal and financial wreckage of the authority.

ALTERNATIVES TO REGIONAL RESOURCE DEVELOPMENT AUTHORITIES

There are several alternatives to RRDA's which provide tax exempt bonding and local control, without risking the state's credit rating.

1. One alternative is to form a new borough in the area(s) that wants to develop roads and ports. The revenue bonds would be issued by the borough or an intramentality of the borough, as was done in Valdez. Because the borough has powers of planning, zoning, and permitting, greater local control is possible than with RRDA's.

2. Another alternative is to modify the Alaska Industrial Development Authority statutes so that they can fund larger projects, and fund roads projects. (Ports are already included.) Local control language is already in place for local governments; it could be extended to include rural areas.

3. Finally, tax free revenue bonds could be issued by the Department of Transportation. This technique is already used for airport construction. With this approach, areawide transportation planning is encouraged, and the chaos of 21 spearate transportation authorities is avoided. Additional statuatory provisions for local review of state projects would be needed.

The Anchorage Times

Editorials

Roads to resources

THE STATE could get itself into another hornet's nest if the legislature a proves a measure to create regional resource-development authorities.

These authorities, which would issue revenue bonds for new roads, ports and other transportation facilities needed for resource development, smack too much of the rural education attendance areas.

A few of those education units are notorious for not spending their money within established guidelines.

Fortunately, the Senate Finance Committee has held off approving the bill to create the authorities.

THOSE RURAL education areas have enough autonomy that they can get away with all sorts of foolishness. Some of them have tended to spend massive amounts for travel that cannot be justified. A number of them have failed to carry out orders to spend at least 55 percent of their budgets for classroom instruction. Still others have had more dollars left over at the end of the year than the law allows.

The proposed regional resource development authorities would have the power to issue revenue bonds and to use bond income to construct roads. The engineering and building of roads is no small matter. Large amounts of money would be handled to effect the purchase of rights of way, the engineering and the actual construction.

Under the bill, as many as 21 addtional quasi-government units could be formed. Citizens of those rural education attendance areas would be able to vote whether or not to create one of the aurhorities.

THERE ARE a number of questions that need answers before the legislature gives this measure further serious consideration.

Controls are needed because the state likely would be left holding the bag if the authorities defaulted on paybacks. And there must be a firm plan for accountability, which has not been the case with the rural education districts.

There are areas of the state which do need roads and transportation facilities in order to facilitate the extraction the resources. These resources are the key to Alaska's future.

But the state already has established channels to build transportation facilities.

Alaska has learned the hard way that local autonomy is not always the best way to go.

orials

April 23 - Times

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Editor-in-Chief
and Publisher

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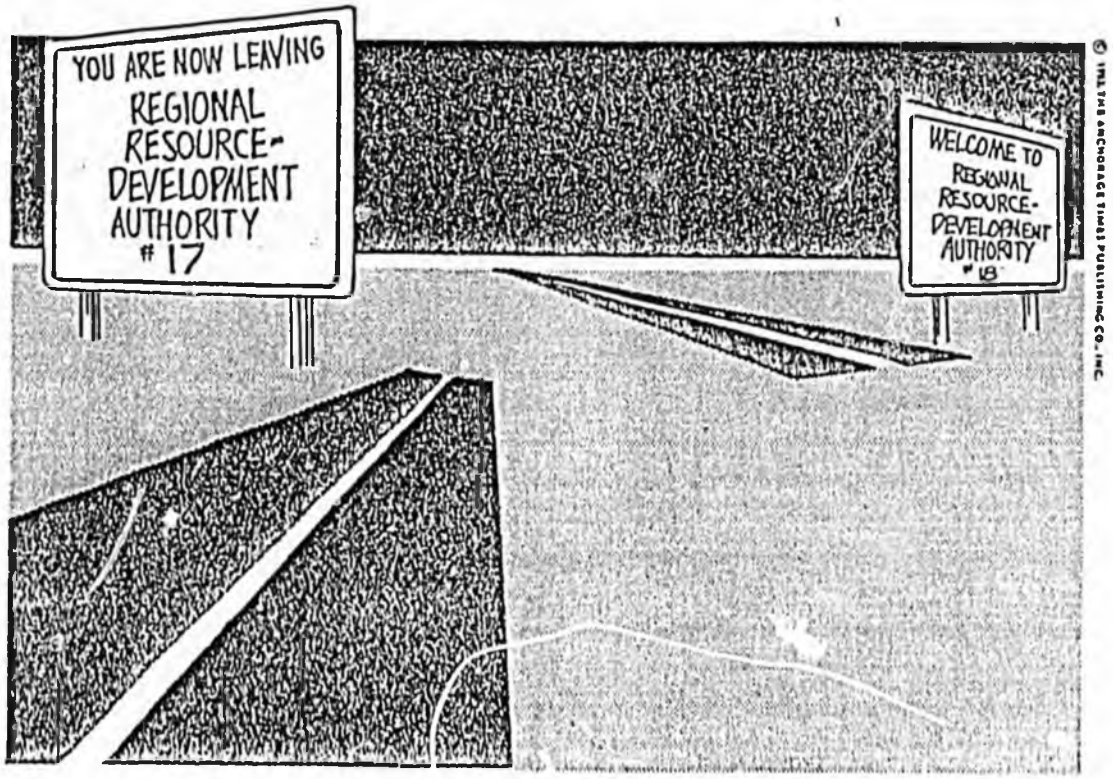

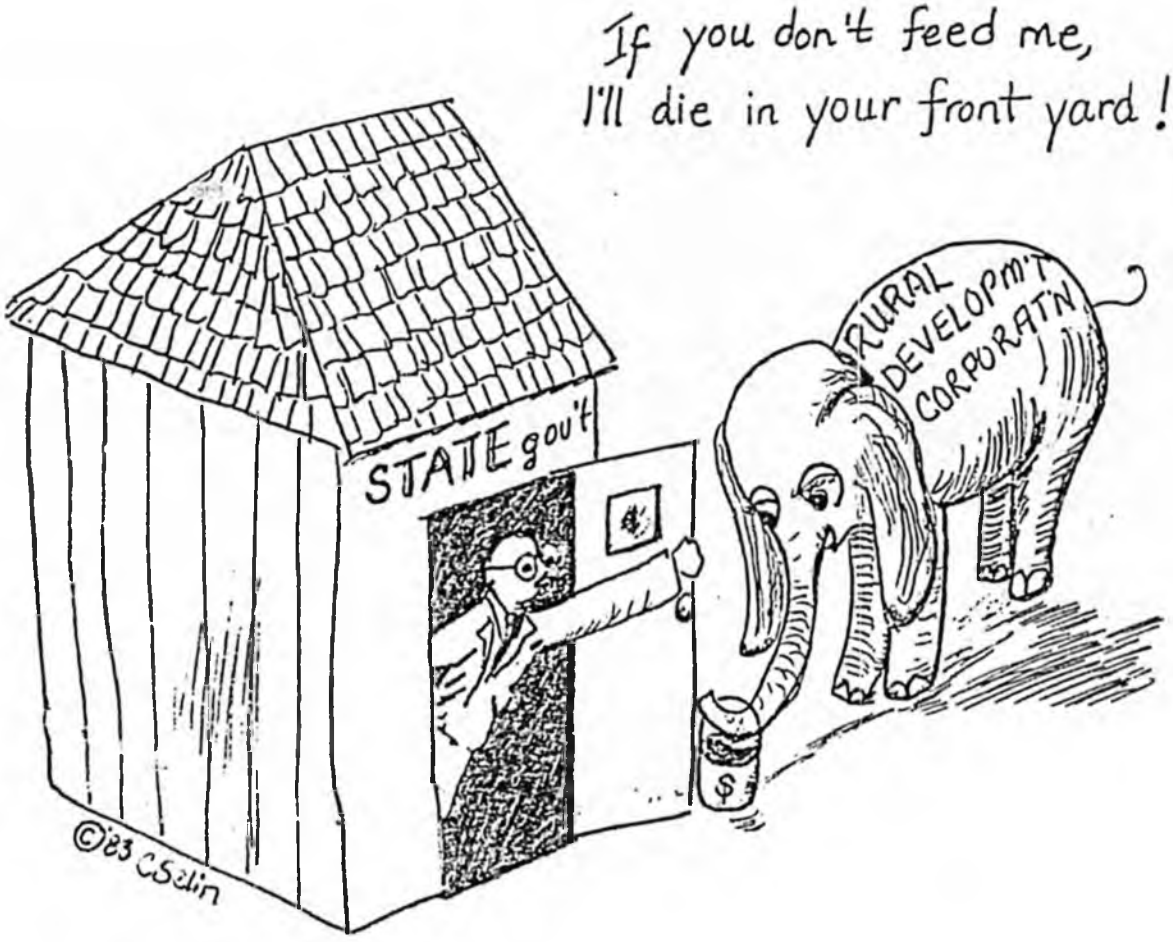

THE BABY ELEPHANT PHENOMENON

ALASKA ENVIRONMENTAL LOBBY

May 11, 1983

The Honorable Richard Shultz
Representative
House of Representatives
Pouch V
Juneau, AK 99811

Re: "CSSB 151 (Resources) An Act relating to Regional Resource Development Authorities and providing for an effective date."

Dear Representative Shultz:

The intent of bill CSSB 151 is to provide a financing vehicle for transportation and port development inorder to support natural resource development throughout Alaska. The legislative effort to design an enabling mechanism to organize these authorities in the different regions of the state may work against the ultimate success of these entities. In Southeastern Alaska, the REAA boundaries do not correspond with existing or potential political jurisdictions of any sort. Further, the political structure of the region - rural versus urban, development versus conservation, local government oriented versus private industry, etc. would make such an organizational effort difficult unless directed on a project site specific basis or on a totally region wide basis.

A better course of action might be to enable the formation of an authority based upon petition of the Office of the Governor and by concurrence through a joint resolution of the legislature. The petition would include #'s names of qualified voters finding a need for such an entity and their reasons. The legislature, in its capacity as the Assembly for the unorganized borough or as the legislature could find, support and ratify the formation of the authority, its purposes, its powers to create tax exempt financing and other powers. The Governor could appoint the board of governors (or commissioners) of the authority and the appointments could be concurred in by the legislature.

The reason this legislation is required at this time is because area wide government doesn't exist in most of the remote areas of Alaska where natural resource potential is on the verge of development. In the section on Powers of Authority and Limitation on Powers, it is clear that the ability to organize

and finance is granted; however, other necessary tools such as "eminent domain, taxation, land use planning, zoning, permitting or other similiar governmental powers" are specifically withheld. The legislation is silent on how all of these important features are to be dealt with as any development project progresses. Overlapping jurisdictions such as the statutory authority of Alaska Department of Community and Regional Affairs in the unorganized borough, Coastal Zone requirements and other agencies are certain to affect any project(s) created under a regional resource development authority. It seems that some of the powers restricted from these authorities should be granted. If not, then a state agency should be identified in the legislation through which these matters could be focused thus insuring timely progress and success of any resource development. The bottomline being that the public and the State of Alaska by using its tax exempt financing powers and other powers has an investment and interest in the outcome of an authority.

Sealaska Corporation is generally supportive of this legislation. With some changes, it is possible that Regional Resource Development Authorities could catalyst natural resource development in Southeastern Alaska as well as other areas of Alaska. If any of our ideas are helpful in moving the bill forward, we are willing to assist in preparing further language and testimony.

Sincerely,

SEALASKA CORPORATION

Robert W. Loescher
Vice President
Resource Management

cc: Byron Mallott
Chris McNeil
Janie Leask
John Shively
Don Argetsinger
Sam Kito
Southeast Village Corporation Presidents

LETTER OF INTENT

SENATE RESOURCES COMMITTEE

CSSB 151 (RES)

It is the intent of the Committee to authorize the establishment of regional authorities which will have the ability to issue tax-exempt revenue bonds for the purpose of enhancing the development of resource enterprises which would contribute to the economic growth of the State. It is the intent of the Committee that the authorities established pursuant to this legislation would not create any financial liability or obligation by the state for bonds issued for resource enterprises. Nor is it the intent that the issuance of any such bonds by authorities adversely affect the ability of the state or any of its political subdivisions to market their own bonds. Rather, to the maximum extent possible, liability for bonds issued rest exclusively with the regional authority and the specific resource enterprise involved, not the state, successor boroughs or other municipalities or other projects or citizens in the region or state.

Alaska State Legislature

Senate

Official Business

Senator Bettye Fahrenkamp
Chairman

Pouch V
State Capitol
Juneau, Alaska 99811

March 25, 1983
3:10 p.m.

211 Beltz Room

MEMBERS PRESENT

Senator Fahrenkamp
Senator Ziegler
Senator Eliason
Senator Paul Fischer
Senator Mulcahy

SB 73 - An Act relating to commercial fishing
SB 136 - An Act relating to the operation of stationery fishing gear.
SB 151 - An Act relating to Regional Resource Development Authorities.
SB 156 - An Act relating to the sale or lease of state hatchery facilities.
SR 2 - Relating to the Cross Island Well.

SB 73 - Senator Mulcahy, chairman of the Fisheries Subcommittee, reported that the subcommittee had adopted a committee substitute. He then moved and asked unanimous consent that SB 73 be moved from committee with individual recommendations. There were no objections.

SB 136 - Senator Mulcahy asked that SB 136 be held until the next Resource Committee Meeting.

SB 156 - Senator Mulcahy stated the Fisheries Subcommittee had adopted a committee substitute. He then moved the committee substitute for Senate Bill 156 from committee with individual recommendations. There were no objections.

SB 151 - Pat Pourchot, Administrative Assistant to the Senate Resources Committee testified regarding changes in the committee substitute. He listed four provisions to provide safeguards to the State to protect against possible problems in creation of authorities and issuance of revenue bonds:

(1) the number of petitioners to initiate calling an election was raised from 50 to 100;

(2) a sunset provision barring establishment of authorities after June 30, 1986;

(3) A Governor's finding of an authority;

(4) A state bond committee finding prior to issuing revenue bonds.

A letter of intent was also presented which addressed liability by the state vis a vis regional authorities and tax-exempt revenue bonds.

Nelson - representing the Alaskan Environmental Lobby testified that does not support the bill as presently written. He feels it would lead o potentially unsound developments. In particular, he stated that it could result in the State obligation to bail out any project in order to keep the State's credit rating. He suggested altneratives and a list of amendments.

Mary Lou Meiners, Division of Elections presented a formula for consideration in the bill which would govern the number of signatures required for calling for an election to establish an authority.

Dan Casey, Department of Transportation testified that the Administration supports the concept, but needs more time to study the bill. He recommended that the bill not be held in the Committee.

Terry Elder, Department of Commerce and Economic Development voiced the same concerns as Dan Casey.

Senator Mulcahy moved and asked unanimous consent that committee substitute for SB 151, including proposed amendments, be passed from committee with individual recommendations. There were no objections. He then moved that the letter of intent be moved from committee. There were no objections.

Meeting adjourned 3:45 p.m.

Alaska State Legislature

Senate

Resources Committee

Official Business

Senator Bettye Fahrenkamp
Chairman

Pouch V
State Capitol
Juneau, Alaska 99811

March 18, 1983
3:10 p.m.

211 Beltz Room

MEMBERS PRESENT

Senator Fahrenkamp
Senator Ziegler
Senator Eliason
Senator Vic Fischer
Senator Mulcahy
Senator Sturgulewski

SB 151 - An Act relating to Regional Resource Development Authorities

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SB 151 sets up a procedure for establishing a regional resource authority which could finance infrastructure such as roads, pipelines and ports for resource development projects. These resource development authorities would be created with approval of voters in the regional education attendance area, and be run by an 8-member board of elected and appointed members.

A draft committee substitute containing amendments worked out by the mineral companies involved in development in northwest Alaska who may be affected by this legislation was also discussed.

Terry Elder, State of Alaska, Department of Commerce testified that the Administration has not yet taken a position on the bill. He emphasized that all Departments should have input into this decision.

Don Argetsinger, NANA corporation, testified regarding the need for transportation in the area where the Red Dog Mine project is located. Other topics discussed were the development of local government, creating a much needed tax base, and the relationship between NANA and the Authority. He stated that NANA preferred the draft committee substitute.

Senator Fischer moved that CS 151 be placed before the committee. There were no objections.

Hank Giergerich, Manager of COMINCO discussed the Red Dog Mine project including financing, mining investment costs in contrast to oil investment cost, similarities to projects in Canada and the key role of transportation to project success.

Eric Wohlforth, attorney for COMINCO discussed the changes in draft committee substitute from the original bill including terms and number of members on the board, and access to facilities. He stressed that a government entity is not being formed. Discussion followed regarding indebtedness, bonding, powers of the authority, constitutionality, the legislature's ability to repeal, the effect on state obligations and bond rating and creation of different entities vis a vis local governments.

Harris Saxon, Ely, Guess and Rudd Law firm representing GCO Minerals testified that he was particularly interested in the guaranteed equal access to facilities. He further discussed support for the committee substitute to development of minerals in Northwest Alaska.

Russ Babcock, Bear Creek Mining Company, testified in general support of SB 151.

Mary Lou Meiners, State of Alaska, Division of Elections testified that two special elections would be necessary. The fiscal note submitted to the Resource Committee details cost of one special election in an REAA District. Should this legislation pass, she suggested that elections be consolidated if possible.

Senator Mulcahy voiced an interest in whether or not 50 signatures on a petition is overly lenient to call for a special election.

Senator Sturgulewski expressed her general opposition to the creation of new authorities that may duplicate or conflict with other state and local gobernment functions.

Senator Vic Fischer expressed concern over the possible proliferation of regional authorities and inquired as to the impacts on established authorities should the authoirizing legislation be sunsetted.

Meeting adjourned at 5:35 p.m.

FY1

Alaska State Legislature

E FAHRENKAMP, CHAIRMAN
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ON GILMAN
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POUCH V
STATE CAPITOL
JUNEAU, ALASKA 99811
(907) 465-3834
(907) 465-3835

Senate

Committee on Resources

April 6, 1983

Memo

To: Senator Bennett, Co-Chairman Finance Committee
Senator Sackett, Co-Chairman Finance Committee

From: Senator Bettye Fahrenkamp

Subject: CSSB 151, Regional Resource Development Authorities

As you know, the Finance Committee has recently received the above bill for consideration from the Resources Committee. This bill would authorize the establishment of authorities in the unorganized borough for the purpose of developing infrastructures for resource development projects. Funding for the developments would primarily come from the issuance of tax-exempt revenue bonds by the authority to be repaid with user fees from the developments.

In testimony and discussion before the Resources Committee several criticisms of the bill as originally drafted surfaced: 1) lack of guarantees of equal access to facilities which may be developed; 2) the possibility of proliferation of authorities throughout the unorganized borough; 3) the encouragement of less-than-sound economic projects by authorities; 4) the possibility that bonds issued by authorities may in some way create a liability to the state or add to the state's overall bond indebtedness; and 5) the possibility that the issuance of bonds by authorities might in some way affect the ability of the state or its political subdivisions to market their revenue bonds.

In response to these criticisms the Resources Committee adopted several major changes and additions to the bill including:

1) Page 2, lines 19-29, the Governor must make a positive finding that an authority's goals and projects would be economically advantageous to the region and state and that the authority is an appropriate and desireable method of accomplishing the goals and projects prior to establishment of an authority.

2) Page 2, lines 8-11, the ability to petition for establishment of an authority expires on July 1, 1986.

3) Page 2, lines 13-14, a petition to call for an election to establish an authority must be signed by 100 persons of a district.

4) Page 4, lines 26-29, the Board of Governors of an authority shall consist of eight members, five elected locally and three Department heads appointed by the Governor.

5) Page 8, subsection (f), Prior to issuance of bonds an authority must submit an independent economic analysis of a project and its revenues to the state bond committee. The committee must find that project revenues are adequate for payment of the bonds and that the issuance of bonds would not adversely affect the ability of the state or localities to market their bonds.

6) Page 11, subsection (b), bonds issued by an authority do not constitute any liability or indebtedness to the state or political subdivision, nor can an authority pledge the faith or credit of the state or local government.

7) Page 13, subsection (a), ensures fair and equal access and fee assessements for users of facilities.

8) Page 13-14, subsection (b), an authority must find that prior to issuance of bonds that a project would be economically advantageous to the state and general public welfare and that the project is economically viable.

9) Page 14, section 30.13.150 provides that an authority would be integrated into a local government should it be established, but that an indebtedness of an authority does not constitute an obligation of the new government.

I think that these provisions adequately address the concerns that were raised. However, several other possible amendments were suggested that might further clarify the intent of this legislation which were suggested too late to be properly integrated into the committee substitute. I would urge the Finance Committee to consider the following possible changes:

1) Changing the number of petitioners calling for an election to establish an authority from an absolute number of 100 to a percentage formula similar to other regional elections. (Attached is a possible formula suggested by the Division of Elections).

2) Any monies received by the state may not be used to satisfy bond obligations or collateral by an authority (attached are draft suggestions from the Department of Law).

3) Change a quorum of the Board from a majority to a majority plus one. (Suggested by the Alaska Environmental Lobby; see attached comments).

4) Ensure that proposed projects get fair and equal consideration within a district by an authority. (See attached language submitted by the Alaska Miners Association).

In addition, several technical changes should be made in the bill. The folling should be made to correct changes which were made by the Legal Division in the CS:

* 1) On page 5, lines 12-13, delete the phrase "at a meeting at which a quorum is present". This simply clarifies that a quorum constitutes a majority of the members of the board of governors.

* 2) On page 6, lines 16-17, delete the phrase "in accordance with the Administrative Procedure Act (AS 44.62)". This phrase was not contained in the CS which passed out of the Resources Committee and could be construed as evidence that authorities are somehow to be viewed as quasi-agencies of the state.

* 3) On page 8, line 25 delete "AS 30.13.060(f)(1)" and insert in lieu thereof "this subsection". There is no subsection (f)(1).

* 4) On page 15, line 18, add a comma after the words "rolling stock".

Finally, I would call your attention to the Letter of Intent which was passed out with the bill. This further clarifies that it is the intent that the bonds issued by the authorities not constitute any liability to the state or local governments or taxpayers in a successor government.

I would be happy to appear before your Committee to further explain this legislation and the actions of the Resource Committee. In addition, I have asked my staff to provide whatever assistance you may need on the bill. I remain convinced that this legislation could be of tremendous value in facilitating the development of resource projects in our state which would have tremendous economic and social benefits to regions as well as the state. I would hope the Finance Committee could expedite its consideration of this important legislation.

DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT
POSITION PAPER

The economic development goal of SB 151 and of the Administration's alternative is the same. Both vehicles would create a financing structure for transportation facilities which would shift the bonded indebtedness from a private balance sheet to a public balance sheet. The reduced capital investment by the developer would increase its return on investment and enhance the economic feasibility of the project. It is clearly in any developer's interest to do this, and may be in the State's interest if that is what it takes to promote a specific project.

The implications of such a debt shift from a private to a public balance sheet require careful consideration. If a project can support the debt service, there is no problem. If the revenue stream is reduced or eliminated for some reason, then the location of the debt is important. There is no legal liability of the State to prevent default of bonds issued by the SB 151 authorities or by the AIDA alternative. If a capital reserve fund in AIDA is funded with State funds, then there is a moral obligation of the State. However, it is legitimate to ask whether the State could allow the default of either an authority or of AIDA. In that respect, there is little difference between the proposals. It is not a reason to oppose either proposal, but it is a reason to be certain that bonding decisions are made carefully.

While the development goals of the two proposals are similar, there are certain strengths in the AIDA approach. First, the need for transportation facilities is a statewide need and AIDA is a statewide authority. Second, AIDA is a recognized name in the investment community; it already exists, and has a professional staff, investment advisor, and bond counsel. Utilizing AIDA simply requires granting it the power to finance and own transportation facilities. Third, use of the six economic regions rather than regional education attendance areas reduces the potential coordination problems that could result when a project spans more than one REAA. Finally, there would be only one bonding authority to finance any project.

The AIDA alternative differs from SB 151 in the method of local involvement. The alternatives allow for local participation via six Regional Development Advisory Councils, appointed by the Governor. The six regions are recognized by the U.S. Department of Labor, and economic data have been collected according to these regions for several years. Local involvement is accomplished in several ways. First, AIDA must obtain the approval of an affected council prior to development of a project, and the council must hold public hearings at three locations in the region. Second, if the council approves the project, two members of the council may serve on the board of AIDA in connection with subsequent action by the authority concerning the transportation facility. Finally, the authority must solicit the advice and approval of the council prior to adopting or executing contracts, agreements, resolutions, or other matters concerning the operation and management of the facilities. These provisions provide substantial local participation in the projects.

Alaska State Legislature

BETTYE FAHRENKAMP
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VIC FISCHER - BOB MULCAHY
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POUCH V
STATE CAPITOL
JUNEAU, ALASKA 99811
(907) 465-3834
(907) 465-3835

Senate

Committee on Resources

TO: Senate Resources Committee Members

FROM: Senate Resources Committee Staff

RE: SB 151

DATE: March 17, 1983

On Friday, March 18 at 3:00 p.m. in the Beltz Room, the Senate Resources Committee will be hearing SB 151, An Act relating to Regional Resource Development Authorities.

SB 151 sets up a procedure for establishing a regional resource authority which could finance infrastructure such as roads, pipelines and ports for resource development projects. Similar to port authorities, the resource authority could finance these facilities through tax-exempt revenue bonds. The authorities would only be authorized in the unorganized borough where no bodies currently exist to finance such projects in this manner. Should a borough later be established, the authority would dissolve and fold into the borough. There is currently high interest for such an authority in northwest Alaska to facilitate development of the Red Dog lead/zinc/silver deposits.

Resource development authorities would be created through the Department of Community and Regional Affairs, with approval of voters in the regional educational attendance area, and be run by a 5-member board. The board would have the power to purchase, hold and dispose of bonds. Bonds issued would not constitute an indebtedness or other liability of the state or a political subdivision, except the authority, but would be payable solely from the income and receipts or other funds or property of the authority.

The board would have the authority to acquire and dispose of property, and must provide for equal rights to access and use of a facility by the public and private entities.

Also attached is a draft Committee Substitute containing amendments worked out by the mineral companies involved in development in northwest Alaska who may be affected by this legislation. These amendments change the composition, procedures and election process of the Authority's board; clarify that the Authority does not have zoning and permitting powers; provide an assurance of access to facilities by other users; outline a procedure for determining if a project qualifies for bonding; and make other technical changes.

STATE OF ALASKA

Bill Sheffield, Governor

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

POUCH B
JUNEAU, ALASKA 99811
PHONE: (907) 465-4700

April 12 1983

STATEMENT OF FISCAL IMPACT

RE: CS SB 151 (Resources)

SPONSOR: Senate Resources Committee

On page six of the bill is a list of the powers of the authority. Included in those powers is the ability to accept organizational grants. The following break-down is felt to approximate the organizational cost of an authority.

Meeting Fees	$ 2,500
Travel for Local Members	$ 4,000
Per Diem for Local Memebers	$ 3,000
Attorney, Legal and Recording Fees	$ 15,000
Financial Services	$ 5,000
TOTAL PROJECTED ORGANIZATIONAL COST	$ 29,000

Mark Lewis, Commissioner

I. REQUEST

Bill/Resolution No.: HCSCSSB 151
Title: "An Act relating to RRDA's"
Sponsor: Fahrenkamp, Kerttula, Ferguson,
Requestor: Fischer House C. & R.A.A

II. FISCAL DETAIL

Agency Affected: Office of the Governor
Program Category Affected: Exec. Operations
BRU, Program of Subprogram(s) Affected: Division of Elections

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL		.4				
300 CONTRACTUAL		19.6	10.4	11.0		
400 COMMODITIES		.6				
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL OPERATING	-0-	20.6	10.4	11.0		
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	20.6	10.4	11.0		
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: Linda Dupere, Administrative Assistant Phone: 586-6181
Division: Division of Elections Date: 5/25/83
Approved by Commissioner: [signature] Date: 5/25/83
Department: Office of the Lieutenant Governor

Distribution:
Original to Legislative Finance
Copy to Office of Management and Budget (for Legislature introduced bills)
Copy to Department (for Governor introduced bills)
Copy to Sponsor
Copy to Requestor (if different from Sponsor)

STATE OF ALASKA
FISCAL NOTE

Revision Date 5/25 , 1983

I. REQUEST

Bill/Resolution No.: CS SB 151 (Resources)
Title: Regional Resource Development
Sponsor: Senator Fahrenkamp
Requestor: House C & RA Committee

II. FISCAL DETAIL

Agency Affected: Community & Regional Affs.
Program Category Affected: Development
BRU, Program of Subprogram(s) Affected: Local Government Assistance

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL OPERATING		29.0	-0-	-0-	-0-	-0-
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND		29.0	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS:

FULL-TIME		-0-				
PART-TIME						
TEMPORARY						

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

Sponsor has not identified where funding will be obtained.

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: Doug Griffin
Phone: 465-4707
Division: Local Government Assistance
Date: 5/25/83

Approved by Commissioner:
Date: 5/25/83
Department: Community & Regional Affairs

Distribution:
Original to Legislative Finance
Copy to Office of Management and Budget (for Legislature introduced bills)
Copy to Department (for Governor introduced bills)
Copy to Sponsor
Copy to Requestor (if different from Sponsor)

3/8/83

SENATE BILL 151

ASSUMPTIONS:

1. An election will be held in one REAA area creating one Regional Resource Development Authority. If the election does not take place at the same time as a regularly scheduled REAA election, there will be a fiscal impact.

2. The above question passes and an election of the initial five member board takes place not less than 60 nor more than 90 days after the order of election. There will be a fiscal impact.

3. Subsequent election of members, after the initial members' terms have expired, takes place at the same date as a regularly scheduled REAA election. Only the Contractual Services category will be affected and is figured at 6% inflation.

4. This analysis is computed for an election of an RRDA and board members for one REAA area. If there should be elections in all 21 REAA areas, multiply $20.6 x 21 to compute the fiscal impact. (432.6)

AMENDED TITLE:
AN ACT RELATING TO REGIONAL RESOURCE DEVELOPMENT AUTHORITIES,
AND PROVIDING FOR AN EFFECTIVE DATE

PRIME SPONSOR: HOUSE RESOURCES COMMITTEE.
CO-SPONSORS:
CURRENT STATUS: 5/19/83 IN (H) STATE LOANS REFERRAL: FINANCE

DATE	SEQ	PAGE	LEGISLATIVE ACTION
04/22/83	01	0992	FIRST READING -- COMMITTEE REPORTS
05/19/83	02	1427	C&RA -- CS03, NR03
05/19/83	03	1427	C&RA F/NOTE HSE SUPPL #63
05/19/83	04	1427	C&RA F/NOTE EQUALS ZERO
05/19/83	05	1427	MOVED FROM RES TO LOAN BY UNAN CONSENT
05/19/83	06	1427	CMTE REFERRALS CHANGED
			STATE LOANS
			FINANCE
			RULES

*** ** ** *** *** ***

SB 151 TITLE & SPONSOR SUMMARY 08:19 5/26/83 PAGE 1 OF 3

AMENDED TITLE: CSSB 151(FIN)

AN ACT RELATING TO REGIONAL RESOURCE DEVELOPMENT AUTHORITIES;
AND PROVIDING FOR AN EFFECTIVE DATE

GENERAL DOLLARS: $20,600 (F. NOTE)

PRIME SPONSOR: FAHRENKAMP.

OTHER DOLLARS: $0

CO-SPONSORS: KERTTULA, FERGUSON, FISCHER,P. .

CURRENT STATUS: 5/05/83 IN (H) C&RA REFERRAL: RESOURCES

SB 151 SENATE ACTION 08:29 5/26/83 PAGE 2 OF 3

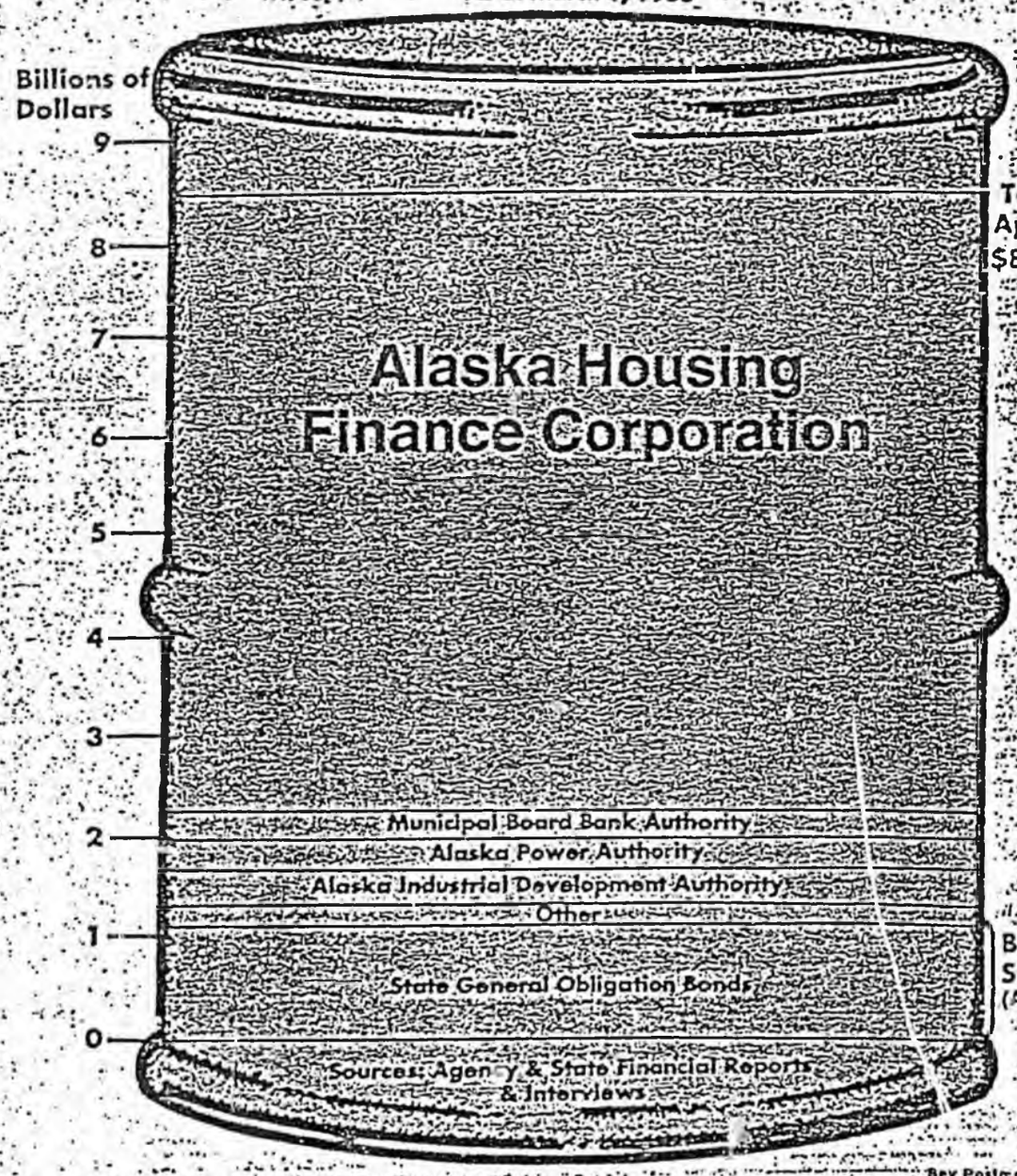
DATE	SEQ	PAGE	LEGISLATIVE ACTION
02/25/83	01	0266	FIRST READING -- COMMITTEE REPORTS
04/06/83	02	0589	RES -- CS02, NR02, OTHER01
04/06/83	03	0589	RES LETTER OF INTENT
04/13/83	04	0681	FIN -- CS05, NR02
04/13/83	05	0681	FIN F/NOTE SEN SUPPL #17
05/03/83	06	0878	RLS -- DNP01, FIN CS04, NR02, OTHER04
			TAKEN UP IMMEDIATELY
05/03/83	07	0879	SECOND READING
05/03/83	08	0879	FIN CS ADOPTED BY UNAN CONSENT
05/03/83	09	0879	ADVANCED TO 3RD READING BY UNAN CONSENT
05/03/83	10	0879	THIRD READING
05/03/83	11	0879	SEN LETTER OF INTENT ADOPTED
05/03/83	12	0880	PASSED BY DIV 15-04-01
05/03/83	13	0880	EFFECTIVE DATE VOTE SAME AS PASSAGE
05/03/83	14	0880	NOTICE OF RECONSIDERATION GIVEN
05/04/83	15	0895	RECONSIDERATION NOT TAKEN UP
****	**	**	*** *** ***

SB 151 HOUSE ACTION 08:20 5/26/83 PAGE 3 OF 3

DATE	SEQ	PAGE	LEGISLATIVE ACTION
05/05/83	16	1187	FIRST READING -- COMMITTEE REPORTS
			C&RA
			RESOURCES
			FINANCE
			RULES
****	**	**	*** *** ***

Alaska's Debt

(principal plus interest)
As of March 1, 1983



Bev Poitman of The Ti

Chart illustrates how the price of oil affects Alaska's finances

finished and the state refuses to pay off the loan? "The market looks very dimly on people who do not honor their obligations," Kuplesky replied.

Kuplesky then illustrated his point. "A good example is the New York Urban Development Authority," he said. "They defaulted, and we shut off the credit to the state of New York."

What happened? "The Legislature came up with the money, and fairly quickly, too."

Then there's the Washington Public Power Supply System, a state corporation which issued $2.25 billion worth of revenue bonds to build nuclear reactors. Most of the reactors are unbuilt, and those that are went way over budget. The first payments on the bonds are coming due, and default looms.

Last week, a special report by a Chicago economic consultant was released by Gov. John Spellman. The bottom line was this: "The state of Washington and the people as a group would be considered untrustworthy in the event of a default. Even though the project was an independent corporation, the study predicted the cost of borrowing by Washington state would go up about two percentage points.

In other words, corporation debt is state debt, an obligation of all the citizens. In Alaska, the $8.5 billion total works out to $21,250 for every man, woman and child in the state. The 1983 payment on that debt is $426 million. Each year's payments increase until a high of $500 million is reached in 1992, after which they slowly decline.

While the future of the Tyee project is uncertain, the $29 per barrel oil may have already killed a giant: the two-dam, $1 billion Susitna hydroelectric project. The APA has looked a number of lower-cost alternati dam sites or even scaling dow Susitna itself. But much of the cash to pay for Susitna will nev arrive because oil prices dropped, throwing the entire project in jeopardy.

"The timing of the drop in o prices could not have been worse," APA finance director Benish said. "Our whole philosophy was to take Prudho Bay oi. vest it in hydro, and back and smile while the rest the world went crazy."

But the price of oil did go down.

"If you're one of those peo who thinks the real cost of oil decline over the years, then hydro doesn't make sense," Benish said. The real cost of o its value in uninflated dollars.

See State, pag

5/26

COMMITTEE REPORT

HOUSE

RESOURCES

FURTHER: FINANCE

(7)

Date: MAY 25, 1983

5/5/83

Mr. Speaker:

The Committee on COMMUNITY & REGIONAL AFFAIRS has had CSSB 151(Fin)

"An Act relating to Regional Resource Development Authorities; and providing for an effective date."

under consideration and reports it back as follows:

[ ] do pass [ ] do not pass

[ ] do pass with attached amendments(s)

[X] replace with House CS for C.S. SB 151 (CRRA) [X] same title [ ] new title

and recommends

[ ] AND attaches a "Letter of Intent" [X] New Fiscal Note Sup #69 [ ] Zero Fiscal Note Attached

[ ] reports it back without recommendation

[ ] referred to the Committee

MEMBERS SIGNING DO PASS

MEMBERS HAVING OTHER RECOMMENDATIONS:

ROC & RUD D. Not Pass

Art (Vocks) D. Not Pass

Jack McBride Do Not Pass

Mike Szymanski Do not pass

Mike Hayes Do Not Pass

Joe Flores (NO ROC)

Barbara Luck Do Not Pass See HB 877

Barbara Luck

CHAIRMAN

H 60

Alaska Environmental Lobby, Inc.
419 6th Street, Suite 328 Juneau, Alaska 99801 907-586-2345

24 March 1983

REGIONAL RESOURCE DEVELOPMENT AUTHORITIES: ISSUES AND PROBLEMS

INTRODUCTION

Senate Bill 151 allows the creation of 21 Regional Resource Development Authorities in Alaska, with full powers to issue revenue bonds for mining roads and ports. This bill would immediately benefit the development of the proposed Red Dog mine in northwest Alaska. But the larger issue is whether the state needs to create a new form of government in the unorganized borough which can issue unlimited amounts of tax exempt revenue bonds.

TAX EXEMPT BONDS

Bonds are usually tax exempt when they are issued by a state or local government (or an agent of a state or local government) and are used for a public purpose. Because the interest on these bonds is exempt from federal taxes, they are popular with investors, and hence have lower interest rates. General Obligation Bonds require approval by the voters and are usually paid off by taxes or any other state revenues. Revenue bonds should pay for themselves, out of the revenues from the project that was financed by the bonds, in this case a "toll" on mining developments and roads. Since these bonds are supposed to be paid off through user fees, they do not require voter approval. 85% of Alaska's $8.5 billion debt was incurred by revenue bonds--in other words, without voter approval.

After RRDA's are established by local elections, they can issue tax exempt revenue bonds for roads and harbor development. The issuing of these bonds does not require either state approval or voter approval, according to the current committee bill. Because the interest rates on these bonds would be lower than the rates for bonds issued by private corporations, they could encourage mining development that might not otherwise be possible. The effect is marginal, as the current difference in interest rates is about 3%, but the mining companies insist that this advantage is essential for profitability.

PAYING OFF REVENUE BONDS

The tolls form the roads and port facilities normally would pay the interest and principle due on the bonds. If the mining company fails to pay the tolls and charges required to pay for the road, the authority will be able to take legal action against the mining company. If, however, there is a deep slump in mineral prices, the mining company may go bankrupt, and the authority will have no way to pay off the bonds--except by going back to the state of Alaska and asking for more money.

Under SB 151, the state of Alaska has no legal obligation to help authoriities in trouble. As a practical matter, however, the state must come to the rescue, or suffer the consequences of having the reputation of Alaska's bonds all being suspect. This is a problem common to all state authorities. An article in the Sunday, March 20, edition of the Anchorage Times, "'Separate' Agencies Rely on State Backup" investigated this problem. Harold Kuplesky, of the Bankers Trust Company, authorized a $50 million line of credit to the Alaska Power Authority. The Times reported:

> Harold Kuplesky isn't worried. Why? "As a backup, we have the state of Alaska standing behind the project." And if Tyee isn't finished and the state refuses to pay off the loan? "The market looks very dimly on people who do not honor their obligations," Kuplesky replied.
>
> Kuplesky then illustrated his point. "A good example is the New York Urban Development Authority," he said. "They defaulted, and we shut off the credit to the state of New York."
>
> "What happened? "The Legislature came up with the money, and fairly quickly, too."

THE BABY ELEPHANT PHENOMENON

A report to the Legislative Budget and Audit Committee, "Alaska's Public Corporations," by the Institute of Public Administration (Jan. 1982) described this situation in more vivid terms on page 48:

> History has shown very clearly that unless state governments become involved in any bail out arrangements for their corporate subsidiaries, state credit will be damaged if not cut off by bond market participants. Market analysts call this the 'baby elephant phenonmenon' The elephant (the indebted corporation in trouble) stumbles up on the state's front porch and says, "feed me or I'll fall down dead on your doorstep."

OTHER STATE SUBSIDIES

In Senate Bill 151, elections for Regional Resource Development Authorities will be paid for by the state. The operating expenses for the authorities are not specifically provided for. The door is left open for gifts, grants, loans, and payments for contracts from the state, as well as from individuals, private organizations, municipal governments and the federal government.

LOCAL CONTROL

One of the attractive points of SB 151 is that it provides for a measure of local control of road and port development. The RRDA's will be governed by a board of eight members. Five are elected by voters in the region (a region has the same boundaries as one of the regional educational attendance areas) and three are appointed by the governor. The authority has been likened to a single purpose local government. It is established to build roads and ports, but it does not have powers of land use planning, zoning, permitting, or taxation. The bond issues are approved by the Board, but are not voted on by the members of the region.

Adevelopment authority may be succeeded by a first or second class borough. If an authority fails and goes bankrupt, the subsequent formation of a borough may be complicated or prevented by the legal and financial wreckage of the authority.

ALTERNATIVES TO REGIONAL RESOURCE DEVELOPMENT AUTHORITIES

There are several alternatives to RRDA's which provide tax exempt bonding and local control, without risking the state's credit rating.

1. One alternative is to form a new borough in the area(s) that wants to develop roads and ports. The revenue bonds would be issued by the borough or an intramentality of the borough, as was done in Valdez. Because the borough has powers of planning, zoning, and permitting, greater local control is possible than with RRDA's.

2. Another alternative is to modify the Alaska Industrial Development Authority statutes so that they can fund larger projects, and fund roads projects. (Ports are already included.) Local control language is already in place for local governments; it could be extended to include rural areas.

3. Finally, tax free revenue bonds could be issued by the Department of Transportation. This technique is already used for airport construction. With this approach, areawide transportation planning is encouraged, and the chaos of 21 spearate transportation authorities is avoided. Additional statuatory provisions for local review of state projects would be needed.

State may be liable for default

Continued from page I-1

"One of those people" happens to by Charles Logsdon, the man who is in charge of predicting oil prices for the state of Alaska. "We believe oil prices will go up at a rate below inflation until the end of this decade, and then slowly rise," Logsdon said.

So the hydro projects may be the first victims of the lower oil prices.

The story is a happier one for the other state corporations. AHFC, whose $6.5 billion total debt is the largest in Alaska, has protected itself up one side and down the other with multiple levels of insurance.

"We would have to have a Great Depression two or three times to cause our insurance companies to go bankrupt," said former AHFC director Goldbar. "For AHFC to default, things would have to be so bad that mortgage payments wouldn't matter; we'd all be in the streets looking for the next apple."

The Alaska Industrial Development Authority protects its $250 million in debt by only loaning out 75 percent of the value of the projects it funds directly. And, like the AHFC, the property itself is collateral. In addition, AIDA won't loan money for an office building unless it is almost filled with tenants who have signed three-year leases.

"Prudhoe Bay would have to blow up and an earthquake would have to destroy Anchorage, all at once, before I would be in trouble," said AIDA director Bert Wagnon.

So unless a price war drives down oil prices to the point where the trans-Alaska pipeline is shut down, the big state corporations should be able to pay their debt.

For now. But six years from now, the amount of oil pumped out of Prudhoe Bay will begin to decline, and with it, state revenues and the Alaskan economy. By then, the state's general obligation bonds will be largely paid off.

But because of the state corporations, we will not be debt free. On the contrary, the loans made by the state corporations today will require huge payments well into the next century.

In 1992, for instance, AHFC will make a balloon payment or its bonds of $474 million. In the last six months, the housing agency has borrowed nearly half a billion dollars, and continues to sell bonds on a monthly basis. AIDA is also selling bonds at a more modest pace.

"It's totally out of control," said Juneau consultant Thomas Singer, a former state fiscal analyst who blew the whistle on Tyee. "All these independent corporations are borrowing like crazy. It will come back to haunt us."

What bothers Singer is that the accumulation of all this debt was not a result of conscious decisions by policymakers.

"It has its own momentum. It's like a bunch of mushrooms sprouting on cow patties in a field."

7/26

COMMITTEE REPORT

HOUSE

RESOURCES

FURTHER: FINANCE

(7)

5/5/83

Date: MAY 25, 1983

Mr. Speaker:

The Committee on COMMUNITY & REGIONAL AFFAIRS has had CSSB 151(Fin)

"An Act relating to Regional Resource Development Authorities; and providing for an effective date."

under consideration and reports it back as follows:

[ ] do pass [ ] do not pass

[ ] do pass with attached amendments(s)

[X] replace with House CS for CS SB 151 (CRA) [X] same title [ ] new title

and recommends

[ ] AND attaches a "Letter of Intent" [X] New Fiscal Note Sup #69 [ ] Zero Fiscal Note Attached

[ ] reports it back without recommendation

[ ] referred to the Committee

MEMBERS SIGNING DO PASS

MEMBERS HAVING OTHER RECOMMENDATIONS:

Don E. Bill Do Not Pass

Al Vecchio Do Not Pass

Jack McBride Do Not Pass

Mike Szymanski Do not pass

Mike Hitchcock Do Not Pass

Joe Flood (No Rec)

Barbara Sasse Do Not Pass See HB 377

Barbara Sasse

CHAIRMAN

H 60

Alaska State Legislature

BETTYE FAHRENKAMP, Chairman
ROBERT H. ZIEGLER, SR., Vice Chairman
DICK ELIASON
PAUL FISCHER
VIC FISCHER
BOB MULCAHY
ARLISS STURGULEWSKI

POUCH V
STATE CAPITAL
JUNEAU, ALASKA 99811
(907) 465-3834
(907) 465-3835

Senate

Committee on Resources

To: All Members
House of Representatives

From: Bettye Fahrenkamp, Chairman
Senate Resources Committee

Date: June 16, 1983

Subject: SB 151, Regional Resource Authorities

One of the major obstacles to mineral development and other resource projects in much of Alaska is the absence of transportation facilities. This is particularly true in the unorganized borough where entities to assist in the development of infrastructure are largely absent. Until borough governments are established (when the necessary tax base is present), there is a great need for some entity to assist major resource development projects through the provision of transportation systems.

With virtually no risk to the State and little direct State involvement, the State can provide substantial assistance to rural economic development through the authorization of regional resource authorities as provided in SB 151. Obviously, any direct State funding of transportation systems, as has occurred in Canada, would be a much more expensive and risky option for the State.

SB 151 would authorize the establishment of regional authorities in the unorganized borough area which would provide:

-- Access to tax-exempt revenue bonds which would substantially reduce financing costs of resource developments;

-- Public ownership of transportation systems and ports assuring equal access to all users;

-- Maximized local involvement in decision-making along with state participation and oversight.

In testimony and discussion of this legislation, several concerns were raised, including:

-- The possibility of proliferation of authorities throughout the unorganized borough;

-- The possibility that bonds issued by authorities would create a liability or indebtedness to the State or adversely affect State and local bond ratings;

-- The possibility that access to the facilities developed and run by an authority might not be fairly and equally provided, or that some proposed developments might not receive equal consideration.

In response to these concerns, the following "safety features" have been included in SB 151:

-- The Governor must approve the establishment of any authority;

-- The local people in a region must approve by petition and election the establishment of an authority;

-- An authority must be created before July 1, 1986;

-- The maximum number of possible authorities allowed would be nine, corresponding to regional housing authority boundaries;

-- The State Bond Committee must approve the sale of any revenue bonds by authorities;

-- A provision in the bill and in the Letter of Intent expressly states that bonds issued by an authority do not constitute any liability or indebtedness to the State or political subdivision;

-- An authority expressly does not have normal governmental powers of eminent domain, tax, land use planning and zoning, permitting, etc. Should a borough be established in the region, the authority would automatically be integrated into it;

-- Of the eight members on an authority board, five would be elected from the region, three would be State commissioners. A quorum would require the presence of at least one commissioner;

-- Total indebtedness of all authorities established would be limited by law to $400 million;

-- An authority would be audited each year by Legislative Budget and Audit;

-- A provision to ensure fair and equal access and user fee assessments and fair consideration by the authority of all proposed developments;

-- A provision that state funds cannot be used to pay off or meet revenue bond obligations of an authority.

I believe this legislation is now carefully crafted to achieve the goals of development assistance through maximum local control while providing adequate state input and oversight to assure financial integrity of projects and statewide coordination. The economic benefits of this legislation could be substantial to our state with little direct cost.

I urge you to support this important bill.

SB

168

HOUSE LETTER OF INTENT

House CS for CS for Senate Bill No. 168 (Resources)

The Legislature, in enacting the Energy Program for Alaska, expressed its desire to provide the lowest reasonable power costs to consumers. To further achieve that end, it is the intent of the Legislature to take appropriate action to enhance the Alaska Power Authority's ability to obtain long-term bond financing at the lowest possible cost. It is for this purpose that we have amended the "Susitna equity clause."

Substantial equity has been invested in the Energy Program by the State of Alaska and declining state revenues will have an impact on the development of energy projects for other regions of the state. It is the intent of the Legislature that the balance of the financing needed for those projects under construction in the Program be raised by debt financing - thus reserving future revenues for future energy projects throughout the rest of the state. We support the intent of the Alaska Power Authority to go to the bond market in early 1984 for the necessary funds. However, in order to further facilitate the bonding capability of the Power Authority, it is imperative that utilities who will receive wholesale power from Solomon Gulch, Terror Lake, Tyee Lake and Swan Lake sign power sales contracts as soon as possible and no later than January 1, 1984. By taking this action, the utilities served will ensure long-term benefits to their consumers through stable power rates.

The Governor is requested to prepare a plan for providing the necessary equity for future projects in the Energy Program for Alaska. This plan must be constitutionally sound and provide for the proper administrative and Legislative approval for the various projects. This plan shall be submitted to the Legislature no later than January 15, 1984.

A M E N D M E N T

Offered in the HOUSE BY:

To: HCS CSSB 168 (Res)

Page 9, line 22: following the word "with",

insert the

Page 9, line 25: delete all material, and insert

finance power projects in the Energy Program for Alaska.

COMMITTEE REPORT

HOUSE

(11)

FURTHER:

Date: 6/20/83

6/20/83

Mr. Speaker:

The Committee on FINANCE has had CSSB 168(Rls)

"An Act relating to the Alaska Power Authority; and providing for an effective date."

under consideration and reports it back as follows:

[ ] do pass [ ] do not pass

[ ] do pass with attached amendments(s)

[X] replace with CS for CSSB 168 (Fin) [X] same title [ ] new title

and recommends No recommendation

AND attaches "Letter of Intent" [ ] New Fiscal Note [X] Zero Fiscal Note Attached

[ ] reports it back without recommendation

[ ] referred to the _____ Committee

MEMBERS SIGNING DO PASS

Terry Martin

R.P. Wettstewart

MEMBERS HAVING OTHER RECOMMENDATIONS:

Do not Pass unless Section 21 Deleted

(No Rec.)

(No Rec.)

Delete Sec. 21

Sam Postmayer (no rec)

Jim Duncan (no rec)

(No Rec)

CHAIRMAN

H 60

STATE OF ALASKA
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

MEMORANDUM June 21, 1983

SUBJECT: HCS CSSB 168 (Finance)

TO: Representative Albert P. Adams
Chair, House Finance Committee

FROM: LHA Linn H. Asper
Legislative Counsel

I have prepared a final draft of a Finance Committee substitute for the above bill, adding a section authorizing the Chester Lake project under AS 44.83.185(c) and amending the authorization for the Terror Lake project. These additions raise a problem with the title of the bill that you should be aware of. The title of the bill is "An Act relating to the Alaska Power Authority; and providing for an effective date." The state constitution (Article II, section 13) requires that

> The subject of each bill shall be expressed in the title.

This rule is interpreted to mean that the title shall adequately describe the contents of the bill. I do not believe that an AS 44.83.185(c) authorization of a specific project or the amendment of a previous authorization is adequately described in the title, "An Act relating to the Alaska Power Authority". Normally I would suggest amending the title, but this is not possible under Rule 41(b) of the Uniform Rules of the Alaska State Legislature. In recent years the Alaska Supreme Court has interpreted Article II, section 13 very broadly in favor of the legislature. It may well be therefore, that the Finance Committee substitute would survive constitutional scrutiny, but I wanted you to be informed of the potential for a legal challenge to this version of the bill.

LHA:ljb
25/009

STATE OF ALASKA
FINAL STATEMENT OF FISCAL IMPACT

Bill No: SB 168 Date on Bill:
Title: "An Act relating to the Alaska Power Authority; and providing for .....
Sponsor: Rules Committee by request of the Governor
Requestor:

1. Estimated fiscal impacts on:

a. Expenditures:

(Thousands of Dollars)

			FY 83	FY 84	FY 85	FY 86		
Capital								
Operating								
Total			0	0	0			

b. Revenues:

Revenue								

2. Source of funds to offset fiscal impact of bill:

3. Assumptions:

4. This statement has been reviewed by the OMB in the Office of the Governor. It may considered to represent the policy of the Sheffield Administration and the final estimate of fiscal impact.

Prepared By: Eric Yould, Executive Director Phone: 277-7641
Division: Alaska Power Authority Date:

Approved by Commissioner: Richard A. Lyon Date:
Department: Commerce and Economic Development

Reviewed by OMB: Date: 3/3/82
Phone: 465-3568

5. Distribution:
Original to Legislative Finance
Copy to Department
Copy to Sponsor
Copy to Requestor

2/8/83

HOUSE RESOURCES COMMITTEE

JUN 20 RECD

Anchorage
CHAMBER of COMMERCE

Crossroads of the Air World

June 16, 1983

Honorable John Ringstad
Chairman, Natural Resources
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear John:

This letter is to confirm that our committee has reviewed SB168 and do concur in the following change: "That the Susitna 'equity' clause be changed to 3 1/2 billion to be contributed by January 1, 1990."

We hope in the throws of the final days of the session that the $25 million for the intertie and the $33 million for Susitna stay in tact. We sincerely thank you and your committee for the hard work you put forward in this project this year -- we won't have a Susitna without supporters like yourself and your committee.

Sincerely yours,

Robert C. Penney
Chairman
Energy Committee

RCP/lw

Proposed amendment to SB 168

Page ____

Line ____

Insert a new section to read:

* Sec. 7. AS 44.83 is amended by adding a new section to read:

Sec. 44.83.192. INSURANCE REQUIREMENTS IN CONSTRUCTION CONTRACTS. In requesting bids and awarding construction contracts under this chapter the authority may not require a contractor to obtain workers' compensation, general liability, or other required insurance from a particular insurer, agent, or broker and may not agree to provide insurance to a contractor who is awarded a construction contract.

Renumber succeeding sections accordingly.

A M E N D M E N T

Offered in the SENATE By Eliason

To: SB 168

4916
4917

Page 4, after line 16: insert a new section to read:

"* Sec. 7. AS 44.83 is amended by adding a new section to read:

Sec. 44.83.192. INSURANCE REQUIREMENTS IN CONSTRUCTION CONTRACTS. In requesting bids and awarding construction contracts under this chapter the authority may not require a contractor to obtain workers' compensation, general liability, or other required insurance from a particular insurer, agent, or broker and may not agree to provide insurance to a contractor who is awarded a construction contract."

Renumber succeeding sections accordingly.

SB 168/LCD

The Chemical Bank v. Washington Public Power Supply System case decided by the Washington Supreme Court on June 15, 1983 in which the court holds invalid power sales agreements supporting $2.5 billion in public bonds will have a profoundly negative effect on public power financing. The court in the WPPSS case specifically said that the municipalities and the PUDs lacked statutory authority to enter into contracts with WPPSS which required the utilities to make payments regardless whether a project was completed and regardless of reduction or curtailment of project output. As well, the court stated that stepup provisions, i.e., provisions requiring payments on behalf of defaulting parties, were not authorized under Washington law.

In light of this decision, bond counsel deems it necessary that the authority of Alaska Power Authority to enter into power sales agreements with stepup and take-or-pay provisions must be absolutely clear. Bond counsel feel that such contracts are currently authorized by the statute; however, in order to make bonds secured by such contracts marketable, in light of the WPPSS case, it is felt necessary to further specify the contracting authority. It should be emphasized that this amendment does not authorize the APA to transfer to utilities the risk of non-completion of a project, as was attempted by WPPSS.

Add the following

AS 44.83.092. The Authority and any municipality or public or private entity operating an electric utility (herein called a "utility") may enter into a contract providing for or relating to the sale of electric energy by the Authority to the utility. The contract may provide, among other things, that the sum or sums so payable are operating expenses of the utility and are valid and binding obligations payable from the gross revenues of the utility and may provide for a single appropriation of the amounts payable for the term of the contract. The contract may provide, among other things, that the utility assume the obligations of a defaulting contracting party, that after completion of a project the utility is obligated to make payments notwithstanding the suspension or curtailment or the amount supplied of the power and energy of the project, and that payments under the contract are not subject to any reduction by offset or otherwise.

(2) if the division of budget and management determines that the Alaska Power Authority has completed both a reconnaissance study under AS 44.56.080(13) and a statement under AS 44.56.180(c),

(A) and that statement or the project for which it was prepared has been approved by the legislature under AS 44.56.180(c), the Alaska Power Authority may proceed with that project under AS 44.56.183 added by sec. 24 of this Act;

(B) and that statement or the project for which it was prepared has not been approved by the legislature under AS 44.56.180(c), the division of budget and management shall review the statement for compliance with the requirements of AS 44.56.183 added by sec. 24 of this Act before the statement is submitted under AS 44.56.185, added by sec. 24 of this Act, to the legislature; review by the division of budget and management may not unreasonably delay submission of the statement to the legislature;

(3) if a proposed new project has been approved by the legislature, or if money has been appropriated by the legislature for a proposed new project, and the Alaska Power Authority has not completed a reconnaissance study under AS 44.56.080(13) or a statement under AS 44.56.180(c), the project is subject to the provisions of AS 44.56.177 - 44.56.185.

* Sec. 48. APPROVAL OF PENDING PROJECTS OF THE ALASKA POWER AUTHORITY. (a) The Alaska Power Authority has submitted to the governor and the legislature a statement of its recommendations for financing certain power projects and a statement outlining the general design, demonstration of financial feasibility, and maximum amounts of revenue bonds and appropriations necessary for the projects, together with a statement of the design, acquisition, construction and financing of the projects by the authority or another person which satisfy the conditions of AS 44.56.180. The legislature has adopted joint resolutions approving the general design and maximum amount of

bonds to be issued for several of the projects and those actions are confirmed.

(b) Actions taken by the legislature before the effective date of this Act to approve the general design and maximum amount of bonds for power projects are confirmed and the Alaska Power Authority is authorized to issue its bonds for the following power projects in the maximum principal amount set out after each:

(1) Solomon Gulch, $20,000,000;

(2) Terror Lake, $120,000,000.

(c) The general design and maximum amount of bonds for power projects are approved and the Alaska Power Authority is authorized to issue its bonds for the following power projects in the maximum principal amount set out after each:

(1) Golden Valley Electric Association waste heat, $110,000,000;

(2) Tyee Lake, $70,000,000;

(3) Swan Lake, $120,000,000;

(4) Glacier Highway Electric Association, $800,000;

(5) Cordova Electric Cooperative, $6,500,000;

(6) Matanuska Electric Association, $2,500,000;

(7) Homer Electric Association, $3,360,000;

(8) Naknek Electric Association, $730,000;

(9) Lake Elva, $15,000,000; and

(10) Black Bear Lake, $30,000,000.

(d) The Alaska Power Authority is authorized to proceed with design and acquisition of right-of-way of the Anchorage-Fairbanks transmission intertie. This project may be financed by revenue bonds issued by the authority, appropriations from the general fund, or other funding sources approved by the legislature.

* Sec. 49. TRANSITION: WATER RESOURCES REVOLVING LOAN FUND. (a) The

A M E N D M E N T

Offered in the HOUSE BY ZHAROFF

To: CSSB 168 (Rules)

Page 10, after line 9: insert a new section to read:

"* Sec. 23. Section 48, ch. 82, SLA 1980 is amended by adding a new subsection to read:

(e) The authorization made by this section for the Terror Lake project includes authorization for the installation of a third generating unit at the project with whatever money may be made available for that purpose."

Renumber succeeding sections accordingly.

AMENDMENT #1

OFFERED IN THE HOUSE: BY: Ringstad

TO: _____ HOUSE BILL No. _____

HCS CS SENATE BILL No. 168 (Finance)

PAGE: 2 LINE: after line 17

Page 2, after line 17, add a new section to read:

18 * Sec. 3. AS 44.83 is amended by adding a new section to read:
19 Sec. 44.83.092. AUTHORITY FOR MUNICIPALITIES AND UTILITIES TO
20 ENTER INTO POWER SALES CONTRACTS. The authority and any municipality
21 or public or private entity operating an electric utility, or a
22 municipality or private entity and another municipality or private
23 entity, may enter into a contract providing for or relating to the
24 sale of electric power by the authority to the municipality or entity,
25 or by the municipality or entity to another municipality or entity.
26 The contract may provide
27 (1) that the amounts payable under the contract are operat-
28 ing expenses of the utility and are valid and binding obligations of
29 the municipality or other entity payable from the gross revenues of
1 the utility;
2 (2) for one or more appropriations of the amounts payable
3 under the contract;
4 (3) for the municipality or other entity to assume the
5 obligations of another contracting party in the event of a default by
6 that party;
7 (4) that after completion of a project the municipality or
8 other entity is obligated to make payments notwithstanding a suspen-
9 sion or reduction in the amount of the power supplied by the project;
10 or
11 (5) that payments under the contract are not subject to
12 reduction by offset or otherwise.

SB 168

LETTER OF INTENT

It is the intent of the legislature that the language in AS 44.83.092 Authority for Municipalities and Utilities to Enter into Power Sales Contracts is permissive language for the local utilities to enter a power sales contract. This section addresses the essential components of a power sales contract and the legal authority to enter such contracts, not the requirement to enter such a contract or any of its provisions.

It is also understood by the legislature that in AS 44.83.092 (1) that the amounts payable under the contract may be operating expenses of the utility and the determination of this issue can only be found in the local utilities current financing documents.

The effect of SB 168, by section, is as follows:

Section 1. Clarifies the language of the statute by requiring that affirmative votes consist of the majority of the directors present.

Section 2. Allows for meetings by electronic media. In the long run, this would decrease travel costs and time wasted while allowing the APA Board to meet on short notice and despite climatic travel constraints.

Prevents directors from voting on leases or contracts if they have a conflict of interest, but exempts directors who are customers of electric co-ops, and therefore, by definition, are part owners.

Section 3. Essentially makes it permissive rather than mandatory for APA to issue bonds and further clarifies the language of the statute

Section 4. Provides for consistency between statutes

Section 5. Provides for conformity with other pertinent statutes

Section 6. Provides for an independent cost estimate to be submitted with the feasibility study and a plan of finance. I believe that this section is redundant in view of 44.83.186, which requires an independent cost estimate after the legislature approves a project and allows for only a 7.5% increase before the project has to be recycled by the APA and reauthorized by the legislature. As a matter of policy, the APA has been obtaining independent cost estimates since last year and has hired an in-house estimator to provide further verification of cost estimates. The proposed procedure would further increase the cost of the studies especially since this section would apply to large and small projects equally.

Section 7 Prohibits the use of wrap-up insurance requirements by the power authority. This provision was added in H. Resources.

Section 8 Adds a requirement for sale contracts for transmission of electricity. The use of the term electrical power or energy is redundant. The section further clarifies that the contracts must be in compliance of AS 44.83.380 - 44.83.425 or AS 44.83.090.

Sections 9&10 Insure that AS 44.83.361 does not violate the Alaska Constitution as alleged in a pending lawsuit.

Sections 11&12

Clarify the provisions of existing statutes on the Rural Electrification Revolving Loan Fund program without making substantial changes to it.

Section 13 Makes a project's expenditures dependent on a finding that the project is economically feasible. This section removes the redundancy under current statute, preserving the intent to ensure economic feasibility while eliminating the criteria in two places in the statutes.

Section 14 Clarifies the existing statute on the use of the fund for federally owned projects.

Section 15 Modifies the existing statute to allow APA to market bonds.

Section 16 Provides for ownership of projects by the authority rather than the state and should make it easier to market bonds.

Section 17 Provides for use of national and industrial standards in the APA's determination of whether a utility is qualified to operate a power project owned by APA.

Section 18&20

Assure that power projects are operated in a manner consistent with the bonding agreements.

Section 19 Amends the Susitna "Equity" Clause from $5 billion by July 1, 1986 to $3.5 billion by July 1, 1990.

Section 21 Allows the authority to sell power at an industrial rate. This provision was added in H.Resources.

Section 22 Allows APA to adjust the wholesale power rates to meet bonding requirements while still complying with the statutes on rate setting.

Section 23 Clarifies that interties are not covered under the energy program for Alaska in the rate setting subsection. This clarifies the intent desired by the legislature when it passed HB9 last year.

Section 24 Clarifies the definition of debt service thereby making it easier to secure bonds.

Section 25 Repeal of AS 44.83.195(b) is necessary in order to align it with other rate making provisions of the statutes.

Repeal of AS 44.83.382(b)(2) is required because any unencumbered revenues must go into the general fund.

Repeal of AS 44.83.398(b)(2) is desirable for two reasons. First, in a pending lawsuit Trustee of Alaska v. State, the constitutionality of this section is being challenged. Second, this section could result in a substantial increase in APA wholesale rates if the legislature does not appropriate a total of $6 billion by July 1, 1986, into the power development fund. Since it appears almost certain that this level of appropriation can not be achieved, APA is experiencing problems in negotiating power sales contracts. Since providing lowest reasonable cost energy is the mandated goal of the program, it makes sense to minimize uncertainty and maximize marketability.

Repeal of AS 44.83.186. An additional requirement of an independent cost estimate immediately following project approval would serve no useful purpose and would involve additional costs. (An independent cost estimate is already required prior to submittal to the legislature for approval.)

Section 26 Provides for an immediate effective date.

SB

202

GREATER SITKA

Chamber of Commerce, Inc.

May 21, 1984

To: All Members of the House Resources Committee
House of Representatives
Alaska State Legislature

Reference: Committee Substitute for Senate Bill 202 (Finance)
Establishment of the Yakataga State Forest

The Greater Sitka Chamber of Commerce Board of Directors urges your support of the above bill establishing a State forest in the Yakataga area. We heartily support all efforts toward the continuance of the forest products industry in the State of Alaska.

Sincerely,

Dave Knapp
President

DK:kf

cc: Senator Dick Eliason
Representative Ben Grussendorf

POST OFFICE BOX 638 • SITKA, ALASKA 99835

ALASKA STATE LEGISLATURE - SENATE

SENATOR RICHARD I. ELIASON

LABOR AND COMMERCE COMMITTEE, CHAIRMAN
RESOURCES COMMITTEE
JUDICIARY COMMITTEE
FISHERIES SUB-COMMITTEE

P.O. BOX 143
SITKA, ALASKA 99835

POUCH V
JUNEAU, ALASKA 99811
(907) 465-4916

MEMORANDUM

TO: Rep. John Ringstad, Co-Chairman
House Resources Committee

FROM: Sen. Dick Eliason

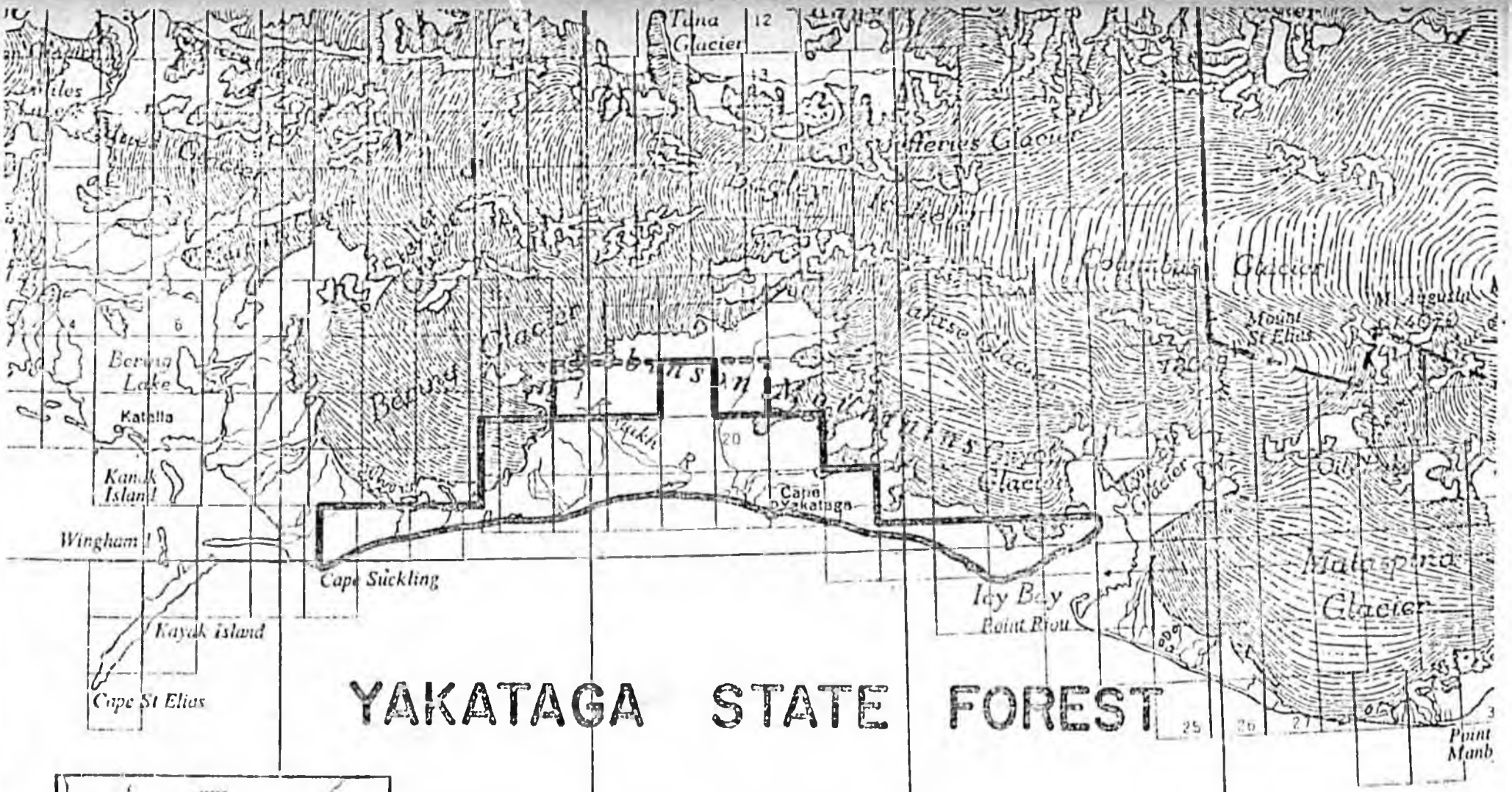
DATE: May 16, 1984

RE: SB 202, Establishing Cape Yakutaga State Forest

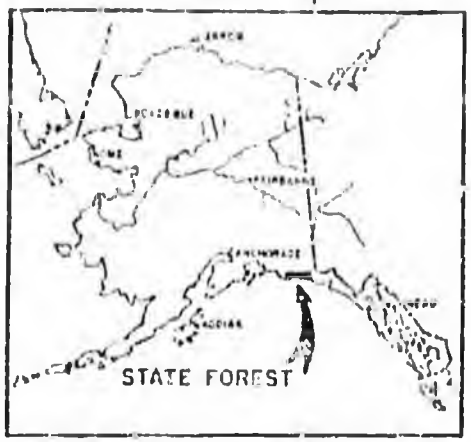
SB 202 is currently in the House Resources Committee and as I understand, has not as yet been scheduled for a hearing. It is a very good bill and I am anxious to see it passed this session. As we are nearing the end of the session, I am hopeful that you also believe in the intent and merit of SB 202 and will schedule it for Resources Committee action soon.

The Senate Resources Committee held hearings and took testimony on SB 202 so Sen. Fahrenkamp's office should be able to supply your office with information from their files and I, of course, will be very happy to discuss the bill with you myself and provide any additional information you may need.

Thank you for your consideration.



YAKATAGA STATE FOREST



LOCATION MAP

FOREST BOUNDARY

ADDITIONS IF NATIVE RELINQUISHED

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: 4/17/84

B/82

REQUEST
Bill/Resolution No.: CS for SB 202
Title: Yakataga State Forest

Sponsor: Eliason
Requestor:
Date of Request: 2/8/84

FISCAL DETAIL
Agency Affected: Natural Resources
Program Category Affected: NRM & EC

BRU, Program or Subprogram(s) Affected:
Forest Management

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES		46.4	46.4	46.4		
200 TRAVEL		15.0	15.0	15.0		
300 CONTRACTUAL		10.0	10.0	10.0		
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING		71.4	71.4	71.4		
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND		71.4	71.4	71.4		
FEDERAL FUNDS						
OTHER						
TOTAL		71.4	71.4	71.4		

POSITIONS:

FULL-TIME		1.0	1.0	1.0		
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: ~~Attach a separate page for~~ Analysis

Prepared By: George Hollett Phone: 276-2653
Division: Forestry Date: 3/3/84

MH Approved by Commissioner: Norman D Donald, Deputy Date: 4/17/84
Agency: Natural Resources

Distribution (by Agency preparing fiscal note):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)

12/1/83

YAKATAGA STATE FOREST
FACT SHEET

The establishment of a Yakataga State Forest will commit State-owned lands between Cape Suckling and Icy Bay to long term public retention to be managed for multiple use and sustained yields. There are about 460,000 acres within the area, of which an estimated 79,000 acres have more than 20,000 board feet per acre. These are among the most productive forest lands owned by the State and the timber resources are already being managed on a sustained yield basis. Commitment of the natural resources will have a beneficial effect on the economie of Yakutat and Cordova and will likely stimulate long term industrial and commercial development based on a standing sawtimber volume of 4.3 billion board feet with an estimated potential yield of the area of 20 million board feet (MMBF) per year. The annual revenue to the State at today's prices would be one to two million dollars with a total annual product value of 5 to 10 million dollars.

To date, 190 MMBF has been harvested within the proposed State Forest, all since 1970. An additional 49 MMBF was sold in 1983, to be harvested over the next five years. A jetty, log transfer facility, sort yard, logging camp, airstrip, and about 20 miles of mainline road were constructed by the previous logging operator. A DOF office and cabin were built by the State.

The DOF has arranged for multiple use management of the forested lands within the proposed State Forest. The Division has worked with the Alaska Department of Fish and Game to protect important wildlife habitat. Also, the DOF has worked out a cooperative use agreement with DMEM and North Coast Mining Company for joint operation on mineral claims.

from the office of Senator Dick Eliason

YAKATAGA STATE FOREST FACT SHEET - SB 202 - MAY 11, 1984

THE ESTABLISHMENT OF A YAKATAGA STATE FOREST WILL COMMIT STATE-OWNED LANDS BETWEEN CAPE SUCKLING AND ICY BAY TO LONGTERM PUBLIC RETENTION TO BE MANAGED FOR MULTIPLE USE AND SUSTAINED YIELDS. THERE ARE ABOUT 460,000 ACRES WITHIN THE AREA, OF WHICH AN ESTIMATED 87,000 ACRES HAVE MORE THAN 20,000 BOARD FEET PER ACRE. THESE ARE AMONG THE MOST PRODUCTIVE FOREST LANDS OWNED BY THE STATE AND THE TIMBER RESOURCES ARE ALREADY BEING MANAGED ON A SUSTAINED YIELD BASIS. COMMITMENT OF THE NATURAL RESOURCES WILL HAVE A BENEFICIAL EFFECT ON THE ECONOMIES OF YAKUTAT AND CORDOVA AND WILL LIKELY STIMULATE LONGTERM INDUSTRIAL AND COMMERCIAL DEVELOPMENT BASED ON A STANDING SAWTIMBER VOLUME OF 4.3 BILLION BOARD FEET WITH AS ESTIMATED POTENTIAL YIELD OF THE AREA OF 20 MILLION BOARD FEET (MMBF) PER YEAR. THE ANNUAL REVENUE TO THE STATE AT TODAY'S PRICES WOULD BE ONE TO TWO MILLION DOLLARS WITH A TOTAL ANNUAL PRODUCT VALUE OF FIVE TO TEN MILLION DOLLARS.

TO DATE, 190 MMBF HAS BEEN HARVESTED WITHIN THE PROPOSED STATE FOREST, ALL SINCE 1970. AN ADDITIONAL 49 MMBF WAS SOLD IN 1983, TO BE HARVESTED OVER THE NEXT FIVE YEARS. A JETTY, LOG TRANSFER FACILITY, SORT YARD, LOGGING CAMP, AIRSTRIP, AND ABOUT TWENTY MILES OF MAINLINE ROAD WERE CONSTRUCTED BY THE PREVIOUS LOGGING OPERATOR. A DOF OFFICE AND CABIN WERE BUILD BY THE STATE.

THE DOF (DIVISION OF FORESTRY) HAS ARRANGED FOR MULTIPLE USE MANAGEMENT OF THE FORESTED LANDS WITHIN THE PROPOSED STATE FOREST. THE DIVISION HAS WORKED WITH THE ALASKA DEPARTMENT OF FISH & GAME TO PROTECT IMPORTANT WILDLIFE HABITAT. ALSO, THE DOF HAS WORKED OUT A COOPERATIVE USE AGREEMENT WITH DMEM AND NORTH COAST MINING COMPANY FOR JOINT OPERATION ON MINERAL CLAIMS.

THE SENATE RESOURCES COMMITTEE HELD A TELECONFERENCE ON THIS BILL AND SUPPORT WAS UNANAMOUS. SUPPORTERS INCLUDE: ALASKA LOGGERS ASSOCIATION, ALASKA MINERS ASSOCIATION, CITY OF YAKUTAT, ALASKA SOCIETY OF AMERICAN FORESTERS, THE CORDOVA LANDS COALITION, AND OF COURSE, THE DIVISION OF FORESTRY.

THE BILL HAS BEEN AMENDED TO ALLOW FOR A MAXIMUM OF 3,000 ACRES WITHIN THE FOREST TO BE EXCHANGED FOR PRIVATE INHOLDINGS WITHIN KACHEMAK BAY STATE PARK, OR OTHER PRIVATE LAND OR INTERESTS IN LAND. THIS AMENDMENT IS SUPPORTED BY THE DEPARTMENT OF NATURAL RESOURCES, THE SELDOVIA NATIVE ASSOCIATION, AND CHUGACH NATIVES, INC. IT WILL ALLOW FOR GREATER FLEXIBILITY WITH DNR WHEN NEGOTIATING LAND EXCHANGES.

Alaska Loggers Association, Inc.

111 STEDMAN, SUITE 200
KETCHIKAN, ALASKA 99901
Phone 907-225-6114

SB 202

February 24, 1984

Honorable Bettye Fahrenkamp
Alaska State Senate
Pouch V State Capitol Building
Juneau, Alaska 99811

Dear Senator Fahrenkamp:

The Alaska Loggers Association supports the establishment of Yakataga State Forest as proposed in Senate Bill 202. Inclusion of this area into the State Forest system will greatly benefit all the people of Alaska as well as the forest products industry.

The 460,000 acres in the proposed forest are among the most productive forest lands owned by the State of Alaska. These forest lands are already being managed on a sustained yield basis. Since 1970, 190 million board feet have been harvested. An additional 49 million board feet were sold in 1983. This will be harvested over the next five years. A commitment of this forest land to long term timber management will most likely stimulate more development in Yakutat and Cordova. The standing sawtimber volume of 4.3 billion board feet and estimated potential yield of 20 million board feet of timber per year would have a beneficial effect on the economies of both communities.

Establishment of a Yakataga State Forest would greatly benefit the people of Alaska by adding one more source of steady income to the State's income. The annual revenue to the State at today's prices would be one to two million dollars with a total annual product value of 5 to 10 million dollars.

An additional benefit of committing this land to long term public retention to be managed for multiple use and sustained yield is the assurance of a continuous source of timber to the forest products industry. At the present time, it is difficult for the State Division of Forestry to project an annual allowable cut since the timber land base has been so variable. Classifying this land as a State Forest would insure that this prime State owned timber land will be managed for its best possible uses and would allow the Division of Forestry to do more long range planning.

Again, Alaska Loggers Association fully supports the establishment of Yakataga State Forest and would appreciate your support of Senate Bill 202. Thank you for your consideration of this bill.

Sincerely,

Donald A. Bell

Donald A. Bell
General Manager
ALASKA LOGGERS ASSOCIATION

DAB/mjh
cc: Alaska State Senators

SERVING ALASKA'S TIMBER INDUSTRY

GREATER SITKA
Chamber of Commerce, Inc.

March 29, 1983

Senator Richard Eliason
Alaska State Legislature
Pouch V (MS 3100)
Juneau, AK 99811

Dear Senator Eliason:

The Greater Sitka Chamber of Commerce supports SB 202 and is appreciative of such efforts on behalf of the wood products industry. We encourage you to work with the Department of Natural Resources in order to define the boundaries of a State forest in the Yakataga area.

Sincerely,

Ernestine Griffin

Ernestine Griffin,
President

EG:kf

cc:
Senator Bettye Fahrenkamp
Senator Robert Ziegler
Senator Bob Mulcahy
Senator Vic Fischer
Senator Arliss Sturgulewski

bcc: City and Borough Assembly

3/16/84

ABOVE TESTIMONY RESUBMITTED 3/16/84 TO SENATE RESOURCES COMMITTEE PUBLIC HEARING ON SB 202 - ESTABLISHING A YAKATAGA STATE FOREST - VIA TELECONFERENCE.

POST OFFICE BOX 638 • SITKA, ALASKA 99835

ALASKA SOCIETY OF AMERICAN FORESTERS
1123 Ril Circle
Anchorage, AK 99504

March 12, 1984

Senator Richard Eliason
Pouch V
Juneau, Ak 99811

Dear Senator Eliason,

The Alaska Society of American Foresters (SAF), comprised of 280 professional foresters in Alaska, is appreciative of the opportunity to present a statement in support of Senate Bill 202, creating the Yakataga State Forest.

SAF is a strong proponent of multiple use management, whereby all of the natural resources of a given area are managed in a planned and balanced manner. This is a written policy of SAF both at the State and National level.

Establishment of a State Forest at Yakataga is an excellent opportunity for true multiple use management. Plans of the State's Division of Forestry call for timber, mining, fish and wildlife habitat, and other natural resources all being used or maintained compatibly in a multiple use and sustained yield approach. Furthermore, this approach is consistent with the Alaska Forest Resources and Practices Act.

SAF is encouraged by the stated intent and demonstrated commitment of the State's Division of Forestry to (1) sustained yield management of the timber, (2) cooperation with the Alaska Department of Fish and Game in the protection of wildlife habitat, and (3) active pursuit of a cooperative use agreement with mining interests in the proposed State Forest area.

A balanced land and resources management program, such as is beginning to evolve thru these efforts, should lead to sound economic development of the resources and the local communities, as well as provide protection for other natural resources of the area.

The Alaska Society of American Foresters strongly urges passage of Senate Bill 202.

Sincerely,

Vernon J. LaBau

Vernon J. LaBau
State Chairman
Alaska Society of American Foresters

MAR 26 1984

SELDOVIA NATIVE ASSOCIATION, INC.

P.O. DRAWER L

SELDOVIA, ALASKA 99663

(907) 234-7625 • 234-7890

March 23, 1984

Honorable Senator John Sackett
State Capitol
Pouch V
Juneau, Alaska 99811

Dear Senator Sackett:

This letter is to express Seldovia Native Association's support of Senate Bill 202, creating a State Forest at Yakataga.

We also support the amendment to this bill by Senator Bettye Fahrenkamp, allowing the Commissioner of the Department of Natural Resources to make limited land trade within the State Forest.

We have discussed SB 202 with Sam Bessino, the land manager for the Chugach Natives Inc. As a result of our discussions, we would support a further amendment that may be introduced by Senator Richard Eliason, which would allow the Commissioner of D.N.R. to negotiate with Chugach Natives Inc., for any lands which are not selected by the Seldovia Native Association as part of the Kachemak Bay State Park.

Sincerely,

Fred H. Elvsaas

Fred H. Elvsaas, President
Seldovia Native Association, Inc.

cc: All State Senators
Chugach Natives Inc.
Esther Wunnicke
Gary Gustafson

Cordova Lands Coalition
Box 1183
Cordova, Alaska 99574

Feb. 26, 1984

Senator Richard Eliason
Pouch V
Juneau, Alaska 99811

Dear Senator Eliason,

We have recently heard that you have introduced a bill to create a State Forest in the Yakataga area. We would like to express our strong support for this action.

The Cordova Lands Coalition wrote you last year supporting the establishment of a Yakataga State Forest. We appreciate your continued efforts this year as well.

The Yakataga area is the best timber area remaining in State hands. It is also an area of rich wildlife and fisheries resources. So far, the bulk of the area has been little impacted by human use. This area would make a major impact on the State Forest timber base, helping to allow sustained commercial levels of timber harvest. At the same time, State Forest designation would promote multiple use management with protection of key wildlife and fisheries resources.

Thank you for sponsoring this bill to designate a Yakataga State Forest.

Sincerely,

Oliver Osborn

Oliver Osborn
President

MAR 26 1984

CHUGACH NATIVES, INC.
903 WEST NORTHERN LIGHTS, SUITE 201 • ANCHORAGE, ALASKA 99503
(907) 276-1080 TELEX 26-497

March 22, 1984

Mr. Max Gifford, Staff Assistant
Senate Finance Committee
Pouch V
Juneau, AK 99811

re: CSSB 202 Yakataga State Forest

Dear Mr. Gifford:

Thank you for taking time with me yesterday. CNI is requesting that the following amendments to CSSB 202 be included through the auspices of your office when the Bill comes before the Finance Committee:

(1) after "Kachemak Bay State Park" add "or other private lands or interests therein"; and
(2) Change "1985" to "1986".

The effect of our proposed amendments would be to enable the Commissioner of DNR to exchange up to 3,000 acres in the State forest for lands or interests in lands owned by CNI or its Village Corporations. When CNI was negotiating its land exchange agreement, we were repeatedly denied nominations on 60,000 acres in the Yakataga area. If the State is now agreeable to such exchange rights, we feel we should have some opportunity to participate if Seldovia Native Association chooses not to up to 3,000 acres. In addition, if an exchange agreement is to be negotiated between CNI & DNR, we feel that an additional year will be necessary.

Sincerely,

CHUGACH NATIVES, INC.

Sam Bacino

Samuel J. Bacino
Vice President of Lands & Natural Resources

SJB:jdc

cc: Seldovia Native Association
Reed Stoops
Fred Boness

MEMORANDUM State of Alaska

TO: The Honorable Richard Eliason
Alaska State Senate

DATE: April 3, 1984

FILE NO:

TELEPHONE NO:

FROM: Robert D. Arnold
Deputy Commissioner
Department of Natural Resources

SUBJECT: SB 202 - Yakataga State Forest

The Department of Natural Resources has no objections to amending the CS for SB 202, Yakataga State Forest, to indicate that the up to 3,000 acres of land which may be exchanged is not limited to trades for private inholdings within Kachemak Bay State Park. To accomplish this, the words "for private inholdings within the Kachemak Bay State Park" could be deleted from lines 5 & 6 on page 3 of CSSB 202.

cc: John Sturgeon
State Forester

League of Women Voters of Alaska

9151 Skywood Lane
Juneau, Alaska 99801
May 21, 1984

The Honorable John Ringstad
The Honorable Richard Schultz
Co-Chairs, House Resources Committee
Alaska Legislature
Room 116, Capitol Building
Juneau, Alaska 99801

Re: Yakataga State Forest [CS SB 202 (Fin)]

Dear Chairmen Ringstad and Schultz and Committee Members:

The League of Women Voters of Alaska supports enactment of the subject legislation. We hope your Committee will promptly report out the bill.

Sincerely,

Elizabeth Cuadra

Elizabeth Cuadra, Board Member
(Natural Resources Portfolio)

DEC:sd
cc: Paula Ziegler (LWVAK President)

SB

216

Proposed amendment to CSSB 126 (REsources)

Page 2, line 7:

Add a new section to read:

* Sec. 3. AS 38.04.020 is amended by adding a new subsection to read:

(e) Notwithstanding other provisions of this title, lands within the disposal bank not proposed for disposal under (d) 2-4 of this section within the following three years shall be available for staking under the remote parcel program, provided that entries under this provision not be allowed within one-quarter mile of any existing private land or other remote parcel entry.

Offered: 4/20/83
Referred: Rules

Original sponsors: Fahrenkamp and Bennett

1 IN THE SENATE BY THE RESOURCES COMMITTEE

2 CS FOR SENATE BILL NO. 216 (Resources)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to mining lease locations on, and
7 classification of, state land; and providing for an
8 effective date."

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

10 * Section 1. Section 5, ch. 108, SLA 1981, is amended to read:

11 Sec. 5. SPECIAL PROVISION FOR MINING LEASE LOCATIONS. Notwith-
12 standing AS 38.05.205(a), until December 31, 1985 [1983], minerals may
13 be mined, marketed, or used on a location for mineral leasing under
14 AS 38.05.205 on state land [TENTATIVELY APPROVED OR PATENTED TO THE
15 STATE UNDER SECTION 6(a) OR 6(b) OF THE ALASKA STATEHOOD ACT (P.L. 85-
16 508, 72 STAT. 339, AS AMENDED)] upon discovery, location, and record-
17 ing in accordance with AS 38.05.195. However, this section does not
18 apply to a locator who does not file an application for a lease within
19 90 days after receipt of the application form as required by AS 38.-
20 05.205.

21 * Sec. 2. AS 38.04.020(c) is amended to read:

22 (c) Land to be retained in state ownership may be classified by
23 the commissioner into multiple-use management categories under AS 38.-
24 05.300. [LAND WITHIN A MUNICIPALITY RETAINED IN STATE OWNERSHIP
25 CONSISTS OF LAND CLASSIFIED FOR RETENTION IN STATE OWNERSHIP AS OF
26 DECEMBER 31, 1980.] Land outside a municipality to be retained in
27 state ownership consists of land classified for retention in state
28 ownership by the commissioner by ~~July 1,~~ Dec 1, 1983 1985 [1983]. Land conveyed
29 to the state by the federal government that is to be retained in state

1 ownership consists of land classified by the commissioner within two
2 years of receipt of tentative approval or patent, whichever occurs
3 first. State land not classified for retention in state ownership or
4 selected by the municipality under this section shall be classified
5 and included in the land disposal bank. The commissioner shall ensure
6 that the bank includes at least 500,000 acres.
7 * Sec. 3. This Act takes effect immediately in accordance with AS 01.-
8 10.070(c).

Sec 3 38.04

1 ownership consists of land classified by the commissioner within two
2 years of receipt of tentative approval or patent, whichever occurs
3 first. State land not classified for retention in state ownership or
4 selected by the municipality under this section shall be classified
5 and included in the land disposal bank. The commissioner shall ensure
6 that the bank includes at least 500,000 acres.
7 * Sec. ~~3~~ 4. This Act takes effect immediately in accordance with AS 01.-
8 10.070(c).

Add new Section 3 Renumber remaining sections

38.04.020 add new (e) & renumber remainder to reflect addition

(e) Notwithstanding other provisions of this title lands within the disposal bank not proposed for disposal under (d) 2-4 of this section within the following three years shall be available for staking under the remote parcel program provided that sales under this provision not be allowed within the limits of any existing private land or other remote parcel entry.

STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

DEPARTMENT OF NATURAL RESOURCES

555 Cordova Street
Pouch 7-005
Anchorage, AK 99510
(907) 276-2653

Briefing Statement on CSSB 216

"An Act relating to mining lease locations on, and classification of, state land; and providing for an effective date."

CSSB 216 would extend two deadlines, one for the issuance of mining leases and the other for classifying land in the unorganized borough, and would make related housekeeping changes.

Mining Leases Under AS 38.05.185, about 15% of state lands have been designated as having "potential use conflicts" that require mining claims to be converted to leases before mineral production begins. (The department can also designate land for leasing if it was "mineral in character" at the time of state selection, but this authority has never been exercised.) The lease terms can then be designed to minimize conflicts with multiple use development occurring at the same site: gravel extraction, logging, recreational use, oil production, etc. However, no leases have been issued yet, and a backlog of perhaps 60-100 mine sites awaits conversion to leases. So that mining development would not be delayed, legislation was passed in 1981 to provide a special grace period allowing many miners to produce without a lease until Dec. 31, 1983. The department supported that legislation and hoped to be able to draft a lease form, update its leasing regulations, complete title research, give public notice, and issue all the necessary leases before the deadline arrived.

But because of other new mineral programs undertaken during the same period (coal and geothermal lease sales, noncompetitive coal disposals, initiation of the coal surface mining program, and offshore mining leases), that schedule has proven impossible to meet. To avoid interrupting or delaying production from existing mines, the department urges that the grace period be extended to the end of 1985. The department also favors the other mining lease-related change CSSB 216 would accomplish: making the grace period applicable to leasehold locations on all state lands. The current postponement of the leasing requirement applies only to "community grant" and "general grant" lands, omitting mines on mental health lands, placer mines on the beds of navigable rivers, etc. This potential inequity should be corrected so that production can legally continue while the department completes the necessary steps in the leasing process.

Land Classification in the Unorganized Borough AS 38.04.020(c) required classification by December 31, 1980, of all land that was to be retained in state ownership within municipalities. For land in the unorganized borough, it sets a classification deadline of July 1, 1983. A multi-agency special project enabled the 1980 deadline to be met on shedule. (Since that provision is now obsolete, CSSB 216 would repeal it.) However, two factors have convinced the department that a similar effort to meet the 1983 unorganized borough deadline would not be an efficient use of staff time.

First, in the unorganized borough the department lacks the detailed resource information necessary for knowledgeable classifications. Much of this information will be developed over the next two years as the Susitna, Tanana, and Bristol Bay area plans are completed and new planning projects are undertaken in the Kuskokwim and Copper River regions. Classifying that land now would be premature and would soon have to be done over again as the data becomes available. Secondly, the department has recently adopted new land planning and classification regulations, but they are still being reviewed by the Department of Law and have not yet gone into effect. The amended regulations eliminate certain classifications (including greenbelt and resource assessment), combine others, and add several new mineral classifications. The department would prefer that any extensive classification project in the unorganized borough be based on its new regulations, rather than on the system currently in effect. A two-year extension of the deadline will allow this change to take place.

Bob Arnold

Bob Arnold, Deputy Commissioner
Department of Natural Resources

May 2, 1983

Date

MAY 9 1983

STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

DEPARTMENT OF NATURAL RESOURCES

555 Cordova Street
Pouch 7-005
Anchorage, AK 99510
(907) 276-2653

Briefing Statement on CSSB 216

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But because of other new mineral programs undertaken during the same period (coal and geothermal lease sales, noncompetitive coal disposals, initiation of the coal surface mining program, and offshore mining leases), that schedule has proven impossible to meet. To avoid interrupting or delaying production from existing mines, the department urges that the grace period be extended to the end of 1985. The department also favors the other mining lease-related change CSSB 216 would accomplish: making the grace period applicable to leasehold locations on all state lands. The current postponement of the leasing requirement applies only to "community grant" and "general grant" lands, omitting mines on mental health lands, placer mines on the beds of navigable rivers, etc. This potential inequity should be corrected so that production can legally continue while the department completes the necessary steps in the leasing process.

Land Classification in the Unorganized Borough AS 38.04.020(c) required classification by December 31, 1980, of all land that was to be retained in state ownership within municipalities. For land in the unorganized borough, it sets a classification deadline of July 1, 1983. A multi-agency special project enabled the 1980 deadline to be met on shedule. (Since that provision is now obsolete, CSSB 216 would repeal it.) However, two factors have convinced the department that a similar effort to meet the 1983 unorganized borough deadline would not be an efficient use of staff time.

First, in the unorganized borough the department lacks the detailed resource information necessary for knowledgeable classifications. Much of this information will be developed over the next two years as the Susitna, Tanana, and Bristol Bay area plans are completed and new planning projects are undertaken in the Kuskokwim and Copper River regions. Classifying that land now would be premature and would soon have to be done over again as the data becomes available. Secondly, the department has recently adopted new land planning and classification regulations, but they are still being reviewed by the Department of La.. and have not yet gone into effect. The amended regulations eliminate certain classifications (including greenbelt and resource assessment), combine others, and add several new mineral classifications. The department would prefer that any extensive classification project in the unorganized borough be based on its new regulations, rather than on the system currently in effect. A two-year extension of the deadline will allow this change to take place.

BN Arnold

Bob Arnold, Deputy Commissioner
Department of Natural Resources

May 2, 1983

Date

required under this subsection shall be made in compliance with land classification orders and land use plans developed under AS 38.05.300.

(b) The failure on the part of a mining lessee or a locator to comply strictly with AS 38.05.185 — 38.05.280 and regulations adopted under it does not invalidate his rights if it appears to the satisfaction of the commissioner that the locator complied as nearly as possible under the circumstances of the case, and that no conflicting rights are asserted by any other person. Unless otherwise provided, the usages and interpretations applicable to the mining laws of the United States as supplemented by state law apply to AS 38.05.185 — 38.05.280. (§ 1 art IX ch 169 SLA 1959; am § 19 ch 61 SLA 1960; am § 1 ch 123 SLA 1961; am § 1 ch 108 SLA 1981)

Effect of amendments. — The 1981 amendment added the fourth through sixth sentences of subsection (a).

Sec. 38.05.205. Mining leasing. (a) Prior discovery, location and filing shall initiate prior rights to mineral deposits subject to AS 38.05.185 — 38.05.280 in or on state lands, other than submerged lands, which are open to mining leasing. Locations shall be made and certificates of location recorded in accordance with AS 38.05.195. If the located lands are available only for leasing, the director shall publish in a paper of general circulation in the area of the location, notice of the filing of the location and notice that a mineral lease will be issued. The notice may be combined with notices of locations either in the same general area or statewide. Unless a conflicting location exists, no later than two weeks after publication of the notice, an application form for a mining lease shall be mailed to the locator by the director. A lease application shall be filed with the director by the locator within 90 days after receipt of the form. If the located lands are not available for leasing, notice shall be given the locator by the director and the locator's prior rights shall terminate. A mining lessee has the exclusive rights of possession and extraction of all minerals subject to AS 38.05.185 — 38.05.280 lying within the boundaries of his lease or location. Mining leases may be issued for one location or for a group of contiguous locations held in common. Minerals may not be mined and marketed or used until a lease is issued, except for limited amounts necessary for sampling or testing.

(b) Beginning on the date established by the commissioner under AS 38.05.210 there shall accrue an annual rental for each leasehold location or portion thereof whether or not under lease, not less than the value of annual labor improvements required for mining claims. The value of work done on, or for the benefit of, the leasehold in compliance with AS 38.05.210 may be credited against the rental.

(c) A mining lease shall be for any period up to 55 years, and the lessee has a right to a new lease at the end of each lease period. The

commissioner may make reasonable adjustments of the rental rate at the end of each 20 year period, based upon changed conditions in production costs and markets. A valid mining claim located and held under AS 38.05.195 may be converted to a lease at any time upon application by the owner, and issuance by the director. No rights granted by a mining lease may be exercised until the lease has been filed for record in the recording district where the land is located. (§ 4 art IX ch 169 SLA 1959; am § 1 ch 123 SLA 1961; am § 2 ch 108 SLA 1981)

Effect of amendments. — The 1981 amendment in subsection (a), added "the director shall publish in a paper of general circulation in the area of the location, notice of the filing of the location and notice that a mineral lease will be issued" at the end of the third sentence, added the present fourth sentence, added "unless a conflicting location exists, no later than two weeks after publication of the notice" at the beginning of the fifth sentence, deleted "upon request or upon receipt of notice that the location has been made on lands open only for leasing" at the end of the fifth sentence, substituted "the locator's" for "his" preceding "prior rights" in the sixth sentence and added "or location" following "lease" in the seventh sentence.

Editor's notes. — Section 5, ch. 108, SLA 1981 provides: "SPECIAL PROVISION FOR MINING LEASE LOCATIONS. Notwithstanding AS 38.05.205(a), until December 31, 1983, minerals may be mined, marketed, or used on a location for mineral leasing under AS 38.05.205 on land tentatively approved or patented to the state under section 6(a) or 6(b) of the Alaska Statehood Act (P.L. 85-508, 72 Stat. 339, as amended) upon discovery, location, and recording in accordance with AS 38.05.195. However, this section does not apply to a locator who does not file an application for a lease within 90 days after receipt of the application form as required by AS 38.05.205."

Sec. 38.05.207. Production license [Effective January 1, 1983]. (a) An application for a production license must be filed with the commissioner when a locator of a mining claim under AS 38.05.195 or a lessee of a mining location under AS 38.05.205 is prepared to produce minerals for sale in commercial quantities. The application shall state under oath the location of the land and ownership of the mineral deposits involved in the mining operation and the date production began or is expected to begin. Upon receipt of an application, the commissioner shall publish in a paper of general circulation in the area of the location notice of the application and notice that a production license will be issued. The notice may be combined with notices of other applications either in the same general area or statewide. Pending completion of this public notice requirement and issuance of the production license, the locator or lessee has the right to produce minerals from the property.

(b) If the commissioner determines under AS 38.05.185(b) that a locator or lessee has complied as nearly as possible under the circumstances of the case with the provisions of AS 38.05.185 — 38.05.280 and that no conflicting rights are asserted by any other person, the commissioner shall issue a transferable production license for mineral extraction. If conflicting rights are asserted the commissioner may resolve the conflict. (§ 2 ch 87 SLA 1982)

(6) corporations organized under the laws of the United States or of any state or territory of the United States and qualified to do business in this state, except that if more than 50 per cent of the stock of a corporation is owned or controlled by aliens who are not qualified, the corporation is not qualified to acquire or hold such rights.

(b) If an unqualified person acquires an interest in exploration or mining rights by operation of law, he shall be allowed two years in which to become qualified or to dispose of his interest to a qualified person. (§ 2 art IX ch 169 SLA 1959; am § 1 ch 123 SLA 1961)

Sec. 38.05.195. Mining claims. Rights to deposits of minerals subject to §§ 185 — 280 of this chapter in or on state lands which are open to claim staking may be acquired by discovery, location and filing as prescribed in §§ 185 — 280 of this chapter. The locator has the exclusive right of possession and extraction of all such minerals lying within the boundaries of his claim. A location may not exceed 1,320 feet in its longest dimension, and its boundaries shall run in the four cardinal directions. A location shall be distinctly marked on the ground in the manner prescribed by the commissioner and a notice of location shall be posted on the claim in the manner and containing the information required by the commissioner. Within 90 days after the date of posting the notice of location on the claim, the locator shall file for record in the recording district where the claim is located a certificate of location. The certificate of location shall contain the information required by the commissioner. Locations may be amended in the manner and with the effect prescribed in § 200 of this chapter. Annual labor shall be performed and statements of annual labor recorded as prescribed in §§ 210 — 235 of this chapter. (§ 3 art IX ch 169 SLA 1959; am § 1 ch 123 SLA 1961)

Cited in Moore v. State, Sup. Ct. Op. No. 1284 (File Nos. 2551, 2587), 553 P.2d 8 (1976).

Sec. 38.05.200. Changes in locations and amended notices. Notices may be amended at any time and monuments changed to correspond with the amended location but no change may be made which interferes with the rights of others. Whenever monuments are changed or an error is made in the notice or in the certificate of location, an amended certificate of location shall be filed for record in the same manner and with the same effect as the original certificate. (§ 47-3-34 ACLA 1949)

Revisor's note (1962). — This section was applied to state-owned lands by ch. 123, SLA 1961.

Am. Jur. reference. — 36 Am. Jur., Mines and Minerals, § 99 et seq.

Sec. 38.05.205. Mining leasing. (a) Prior discovery location and filing shall initiate prior rights to mineral deposits subject to §§ 185 — 280

Sec. 38.05.300. Classification of lands. (a) The commissioner shall classify for surface use lands in areas where he considers it necessary and proper. This section does not prevent reclassification of lands where the public interest warrants reclassification, nor does it preclude multiple purpose use of lands whenever different uses are compatible. No state land, water, or land and water area shall, except by act of the state legislature, be closed to multiple purpose use, if the area involved contains more than 640 acres.

(b) Not later than February 1 of each year, the commissioner shall submit a written report to each house of the legislature which describes and shows the location of all classifications of state land made under (a) of this section during the preceding year. (§ 1 art III ch 169 SLA 1959; am § 2 ch 31 SLA 1964; am §§ 33, 34 ch 85 SLA 1979)

Effect of amendments. — The 1979 amendment added the subsection (a) designation, and in that subsection, substituted "commissioner shall classify for surface use lands" for "director shall make a preliminary classification for surface use of all land" in the first sentence, deleted "for future development" from the end of the first sentence, and deleted the former second sentence, which read: "The classification, together with a land use plan, shall be transmitted to the commissioner for his approval, modification, or rejection." The amendment also added subsection (b).

Editor's notes. — As to effect of redesignating mental health land as general grant land on use classifications under this section, see § 3(b), ch. 181, SLA 1978 in the 1978 Temporary and Special Acts and Resolves.

As to effect of redesignating mental health land and school land as general grant land on use classifications under this section, see §§ 1 — 2, ch. 182, SLA 1978 in the 1978 Temporary and Special Acts and Resolves.

Sec. 38.05.301. Land disposal in the unorganized borough. Before a sale, lease under AS 38.05.070 — 38.05.105, or other disposal of state land in the unorganized borough, the commissioner shall consider the effect that the sale, lease, or other disposal may be expected to have on the density of the population in the vicinity of the land, and potential for conflicts with the traditional uses of the land that could result from the sale, lease, or disposal. If he finds it necessary, the commissioner shall develop a plan to resolve or mitigate the conflicts in a manner consistent with the public interest and the provisions of AS 38.05.005 — 38.05.370. (§ 33 ch 113 SLA 1981)

Sec. 38.05.305. Notice and review.

Repealed by § 45 ch 113 SLA 1981.

Cross references. For provisions on notice requirements, see AS 38.05.345.

Editor's notes. — The repealed section derived from § 2, art. III, ch. 169, SLA 1959; § 11, ch. 257, SLA 1976; §§ 35, 36, ch. 85, SLA 79; § 3, ch. 108, SLA 1981.

Sec. 38.05.310. Appraisal. (a) No land may be sold or leased, or a renewal lease issued, except in the case of an oil or gas or mineral lease, unless it has been appraised within 120 days before the date fixed for the sale or lease. When land is offered at public sale but is not sold and

AN ACT

Relating to mineral leasing; and providing for an effective date.

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* Section 1. AS 38.05.185(a) is amended to read:

(a) The acquisition and continuance of rights in and to deposits on state lands of minerals which on January 3, 1959, were subject to location under the mining laws of the United States shall be governed by AS 38.05.185 - 38.05.280. Nothing in AS 38.05.185 - 38.05.280 affects the law pertaining to the acquisition of rights to mineral deposits owned by any other person or government. The director, with the approval of the commissioner, shall determine those lands from which mineral deposits may be mined only under lease, and, subject to the limitations of AS 38.05.300, those lands which shall be closed to mining. State land may not be closed to mining or mineral location unless the commissioner makes a finding that mining would be incompatible with significant surface uses on the state land. State land may not be restricted to mining under lease unless the commissioner determines that potential use conflicts on the state land require that mining be allowed only under written leases issued under AS 38.05.205 or the commissioner has determined that the land was mineral in character at the time of state selection. The determinations required under this subsection shall be made in compliance with land classification orders and land use plans developed under AS 38.05.300.

* Sec. 2. AS 38.05.205(a) is amended to read:

(a) Prior discovery, location and filing shall initiate prior rights to mineral deposits subject to AS 38.05.185 - 38.05.280 in or on state lands, other than submerged lands, which are open to mining leasing. Locations shall be made and certificates of location recorded in accordance with AS 38.05.195. If the located lands are available only for leasing, the director shall publish in a paper of general circulation in the area of the location, notice of the filing of the location and notice that a mineral lease will be issued. The notice may be combined with notices of locations either in the same general area or statewide. Unless a conflicting location exists, no later than two weeks after publication of the notice, an application form for a mining lease shall be mailed to the locator by the director [UPON REQUEST OR UPON RECEIPT OF NOTICE THAT THE LOCATION HAS BEEN MADE ON LANDS OPEN ONLY FOR LEASING]. A lease application shall be filed with the director by the locator within 90 days after receipt of the form. If the located lands are not available for leasing, notice shall be given the locator by the director and the locator's [HIS] prior rights shall terminate. A mining lessee has the exclusive rights of possession and extraction of all minerals subject to AS 38.05.185 - 38.05.280 lying within the boundaries of his lease or location. Mining leases may be issued for one location or for a group of contiguous locations held in common. Minerals may not be mined and marketed or used until a lease is issued, except for limited amounts necessary for sampling or testing.

* Sec. 3. AS 38.05.305 is amended by adding a new subsection to read:

(e) The provisions of this section do not apply to a lease issued under AS 38.05.205.

* Sec. 4. AS 38.05.345 is amended by adding a new subsection to read:

(h) The provisions of this section do not apply to a lease issued under AS 38.05.205.

* Sec. 5. SPECIAL PROVISION FOR MINING LEASE LOCATIONS. Notwithstanding AS 38.05.205(a), until December 31, 1983, minerals may be mined, marketed, or used on a location for mineral leasing under AS 38.05.205 on land tentatively approved or patented to the state under section 6(a) or 6(b) of the Alaska Statehood Act (P.L. 85-508, 72 Stat. 339, as amended) upon discovery, location, and recording in accordance with AS 38.05.195. However, this section does not apply to a locator who does not file an application for a lease within 90 days after receipt of the application form as required by AS 38.05.205.

* Sec. 6. This Act takes effect immediately in accordance with AS 01.10.-070(c).

Alaska State Legislature

BETTYE FAHRENKAMP, Chairman
ROBERT H. ZIEGLER, SR., Vice Chairman
DICK ELIASON
PAUL FISCHER
VIC FISCHER
BOB MULCAHY
ARLISS STURGULEWSKI

POUCH V
STATE CAPITAL
JUNEAU, ALASKA 99811
(907) 465-3834
(907) 465-3835

Senate

Committee on Resources

April 15, 1983

Memo

To: Senate Resources Committee Members

From: Senate Resources Committee Staff

Subject: Hearing, Instream Flow Oversight; SB 216, Mineral leasehold extension; SJR 24, Natural Gas Deregulation and Contract Abrogation.

Background information on Instream Flow is being sent under separate cover.

SB 216

AS 38.05.185 provides that on state lands of mineral character or lands where significant land use conflicts exist mining claims would convert to leases prior to production. Because of the numbers of claims on such lands going into the production of placer gold and the inability of the Department of Natural Resources to convert the claims to leases, in 1981 the Legislature passed a bill to permit production on regular claims to proceed until December 31, 1983 without having to convert to a lease.

Attached is a memorandum from Kay Brown, Director of DMEM, explaining the difficulties the Department is having in complying with the lease provisions for the large number of claims by the 1983 deadline. SB 216 would move the deadline for such conversions to December 31, 1985 to enable the Department to prepare the lease form and procedures, to process the mining claims on affected state lands, and to study the entire leasehold system and recommend possible changes in existing law and regulation.

Amendment to SB 216 — adopted

Another provision of Title 38 dealing with land issues which involves a deadline which can not be administratively met is AS 38.04.020(c). This section requires the Department to classify all state lands to be retained in state ownership by July 1, 1983. Lands not so classified would be included in the land disposal bank for possible disposal.

The classification process is lengthy and normally done in conjunction with land use plans for certain regions or areas of the state. This planning and classification process is not yet completed for several areas of the state and the identification of all lands which might be recommended for retention in state ownership has not been done nor will it be done by July of this year.

The attached letter from the DNR requests an amendment to SB 216 to extend the deadline for the classification of land to be retained in state ownership from July 1, 1983 to July 1, 1985. In addition, it is recommended that language pertaining to state lands recommended for retention in municipalities be deleted. This work has already been completed and the language is moot.

SJR 24

The Reagan Administration has introduced legislation (S 615) amending the Natural Gas Policy Act of 1978. The Administration's proposal attempts to combine phased decontrol of gas prices with measures enabling pipelines and producers to get out of long-term contracts that are believed to be keeping gas prices high. A summary of the key points of this legislation is attached.

SJR 24 requests that Congress exempt the State of Alaska from section 316 of the Administration bill. Section 316 allows the abrogation of existing natural gas supply contracts. Section 316 is also attached for your information.

The current price of gas sold to Chugach Electric for example is 26¢. It is estimated that if the Administration's proposal passed intact as now drafted, this price could increase to $2.50 and above. The Department of Natural Resources has stated that the request for this exemption is consistent and in accord with official State position.

Additional attachments have been included for your information.

STATE OF ALASKA
FISCAL NOTE

Revision Date , 1983

I. REQUEST

Bill/Resolution No.: SB 216
Title: Extending deadline for leasehold locations
Sponsor: Fahrenkamp and Bennett
Requestor: Senate Resources

II. FISCAL DETAIL

Agency Affected: Natural Resources
Program Category Affected: Mgmt. of Min.
BRU, Program of Subprogram(s) Affected: Mineral Development

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL OPERATING	0	0	0			
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Source)						
	0	0	0			

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						
	0	0	0			

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: Mark Wittow Mark Wittow Phone: 465-2400
Division: Commissioner's Office Date: 4/13/83

Approved By Commissioner: Mark Wallace Date: 4/13/83
Department: Natural Resources

Distribution:
Original to Legislative Finance
→ Copy to Office of Management and Budget (for Legislature introduced bills)
Copy to Department (for Governor introduced bills)
Copy to Sponsor

MEMORANDUM

State of Alaska

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF MINERALS AND ENERGY MANAGEMENT

TO:
ESTHER C. WUNNICKE
Commissioner

DATE: February 2, 1983

FILE NO:

TELEPHONE NO:

FROM:
KAY BROWN
Director

SUBJECT: 276-2853
Mining Leasing under AS 38.05.205

to Pat Burchett

This memorandum is intended as an update on our progress toward implementation of the mining lease-statute (AS 38.05.205) and to notify you of the major problems we have encountered. At a minimum, legislative action is needed this session to extend the implementation deadline; a provision to accomplish this is included in DNR's Title 38 housekeeping bill. Additional amendments may be necessary to correct the ambiguities we have found and to make the program workable.

Background

Alaska law allows the appropriation of locatable minerals through three different methods:

- on tidelands and submerged lands, a leasing process similar to that for coal or other leasable minerals is used;
- on most uplands open to mining, ordinary mining claims can be staked;
- on uplands identified as mineral lands or where conflicts with other land uses could occur, "leasehold locations" are required. They are initiated in the same way as mining claims--with discovery, location, and filing--but must be converted to leases before production can occur. Few or no such conversions have ever taken place. In 1981, with many placer mines producing or ready to produce because of rising gold prices, the Legislature passed ch. 108, SLA 1981, which allowed production to continue until Dec. 31, 1983, or until the miner receives a lease application from DNR, whichever comes first.

With the lease exemption due to expire, DMEM has been working to prepare a basic lease form, to estimate the workload involved (DMEM calculates that 4,500 to 6,000 of the total 44,000 state mining claims are on land designated for leasehold locations; these locations are in approximately 300-600 contiguous blocks that could each eventually require a lease; if the deadline is not extended, probably 60-100 of these will need a lease this year in order to produce or continue production in 1984), and to determine the legal requirements that must be met before issuing the leases (see attached request for an attorney general's opinion).

Problems and Potential Legislative Solutions

We do not yet have final answers to our legal questions, but preliminary analysis by DNR and the Department of Law has pointed out the following obstacles.

° Timing of lease issuance is critical. As it stands, the law might be interpreted to require DMEM to initiate the leasing process within a few weeks or months after it learns of a new leasehold location, rather than waiting until production plans are underway (usually many years later). Since the majority of locactions lapse without ever being developed, most such leases would serve no purpose. And the mining lease workload would be 300-600 leases instead of a more manageable 60-100. With the ambitious schedule facing DMEM in its other mineral programs (new or newly reopened coal, geothermal, and offshore mining lease projects, plus a DMEM processing backlog of some 4,000 mining claims, and almost 11,000 additional mining claims that have been awaiting adjudication for up to eight months because DTS does not have the staff to enter them onto the state status plats and other land records), we cannot afford to tackle a years-old backlog of mining lease conversions all at once. Possible solutions: Amending AS 38.05.205 may be necessary to let us delay leasing until the locator specifically requests a lease or is ready to go into production. In addition, the Dec. 31, 1983 deadline should be postponed. DNR's Title 38 housekeeping bill would extend the deadline only one year, but the actual time needed to implement the program will depend on funding. After the housekeeping bill was drafted, the department's proposed FY84 increment for mining leasing was eliminated from the budget.

° Issuance of a mining lease is probably a "disposal" of an interest in land.* Moore v. State, 553 P.2d 8, 26 (Alaska 1976). If so, DNR must make a "best interest" determination under AS 38.05.035(a)(14) before issuing a lease. Disposal procedures must also meet the constitutional requirements of "prior public notice and other safeguards of the public interest as may be prescribed by law." Art. VIII, sec. 10. The Department of Law's tentative legal conclusion is that the notice provided for in AS 38.05.205 satisfies the minimal constitutional notice requirements.

However, timing of notice under AS 38.05.205 (it must be given before the locator applies for the lease) limits its utility somewhat. A more logical time for public notice is after the locator's lease application has been received and the "best interest" determination has been drafted. Yet for administrative reasons, DMEM does not want to give notice twice. (For nearly all other disposals, notice is handled under AS 38.05.345. This statute requires only one public notice for

* Another view is that, since the lease application cannot be denied, the disposal has already taken place. Lack of discretion to deny the lease raises issues too complex to set out in this memorandum.

noncompetitive disposals, given when the best interest determination is ready to review; local government receives notice at the same time. Mining leases are specifically exempted from AS 38.05.345.) Another complication is that after the lease is issued, the lessee must get a separate production license (AS 38.05.207) before production can occur. This statute requires still another notice. Possible solutions: The early notice provision could be deleted from AS 38.05.205 and the mining lease exemption removed from AS 38.05.345, allowing notice of mining leases to be given in the same way as for other noncompetitive disposals. At the same time, AS 38.05.207 could be amended to allow the production license to be issued simultaneously with the lease, so that no extra notice would be necessary. Alternatively, all references to mining leases could be dropped from AS 38.05.207, leaving it applicable only to ordinary locations. That statute was intended to satisfy the "6(i)" leasing mandate under the Statehood Act, but to require both a lease and a production license seems superfluous.

- Discovery, location, and filing are the prerequisites to leasing. Whether the proper documents have been timely recorded can readily be checked, but it would be difficult and expensive to do a "validity determination" (to establish whether each location contains a discovery) before issuing the lease. DNR has never done a validity determination. The discovery requirement should not be dropped--in fact it could not be without a constitutional amendment--but it does create a serious administrative problem. Possible solutions: AS 38.05.205 could be amended to give the locator the option of either paying for a validity determination before the lease is issued, or accepting a short-term lease (perhaps five years) that would expire if no production took place. If production occurred, it would provide retroactive proof that at least one discovery existed within the leasehold, and the lease would automatically be renewed. As another option, it might be sufficient for the locator to sign an affidavit that he or she had made a discovery within each location. This alternative could probably be put into effect by regulation, without having to amend AS 38.05.205.

- A field check would also be necessary to determine whether the location had been properly staked. Here again, DNR has never done such field checks, although this sort of investigation would be much easier and cheaper than a validity determination. Possible solutions: Perhaps the locator could simply sign an affidavit attesting to proper staking. Alternatively, DNR could either seek funding to check for proper staking before converting the location to a mining lease, or AS 38.05.205 could be amended to require the locator to supply such proof. A more costly but ultimately more satisfactory solution would be to require a survey of the staked boundaries, which would also ensure the accuracy of the legal description stated in the lease. (Without a survey, the location must be plotted on the status plats, and its legal description written, on the basis of the miner's sketch map.)

Enclosure

MEMORANDUM State of Alaska

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF MINERALS AND ENERGY MANAGEMENT

TO: Barbara Herman
Assistant Attorney General, DOL

DATE: October 29, 1982

FILE NO:

TELEPHONE NO: 276-2653

FROM: Kay Brown, Director
DMEM

SUBJECT: Mining Leasing under AS 38.05.205

The Division of Minerals and Energy Management is preparing to implement AS 38.05.205 and the special provision for mining leasehold locations passed by the 1981 legislature (Sec. 5, Ch. 108, SLA 1981). We would appreciate receiving your thoughts on the following issues as soon as possible.

1. Extent of discretion. In an area open to leasing, we assume that the director must issue a mining lease for a location filed under AS 38.05.205(a); the director's authority extends only to choosing the lease's terms and conditions within statutory limits. Similarly, we assume that he or she cannot refuse to convert a valid mining claim to a lease under AS 38.05.205(c). Is this interpretation correct?

2. Director's finding. We assume that issuance of a mining lease under AS 38.05.205 is a disposal of an interest in land under AS 38.05.035(a)(14) and therefore requires a best interest finding under that section. Is this correct? We assume that the finding should cover discretionary issues such as the stipulations that will be imposed to resolve conflicts with other uses. Are there any issues that must be addressed in every .035 finding for a mining lease? If the best interest determination shows that issuance of the lease would not serve the best interests of the state, what is the resolution if the director does not have the discretion to deny a lease?

3. Validity determination. Prior discovery, location, and filing in a leasehold location area, or a valid mining claim anywhere, entitles the locator to convert to a lease. By implication, a locator who has not fulfilled these three requirements is not entitled to a lease. Prior to the issuance of a mining lease under 38.05.205, should a validity determination be made?

4. Rent accrual. The department interprets AS 38.05.205(b) to mean that beginning on Sept. 1 following staking of a leasehold location (the date is set by 11 AAC 86.220), annual rental begins to accrue at the minimum rate of $200 per location per year, whether or not a lease has already been issued. Payment must be made each year, either in cash or (far more typically) in the form of annual labor benefitting the leasehold location. If the locator neither pays the rent nor offsets it by recording an annual labor affidavit, and does not correct the situation after notice from DMEM, the leasehold location is deemed abandoned. Is this procedure, which is reflected in 11 AAC 86.300, a reasonable and supportable interpretation of the statute? (Should 11 AAC 86.300 be amended to be consistent with the statute by changing the last "or" to an "and"?)

5. ACMP consistency. If the location is within the coastal zone, is the issuance of a lease under AS 38.05.205 subject to review for consistency with the Alaska Coastal Management Program? What is the result if it is not consistent?

6. Segregation. Is our interpretation that the filing of an offshore prospecting permit application segregates the tidelands and submerged lands involved, so that a mining claim or leasehold location cannot be staked on top of it under 11 AAC 86.135(c), a correct one?

7. Timing. The department's past practice has been not to immediately send a lease application to a locator who has filed in a leasehold location area. The department prefers to postpone the leasing process until the locator is actually ready to go into production. Can this procedure be continued under the amended AS 38.05.205(a), or does the statute force DMLW to publish notice of the leasehold location as soon as it learns of it?

8. Procedures. The following is our understanding of the major legal requirements that must be satisfied in issuing a lease under AS 38.05.205(a).

- As soon as the location notice is received, or at an appropriate time thereafter (the timing depends on your answer to our previous question), the director publishes a notice in compliance with AS 38.05.205(a). Only one notice is required; it advertises that the location was filed and that, if there is no conflicting location, a lease will be issued.

- No later than two weeks after the notice was published, but allowing as much of that two-week period as possible for other locators to respond to it, the division sends a lease application form to the locator if it has not learned of any conflicting claim. AS 38.05.205(a).

- Within 90 days after receipt of the application, the locator must fill it out and file it with the director. AS 38.05.205(a).

- After the application is received, a director's decision under AS 38.05.035(a)(14) is crafted. If the location is in the coastal zone, a determination that the lease is consistent with the Alaska Coastal Management program is also made. If the location is within the unorganized borough, a commissioner's finding as to the disposal's effects on population density, and its potential for conflicts with traditional land uses, is also written under AS 38.05.301. If the location includes or is adjacent to waters, the department determines whether those waters are navigable or public under AS 38.05.127. If they are, and if surface development in connection with the lease might

restrict public access rights to and along those waters, easements or rights-of-way are reserved in accordance with the implementing regulations (11 AAC 53.) (However, if the department does not yet know how the lease will be developed, it will not specify the easements in the conveyance document, but as a lease stipulation will retain the right to reserve them later if necessary to protect public access. This is the procedure DNEM has been following with other mineral leases.)

- o We cannot determine whether notice of the director's decision is supposed to be given, and if so, under what procedures. Director's decisions for all other types of disposals are advertised under AS 38.05.34(A)(3), but AS 38.05.345(e) certainly seems to exempt decisions in connection with mining leases from this requirement. Does this mean that, even though the director's decision must be written, no notice need be given that it is available for review? Is the original notice under AS 38.05.205(a)--which was given well before the terms of the disposal and conditions were decided on (in fact, before the lease application was filed)--the only public notice legally and constitutionally required? Would this original notice also serve as notice to the municipality or, in the unorganized borough, to local residents?

- o If you determine that AS 38.05.345 notice of the decision is required, AS 38.05.346 would presumably also apply.

- o If notice must be given under AS 38.05.345, at least 30 days must pass before the lease is issued. If no notice is required, presumably the only time limit is that at least 21 days must pass after the director's decision is written.

- o We assume that, although a mining lease will include certain surface use rights, it is not a disposal of the surface estate and the survey requirements of AS 38.04.055(b) do not apply. It is also exempt from the appraisal requirement of AS 38.05.310.

Is our understanding of these requirements correct and comprehensive? What have we missed?

9. Voluntary conversions. Which of these procedures would apply to a voluntary conversation of a mining claim to a lease under AS 38.05.205(c)? For instance, would the director be required to give a preliminary notice under AS 38.05.205(a) that the location had been filed and that a lease would be issued? Would the locator be bound by the 90-day application deadline?

10. University lands. If the location is on university lands, the Board of Regents must be notified before the lease is issued (AS 38.05.030(a)). What happens if it withholds its approval?

cc: John Katz

STATE OF ALASKA
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

M E M O R A N D U M

May 19, 1983

SUBJECT: Classification of state land (SB 216)

TO: Representative Richard Shultz
Chairman, House Resources Committee

FROM: Richard C. Folta
Legislative Counsel

It is my opinion that adding to the above referenced bill the proposed provisions for sale of a leasehold by the state to a leaseholder requires a title amendment in SB 216. Under Uniform Rule 24(c), a bill title may not be amended in the second house unless the amendment is a clerical or technical change. The amendment, in this instance, could only be accomplished in the Senate.

RCF:ljb
20/027

Sen. Bettye Fahrenkamp

TESTIMONY BEFORE THE HOUSE RESOURCES COMMITTEE

SB 216, MAY 13, 1983

Mr. Chairmen, members of the Committee, I apologize for not being able to testify today in person but I am chairing a meeting of the Senate Resources Committee during this same time period.

However, I would like give my strong endorsement to SB 216 and urge the Committee to take swift action on this measure. The bill simply extends the moratorium currently in existence for converting mining claims to mineral leases for another two years. This extension is necessary for the Department of Natural Resources to continue to develop the leasehold system prescribed by law and to identify additional legal and technical problems which have surfaced. Within two years it is quite possible that the Department will recommend to the legislature changes which may be needed in current law regarding the leasehold system.

In addition, the Senate Resources Committee adopted an amendment to the bill which would also extend another deadline in Title 38 for an additional two years. Current statutes call for the state to identify all state lands to be retained in state ownership by July 1, of this year. Lands not identified would fall automatically into the land disposal bank. Land identification by the state has preceded after land use planning has been completed which has taken some time. There simply is not sufficient time to complete the planning and the subsequent classification process by the July 1, 1983 deadline. Rather than interrupting this reasoned, phased process to land classification, an extension is warranted. Such an extension will have no impact on the amount of land to be disposed of as current lands in the disposal bank far exceed annual disposals well into the future.

Thank you for this opportunity to present my views on this legislation.

Thank

SENATOR BETTYE FAHRENKAMP

SB 216, MINING LEASE LOCATION MORATORIUM EXTENSION

BACKGROUND

STATE LAW PROVIDES THAT ON STATE LANDS OF MINERAL CHARACTER OR WHERE LAND USE CONFLICTS EXIST MINING CLAIMS WHICH ARE STAKED WOULD CONVERT TO MINING LEASES PRIOR TO PRODUCTION.

IN 1981 THE LEGISLATURE EXTENDED THE DEADLINE FOR CONVERSION OF CLAIMS TO LEASES UNTIL DEC. 31, 1983 BECAUSE OF THE DRAMATIC INCREASE IN PLACER GOLD CLAIMS ENTERING PRODUCTION WITH THE RISE IN GOLD PRICES AND THE ABSENCE OF MINERAL LEASE PROCEDURES AT THAT TIME.

CURRENT SITUATION

DNR REPORTS THAT WITH THE PROSPECTS OF HAVING TO CONVERT HUNDREDS, IF NOT THOUSANDS OF CLAIMS, AND THE TECHNICAL PROBLEMS WHICH STILL EXIST WITH THE MINERAL LEASE LOCATION SYSTEM, THE DEPARTMENT WOULD BE UNABLE TO MEET THE DECEMBER DEADLINE THIS YEAR. THEY ARE REQUESTING AN EXTENSION TO FURTHER STUDY AND EXPLORE THE PROBLEMS AND PROCEDURES OF MINERAL LEASE LOCATION SYSTEM AND POSSIBLY TO RECOMMEND CHANGES IN THE LAW.

added in Committee Substitute

ADDITIONALLY, ANOTHER PROVISION OF TITLE 38 REQUIRES DNR TO CLASSIFY ALL STATE LANDS TO BE RETAINED IN STATE OWNERSHIP BY JULY 1, 1983. LANDS NOT SO CLASSIFIED WOULD BE INCLUDED IN THE LAND DISPOSAL BANK FOR POSSIBLE DISPOSAL. BECAUSE OF DNR'S PLANNING PROCESS PRIOR TO CLASSIFICATION, THIS DEADLINE IS NOT GOING TO BE MET. HAVING THE LANDS GO TO THE DISPOSAL BANK SERVES NO USEFUL PURPOSE AND IN NO WAY WOULD REDUCE THE ANNUAL LAND DISPOSALS (THERE ARE OVER 600,000 ACRES IN THE DISPOSAL BANK CURRENTLY FROM WHICH 60,000 WILL BE DISPOSED THIS YEAR).

BILL'S PROVISIONS

THE BILL EXTENDS THE LEASE CONVERSION MORATORIUM FOR TWO MORE YEARS UNTIL DEC. 1985. THE BILL ALSO EXTENTS THE LAND CLASSIFICATION DEADLINE TWO YEARS UNTIL JULY 1, 1985.

AN ACT

Relating to mineral leasing; and providing for an effective date.

Section 1. AS 38.05.185(a) is amended to read:

(a) The acquisition and continuance of rights in and to deposits on state lands of minerals which on January 3, 1959, were subject to location under the mining laws of the United States shall be governed by AS 38.05.185 - 38.05.280. Nothing in AS 38.05.185 - 38.05.280 affects the law pertaining to the acquisition of rights to mineral deposits owned by any other person or government. The director, with the approval of the commissioner, shall determine those lands from which mineral deposits may be mined only under lease, and, subject to the limitations of AS 38.05.300, those lands which shall be closed to mining. State land may not be closed to mining or mineral location unless the commissioner makes a finding that mining would be incompatible with significant surface uses on the state land. State land may not be restricted to mining under lease unless the commissioner determines that potential use conflicts on the state land require that mining be allowed only under written leases issued under AS 38.05.205 or the commissioner has determined that the land was mineral in character at the time of state selection. The determinations required under this subsection shall be made in compliance with land classification orders and land use plans developed under AS 38.05.300.

Sec. 2. AS 38.05.205(a) is amended to read:

(a) Prior discovery, location and filing shall initiate prior rights to mineral deposits subject to AS 38.05.185 - 38.05.280 in or on state lands, other than submerged lands, which are open to mining leasing. Locations shall be made and certificates of location recorded in accordance with AS 38.05.195. If the located lands are available only for leasing, the director shall publish in a paper of general circulation in the area of the location, notice of the filing of the location and notice that a mineral lease will be issued. The notice may be combined with notices of locations either in the same general area or statewide. Unless a conflicting location exists, no later than two weeks after publication of the notice, an application form for a mining lease shall be mailed to the locator by the director [UPON REQUEST OR UPON RECEIPT OF NOTICE THAT THE LOCATION HAS BEEN MADE ON LANDS OPEN ONLY FOR LEASING]. A lease application shall be filed with the director by the locator within 90 days after receipt of the form. If the located lands are not available for leasing, notice shall be given the locator by the director and the locator's [HIS] prior rights shall terminate. A mining lessee has the exclusive rights of possession and extraction of all minerals subject to AS 38.05.185 - 38.05.280 lying within the boundaries of his lease or location. Mining leases may be issued for one location or for a group of contiguous locations held in common. Minerals may not be mined and marketed or used until a lease is issued, except for limited amounts necessary for sampling or testing.

* Sec. 3. AS 38.05.305 is amended by adding a new subsection to read:

(e) The provisions of this section do not apply to a lease issued under AS 38.05.205.

* Sec. 4. AS 38.05.345 is amended by adding a new subsection to read:

(h) The provisions of this section do not apply to a lease issued under AS 38.05.205.

* Sec. 5. SPECIAL PROVISION FOR MINING LEASE LOCATIONS. Notwithstanding AS 38.05.205(a), until December 31, 1983, minerals may be mined, marketed, or used on a location for mineral leasing under AS 38.05.205 on land tentatively approved or patented to the state under section 6(a) or 6(b) of the Alaska Statehood Act (P.L. 85-508, 72 Stat. 339, as amended) upon discovery, location, and recording in accordance with AS 38.05.195. However, this section does not apply to a locator who does not file an application for a lease within 90 days after receipt of the application form as required by AS 38.05.205.

* Sec. 6. This Act takes effect immediately in accordance with AS 01.10.-070(c).

MEMORANDUM State of Alaska

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF MINERALS AND ENERGY MANAGEMENT

TO: Barbara Herman
Assistant Attorney General, DOL

DATE: October 29, 1982

FILE NO:

TELEPHONE NO: 276-2653

FROM: Kay Brown, Director
DMEM

SUBJECT: Mining Leasing under AS 38.05.205

The Division of Minerals and Energy Management is preparing to implement AS 38.05.205 and the special provision for mining leasehold locations passed by the 1981 legislature (Sec. 5, Ch. 108, SLA 1981). We would appreciate receiving your thoughts on the following issues as soon as possible.

1. Extent of discretion. In an area open to leasing, we assume that the director must issue a mining lease for a location filed under AS 38.05.205(a); the director's authority extends only to choosing the lease's terms and conditions within statutory limits. Similarly, we assume that he or she cannot refuse to convert a valid mining claim to a lease under AS 38.05.205(c). Is this interpretation correct?

2. Director's finding. We assume that issuance of a mining lease under AS 38.05.205 is a disposal of an interest in land under AS 38.05.035(a)(14) and therefore requires a best interest finding under that section. Is this correct? We assume that the finding should cover discretionary issues such as the stipulations that will be imposed to resolve conflicts with other uses. Are there any issues that must be addressed in every .035 finding for a mining lease? If the best interest determination shows that issuance of the lease would not serve the best interests of the state, what is the resolution if the director does not have the discretion to deny a lease?

3. Validity determination. Prior discovery, location, and filing in a leasehold location area, or a valid mining claim anywhere, entitles the locator to convert to a lease. By implication, a locator who has not fulfilled these three requirements is not entitled to a lease. Prior to the issuance of a mining lease under 38.05.205, should a validity determination be made?

4. Rent accrual. The department interprets AS 38.05.205(b) to mean that beginning on Sept. 1 following staking of a leasehold location (the date is set by 11 AAC 86.220), annual rental begins to accrue at the minimum rate of $200 per location per year, whether or not a lease has already been issued. Payment must be made each year, either in cash or (far more typically) in the form of annual labor benefitting the leasehold location. If the locator neither pays the rent nor offsets it by recording an annual labor affidavit, and does not correct the situation after notice from DMEM, the leasehold location is deemed abandoned. Is this procedure, which is reflected in 11 AAC 86.300, a reasonable and supportable interpretation of the statute? (Should 11 AAC 86.300 be amended to be consistent with the statute by changing the last "or" to an "and"?)

5. ACMP consistency. If the location is within the coastal zone, is the issuance of a lease under AS 38.05.205 subject to review for consistency with the Alaska Coastal Management Program? What is the result if it is not consistent?

6. Segregation. Is our interpretation that the filing of an offshore prospecting permit application segregates the tidelands and submerged lands involved, so that a mining claim or leasehold location cannot be staked on top of it under 11 AAC 86.135(c), a correct one?

7. Timing. The department's past practice has been not to immediately send a lease application to a locator who has filed in a leasehold location area. The department prefers to postpone the leasing process until the locator is actually ready to go into production. Can this procedure be continued under the amended AS 38.05.205(a), or does the statute force DMEM to publish notice of the leasehold location as soon as it learns of it?

8. Procedures. The following is our understanding of the major legal requirements that must be satisfied in issuing a lease under AS 38.05.205(a).

- As soon as the location notice is received, or at an appropriate time thereafter (the timing depends on your answer to our previous question), the director publishes a notice in compliance with AS 38.05.205(a). Only one notice is required; it advertises that the location was filed and that, if there is no conflicting location, a lease will be issued.

- No later than two weeks after the notice was published, but allowing as much of that two-week period as possible for other locators to respond to it, the division sends a lease application form to the locator if it has not learned of any conflicting claim. AS 38.05.205(a).

- Within 90 days after receipt of the application, the locator must fill it out and file it with the director. AS 38.05.205(a).

- After the application is received, a director's decision under AS 38.05.035(a)(14) is drafted. If the location is in the coastal zone, a determination that the lease is consistent with the Alaska Coastal Management program is also made. If the location is within the unorganized borough, a commissioner's finding as to the disposal's effects on population density, and its potential for conflicts with traditional land uses, is also written under AS 38.05.301. If the location includes or is adjacent to waters, the department determines whether those waters are navigable or public under AS 38.05.127. If they are, and if surface development in connection with the lease might

restrict public access rights to and along those waters, easements or rights-of-way are reserved in accordance with the implementing regulations (11 AAC 53.) (However, if the department does not yet know how the lease will be developed, it will not specify the easements in the conveyance document, but as a lease stipulation will retain the right to reserve them later if necessary to protect public access. This is the procedure DMEM has been following with other mineral leases.)

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- If notice must be given under AS 38.05.345, at least 30 days must pass before the lease is issued. If no notice is required, presumably the only time limit is that at least 21 days must pass after the director's d[illegible] written.

- [illegible] that, although a mining lease will include certain surface use rights, it is not a disposal of the surface estate and the survey requirements of AS 38.04.055(b) do not apply. It is also exempt from the appraisal requirement of AS 38.05.310.

Is our understanding of these requirements correct and comprehensive? What have we missed?

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10. University lands. If the location is on university lands, the Board of Regents must be notified before the lease is issued (AS 38.05.030(a)). What happens if it withholds its approval?

cc: John Katz

(1) the cash value offered;

(2) the projected effects of the sale, exchange or other disposal on the economy of the state;

(3) the projected benefits of refining or processing the oil or gas in the state;

(4) the ability of the prospective buyer to provide refined products or by-products for distribution and sale in the state with price or supply benefits to the citizens of the state; and

(5) the criteria listed in AS 38.06.070(a). (§ 1 ch 56 SLA 1970; am § 3 ch 9 SSSLA 1974; am §§ 9, 10 ch 112 SLA 1980)

Effect of amendments. — The 1980 amendment, in subsection (a), substituted "after prior written notice to" for "with the prior written approval of" and "under AS 38.06.050" for "where applicable," near the end of the subsection; in subsection (b), substituted "after prior written notice to" for "with the prior written approval of"; in subsection (c), substituted "has been notified in writing of" for "where applicable has approved"; in subsection (d), deleted "with the approval of the Alaska Royalty Oil and Gas Development Advisory Board" following "until the commissioner"; and added subsection (e).

NOTES TO DECISIONS

Waiver of competitive bidding. — An initial waiver of competitive bidding and a second waiver at the time of amendment removed any obligation to open the contract to competitive bidding. McKinnon v. Alpetco Co., Sup. Ct. Op. No. 2413 (File No. 5546), 633 P.2d 281 (1981).

Article 7. Mining Rights.

Section	Section
185. Generally	207. Production license
205. Mining leasing	250. Tide and submerged lands

Sec. 38.05.185. Generally. (a) The acquisition and continuance of rights in and to deposits on state lands of minerals which on January 3, 1959, were subject to location under the mining laws of the United States shall be governed by AS 38.05.185 — 38.05.280. Nothing in AS 38.05.185 — 38.05.280 affects the law pertaining to the acquisition of rights to mineral deposits owned by any other person or government. The director, with the approval of the commissioner, shall determine those lands from which mineral deposits may be mined only under lease, and, subject to the limitations of AS 38.05.300, those lands which shall be closed to mining. State land may not be closed to mining or mineral location unless the commissioner makes a finding that mining would be incompatible with significant surface uses on the state land. State land may not be restricted to mining under lease unless the commissioner determines that potential use conflicts on the state land require that mining be allowed only under written leases issued under AS 38.05.205 or the commissioner has determined that the land was mineral in character at the time of state selection. The determinations

SB

222

COMMITTEE REPORT

HOUSE

(9) FURTHER:

(Returned to Resources 5/19/84)

5/19/84 Date: [illegible]

The Committee on RESOURCES has had CSSB 222(Fin)(Title am)

"An Act relating to the responsibilities and functions of the Department of Natural Resources in connection with state land; and providing for an effective date."

under consideration and recommends:

[ ] do pass [ ] do not pass

[ ] do pass with attached amendments(s)

[✓] replace with CS for CSSB 222 (RESOURCES) [✓] same title [ ] new title

and recommends DO PASS

[ ] AND attaches a "Letter of Intent" [ ] New Fiscal Note [ ] Zero Fiscal Note Attached

[ ] reports it back without recommendation

[ ] referred to the _____ Committee

MEMBERS SIGNING DO PASS

MEMBERS HAVING OTHER RECOMMENDATIONS:

CHAIRMAN

COMMITTEE REPORT

HOUSE

(9) FURTHER: FINANCE

4/26/84 Date: MAY 4 1984

The Committee on RESOURCES has had CSSB 222(Fin)(Title am

"An Act relating to the responsibilities and functions of the Department of Natural Resources in connection with state land; and providing for an effective date."

under consideration and recommends:

[X] do pass [ ] do not pass

[ ] do pass with attached amendments(s)

[ ] replace with CS for _____ [ ] same title [ ] new title

and recommends _____

[ ] AND attaches a "Letter of Intent" [ ] New Fiscal Note [X] Zero Fiscal Note Attached

[ ] reports it back without recommendation

[ ] referred to the _____ Committee

MEMBERS SIGNING DO PASS

(Chairman) [signature]
(Vice Chairman) [signature]
(Majority Member) [signature]
(Majority Member) [signature]
(Majority Member) [signature]
(Majority Member) [signature]
(Majority Member) [signature]
(Majority Member) [signature]
(Majority Member) [signature]

MEMBERS HAVING OTHER RECOMMENDATIONS:

(Minority Member) [signature]
(Minority Member) [signature]
(Minority Member) [signature]
(Minority Member) [signature]
(Minority Member) [signature]
(Minority Member) [signature]

[signature]
CHAIRMAN

Bradley
5/19/84

MASTER

Original sponsor: Resources Committee

IN THE SENATE BY THE RESOURCES COMMITTEE

HOUSE CS FOR CS FOR SENATE BILL NO. 222 (Resources)

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTEENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act relating to the responsibilities and functions of the Department of Natural Resources in connection with state land; and providing for an effective date."

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

* Section 1. AS 19.30.060 is amended to read:

Sec. 19.30.060. PURPOSE. It is the purpose of AS 19.30.060 - 19.30.100 to provide access to state lands that [WHICH] are programmed for surface or non-commercial forest products disposal, and to provide access roads at the lowest possible cost.

* Sec. 2. AS 19.30.070 is amended to read:

Sec. 19.30.070. PLANNING AND [CONTRACTS FOR] CONSTRUCTION OF ROADS. The commissioner of natural resources [DIRECTOR OF THE DIVISION OF LANDS] may plan and construct roads or contract with private persons for the construction of roads to and on state land [LANDS] programmed for surface or non-commercial forest products disposal [WHICH ARE NOT MORE THAN SIX MILES FROM EXISTING ROADS OR HIGHWAYS].

* Sec. 3. AS 19.30.080 is amended to read:

Sec. 19.30.080. CONSTRUCTION STANDARDS AND MAINTENANCE. An access road constructed under AS 19.30.060 - 19.30.100 shall be of low standard, not necessarily suitable for all weather use. The state is not under obligation to maintain an access road constructed under AS 19.30.060 - 19.30.100. If an access road is constructed outside a municipality that has zoning ordinances, the right-of-way width for

the road shall be determined by the Department of Natural Resources [DIVISION OF LANDS] and the Department of Transportation and Public Facilities. If an access road is constructed within the boundaries of a municipality that has zoning ordinances, the right-of-way width shall conform to the subdivision control ordinances of the municipality. Contracts for the work on an access road shall be awarded to the lowest responsible bidder qualified to contract with the state.

* Sec. 4. AS 19.30.090 is amended to read:

Sec. 19.30.090. PAYMENT OF CONSTRUCTION COSTS [IN LAND CREDIT CERTIFICATES]. The cost of constructing access roads to state land [LANDS] shall be paid in appropriated funds or freely transferable land credit certificates which may be applied toward the purchase or lease of any state land [LANDS] under the jurisdiction of the Department of Natural Resources [DIVISION OF LANDS], except tide, submerged, and shoreland and land [SHORELANDS AND LANDS] belonging to the state which have been obtained by escheat, purchase, or any means other than by general land grant. A land credit certificate is valid for a period of 20 years after issue. After the expiration of 20 years from date of issue the holder may not start an action against the state or any person based upon the certificate. The method of disposing of land [LANDS] and resources and restrictions upon their disposal established by law or regulation are in no way affected by the use of land credit certificates.

* Sec. 5. AS 29.18.202 is amended to read:

Sec. 29.18.202. DETERMINATION OF ENTITLEMENT FOR CITIES. The general grant land entitlement of a city formerly eligible to receive general grant land under the provisions of former AS 29.18.190 and 29.18.200 [, AS REPEALED BY THIS ACT,] is 10 percent of the maximum total acreage of vacant, unappropriated, unreserved land within the

1 boundaries of each city at any time between the initial date of eligi-
2 bility under former AS 29.18.190 and 29.18.200 and July 1, 1978.
3 Within six months of July 1, 1978, the commissioner [DIRECTOR] shall
4 determine the entitlement for each city eligible to receive general
5 grant land under this section and certify that entitlement to the
6 city.
7 * Sec. 6. AS 29.18.203(b) is amended to read:
8 (b) Within six months of the date of incorporation of a munici-
9 pality which is incorporated after July 1, 1978, the commissioner
10 [DIRECTOR] shall determine the entitlement of each municipality eli-
11 gible to receive general grant land under (a) of this section and
12 certify the entitlement to the municipality.
13 * Sec. 7. AS 29.18.204(c) is amended to read:
14 (c) Land may be selected or nominated for selection by a munic-
15 ipality to satisfy a general grant land entitlement under AS 29.18.201
16 and 29.18.202 at any time before October 1, 1980 However, if a
17 municipal selection or nomination or a part of a municipal selection
18 or nomination is rejected by the commissioner [DIRECTOR], the munic-
19 ipality may, not later than 90 days after receipt of the commission-
20 er's [DIRECTOR'S] rejection, select additional state land as necessary
21 to satisfy its entitlement.
22 * Sec. 8. AS 29.18.204(d) is amended to read:
23 (d) Land may be selected by a municipality to satisfy a general
24 grant land entitlement under AS 29.18.203 at any time within one year
25 after the commissioner [DIRECTOR] certifies the entitlement to the
26 municipality.
27 * Sec. 9. AS 29.18.205(b) is amended to read:
28 (b) All approved selections under former AS 29.18.190 and
29 29.18.200 for which patent has not been issued to a municipality on

July 1, 1978 shall be reviewed by the commissioner [DIRECTOR] within nine months of July 1, 1978. Any approved selection of land which was vacant, unappropriated or unreserved on the date of selection is valid as of the date of the approval under former AS 29.18.190 and 29.18.-200, and a patent shall be issued to the municipality within three months after approval by the commissioner [DIRECTOR] of a plat of survey. The acreage shall be credited toward fulfillment of the municipality's entitlement. No municipality is entitled to receive patent under AS 29.18.011 - 29.18.610 to more than its entitlement determined under AS 29.18.201 - 29.18.203. Any prior approval by the commissioner [DIRECTOR] of municipal selections for land which was not vacant, unappropriated or unreserved on the date of selection shall be rescinded, and patent may not be issued except when disposal to a third party by sale or lease has occurred. Transfers of land to municipalities under AS 29.18.011 - 29.18.610 are subject to AS 38.-05.321. Classification actions as reflected upon the land status records of the Department of Natural Resources are determinative of land classification status for purposes of AS 29.18.011 - 29.18.610.

* Sec. 10. AS 29.18.205(f) is amended to read:

(f) The commissioner [DIRECTOR] shall approve each selection for patent within nine months of its selection by a municipality, and a patent shall be issued to the municipality for land selected in satisfaction of a general grant land entitlement vested under AS 29.18.-201 - 29.18.203 within three months after approval by the commissioner [DIRECTOR] of a plat of survey.

* Sec. 11. AS 29.18.206(d) is amended to read:

(d) Within six months after approval of a municipal selection of school, university, or mental health land, the commissioner [DIRECTOR] shall identify state general grant land of approximately equal value

to the land requested by the municipality, and shall propose the replacement land for the concurrence of the appropriate board. If a proposal by the commissioner [DIRECTOR] is rejected by the board, the commissioner [DIRECTOR] shall meet with the board as often as necessary to determine the type and amount of equal value replacement land that would be required to obtain the board's concurrence, and shall propose the replacement land for consideration by the board. The replacement land shall thereafter be managed for the purposes for which the land selected by the municipality was acquired by the Territory and State of Alaska.

* Sec. 12. AS 29.18.206(e) is amended to read:

(e) The notice and review provisions of AS [38.05.305 AND] 38.05.345 are applicable to the designation of other general grant land as school, university or mental health land in replacement of land selected under this section. The provisions of AS 38.50 [AND 38.05.032] do not apply to such designations under this section. [THE PROVISIONS OF AS 38.05.030(a), 38.05.030(e), AND 38.05.035(a)(13) WHICH REQUIRE THE APPROVAL OF THE RESPECTIVE TRUST BOARD BEFORE DISPOSAL OF LANDS BY THE DIRECTOR DO NOT APPLY TO SELECTIONS OF SCHOOL, UNIVERSITY OR MENTAL HEALTH LAND BY A MUNICIPALITY UNDER THIS SECTION.]

* Sec. 13. AS 29.18.207(c) is amended to read:

(c) If land selected by a municipality is unsurveyed at the time of approval, the commissioner [DIRECTOR] shall survey, or may approve the municipality's survey of, the exterior boundaries of an approved selection without interior subdivision, and shall issue patent in terms of the exterior boundary survey. The cost of the survey shall be borne by the municipality. If land selected by a municipality has been surveyed at the time of its selection, the boundaries shall

conform to the public land subdivisions established by the approved survey.

* Sec. 14. AS 29.18.207(d) is amended to read:

(d) The commissioner [DIRECTOR] may approve municipal selections of land which have been tentatively approved or patented to the state by the federal government, but the commissioner [HE] may not issue patent to a municipality until the land has first been patented to the state. After approval of a selection by the commissioner [DIRECTOR], but before patent to a municipality, the municipality may execute conditional leases and make conditional sales only with the consent of the commissioner [DIRECTOR]. Conditional sales and conditional leases made before July 1, 1978 do not require the consent of the commissioner [DIRECTOR].

* Sec. 15. AS 29.18.209 is amended to read:

Sec. 29.18.209. AUTHORIZATION FOR LAND EXCHANGES. The [DIRECTOR, WITH THE CONCURRENCE OF THE] commissioner [,] and any municipality are authorized to exchange land or interests in land when it is in the public interest. Land or interests in land exchanged under this section must be of approximately equal value, including the nonmonetary value of public benefits. Exchange procedures shall comply with applicable law and municipal ordinances. The notice and review provisions of AS [38.05.305 AND] 38.05.345 are applicable to exchanges of land under this section. The provisions of AS 38.50.010 - 38.50.-170 do not apply to exchanges of land under this section.

* Sec. 16. AS 29.18.210(b) is amended to read:

(b) Where state land is the most logical location for demonstrated municipal expansion for nonpublic settlement and development purposes, and when an exchange of land under AS 29.18.209 is not possible or is not in the public interest, it is the policy of the

state to sell or lease the land at public auction. The state may contract with a municipality to act as its agent in an auction of state land under applicable statutes. When a municipality acts as the agent of the state in an auction, the municipality may retain from the proceeds of the auction the expenses that [WHICH] the commissioner [DIRECTOR] determines to be necessary and reasonable.

* Sec. 17. AS 29.18.210(c) is amended to read:

(c) Nothing in AS 29.18.011 - 29.18.610 limits or impairs the authority of the commissioner [DIRECTOR] to transfer land to municipalities, without limit or consideration, for public purposes in accordance with AS 38.05.315. If there is a remaining entitlement of the municipality, land transferred under AS 38.05.315 shall be credited toward fulfillment of the entitlement.

* Sec. 18. AS 29.18.211(a) is amended to read:

(a) A municipality which on July 1, 1978 is engaged in litigation, or which becomes engaged in litigation, regarding a claim to state land under former AS 29.18.190 and 29.18.200 shall elect either to obtain the benefits provided in AS 29.18.201 - 29.18.213 or to pursue the litigation and thereby waive any claim to entitlement under AS 29.18.201 - 29.18.213. An election shall be made by filing a motion for dismissal with prejudice in the court in which the litigation is pending. If the claim involves a municipality identified in AS 29.18.201, the municipality shall file its motion for dismissal within 60 days of July 1, 1978. If the claim involves a city eligible to receive an entitlement under AS 29.18.202, the city shall file its motion for dismissal within 60 days after receiving the certificate of entitlement provided by the commissioner [DIRECTOR] under AS 29.18.-202. Failure of the municipality to file a motion for dismissal during the time period provided in this subsection shall be considered

a waiver of entitlement under AS 29.18.201 - 29.18.213.

* Sec. 19. AS 29.18.213 is amended to read:

Sec. 29.18.213. DEFINITIONS. In AS 29.18.201 - 29.18.213, unless the context otherwise requires,

[(1) Repealed]

(1) [(2)] "approved selection" means a municipal land selection that [WHICH] has been approved in writing by the commissioner [DIRECTOR] for transfer by patent to a municipality;

(2) [(3)] "commissioner" ["DIRECTOR"] means the commissioner [DIRECTOR] of the [DIVISION OF LANDS,] Department of Natural Resources, or the commissioner's [HIS] designee;

(3) [(4)] "general grant land" means land patented or tentatively approved to the state from the United States under sec. 6(a) or (b) of the Alaska Statehood Act;

(4) [(5)] "mental health land" means land granted under Title II, sec. 202 of P.L. 84-830, as amended before or after July 1, 1978;

(5) [(6)] "municipal land selection" means a request by a municipality, filed in writing with the commissioner [DIRECTOR] under authority of AS 29.18.190 and 29.18.200 repealed by this Act or under AS 29.18.201 - 29.18.213 for vacant, unappropriated, unreserved general grant land within its municipal boundaries in partial fulfillment of its municipal entitlement;

(6) [(7)] "municipality" means a home rule or general law city or organized borough of any class, and includes unified municipalities established under AS 29.68.240 - 29.68.440;

(7) [(8)] "patent" means a document, issued by the commissioner [DIRECTOR] to a municipality for a previously approved selection, which conveys and quitclaims all the right, title and

interest of the state without reservation or condition except as may be required by law;

(8) [(9)] "remaining entitlement" means the general grant land entitlement determined in accordance with AS 29.18.201 - 29.18.213, reduced by the total acreage of approved selections, including both patented and unpatented parcels;

(9) [(10)] "school land" means those rectangular sections 16 and 36 within each township surveyed on or before January 3, 1959, and confirmed and transferred to the State of Alaska upon its admission under sec. 6(k), Alaska Statehood Act, 72 Stat. 339, and any other land designated solely for school revenues;

(10) [(11)] "university land" has the meaning given that term in AS 38.05.365 [MEANS ALL SECTIONS 33 RESERVED TO THE UNIVERSITY UNDER 38 STAT. 1214, AS AMENDED (48 U.S.C. 353) AND ALL LAND GRANTED TO OR RESERVED FOR THE BENEFIT OF THE UNIVERSITY];

(11) [(12)] "vacant, unappropriated, unreserved land" means general grant land as defined in (3) [(4)] of this section, excluding minerals as required by sec. 6(i) of the Alaska Statehood Act, that [WHICH]

(A) has not been set aside by statute for one or more particular uses or purposes;

(B) has not been approved for patent to a municipality under AS 29.18.201 - 29.18.213 or former AS 29.18.190 and 29.18.200 repealed by this act; or

(C) is unclassified or, if classified under AS 38.05.300, is classified for agricultural, grazing, commercial, industrial, private recreational, residential, utility or open-to-entry purposes, or where classified in accordance with an agreement between a municipality and the state

providing for state management of land of the municipality.

* Sec. 20. AS 30.15.040 is amended to read:

Sec. 30.15.040. DISPOSITION OF STATE LAND FOR PORT FACILITIES DEVELOPMENT PROJECTS. The [DIVISION OF LANDS IN THE] Department of Natural Resources, subject to the applicable provisions of AS 38.05 and AS 38.10, may convey title or other interests in state land, provide for the exchange of state land, or make other arrangements with respect to state land that may be necessary to complete a project for which a state grant is approved under this chapter.

* Sec. 21. AS 38.04.005(b) is amended to read:

(b) In classifying state land for private use and settlement purposes, the commissioner [DIRECTOR] shall make adequate provision for public open space which is accessible to communities so that natural areas are easily reached from all communities and settled areas. The amount of that land shall be sufficient to meet existing and projected needs for accessible public recreation land. Special care shall be taken to preserve public access to public water and to retain state ownership of sufficient land which combine high value for recreation and other public purposes with accessibility to settled areas. This classification for public purposes does not constitute dedication to open space, but the department's [DIVISION'S] management of land so classified shall be in a manner to preserve the identified values.

* Sec. 22. AS 38.04.010(a) is amended to read:

(a) The primary public interest in conveying rights to state land surface to private parties is to make them available to individuals and other persons for direct use in areas classified as suitable for these purposes. In making state land available for private use, the commissioner [DIRECTOR] shall seek to guide year-round settlement

to areas where public services already exist, or can be extended with reasonable economy, or where development of a viable economic base is probable.

* Sec. 23. AS 38.04.025 is amended to read:

Sec. 38.04.025. VARIETY OF USES. In making state land available for private use, the commissioner [DIRECTOR] shall endeavor to accommodate persons with a current need and anticipated use for the land. To this end, the commissioner [DIRECTOR] shall assess the nature of the supply and demand for state land in different regions and locations of the state, taking into account the supply of available land under other ownership, and shall make land available in locations and under programs suited to the differing needs of prospective users throughout the state.

* Sec. 24. AS 38.04.030 is amended to read:

Sec. 38.04.030. LAND AVAILABILITY PROGRAMS. Programs which may be used by the commissioner [DIRECTOR] to make the state's land surface available for private use under this section include sale of whole or partial rights to the fee simple estate, including conveyance of agricultural use rights; leasing; [OPEN-TO-ENTRY;] homesiting; homesteading; permitting for construction and occupation of cabins in isolated locations on land retained in state ownership; and other methods as provided by law.

* Sec. 25. AS 38.04.035 is amended to read:

Sec. 38.04.035. CRITERIA FOR PROGRAM SELECTION. In determining which land availability program is appropriate for state land [LANDS] in different locations, the commissioner [DIRECTOR] shall be guided by the following criteria:

(1) To cover public costs associated with private land use and to provide the public with a fair return for publicly owned

property, conveyance of state land to private parties should be at fair market value except where otherwise authorized by statute, or by an administrative regulation the adoption of which is specifically permitted by statute.

(2) Sale or lease programs should be used where land is readily accessible to a major community center or where, because of a prime location on waterfront or a transportation route or some other location characteristic, land has relatively high real estate value.

(3) Sale programs are preferred but lease programs should be used

(A) where special land use controls are required and there is a high public interest in having certain types of land used for particular purposes;

(B) when the intended use is a temporary one;

(C) in commercial or industrial situations when a leasehold can provide cash flow advantages to the lessee;

(D) when a unique location with special public values is involved, as in a deep water port, hydroelectric site, or aquaculture facility;

(E) where current demand for private use is high, but projections suggest that, in the future, the land may be more valuable for public use, as in accessible waterfront recreation areas.

(4) For enabling isolated cabin development in remote locations where survey and conveyance is impractical, a system for cabin permits on public land may be used.

(5) Limited or conditional title may be granted when the state's best interest so dictates. Among other things, title limitations may include grants of agricultural interest only, retention of

development rights, and retention of scenic or other easements. A conditional title may be tied to a development schedule or other standards of performance.

* Sec. 26. AS 38.04.045(b) is amended to read:

(b) Before the conveyance of surface rights to state land, an official cadastral survey shall be accomplished, unless a comparable, acceptable survey exists that has been conducted by the federal Bureau of Land Management. The rectangular survey section corner positions shall be monumented and shown on a cadastral survey plat approved by the state. However, for those areas where the state may wish to convey surface estate outside of an official cadastral survey grid, the commissioner [DIRECTOR] may waive monumentation of all individual section corner positions and substitute an official control survey with control points being monumented at approximately two-mile intervals and shown on control survey plats approved by the state. No portion of land to be conveyed may be located more than two miles from such a survey control monument. The lots and tracts in state subdivisions shall be monumented and the cadastral survey and plats for the subdivision shall be approved by the state. Where land is located within a municipality with planning, platting, and zoning powers, plats for state subdivisions shall comply with local ordinances and regulations in the same manner and to the same extent as plats for subdivisions by other landowners. State subdivisions shall be filed in the district recorder's office. The requirements of this section do not apply to land made available through a cabin permit system, material sales, or short-term leases; however, for short-term leases the lessee must comply with local subdivision ordinances unless waived by the municipality under procedures specified by ordinance.

* Sec. 27. AS 38.04.050 is amended to read:

Sec. 38.04.050. ACCESS TO PRIVATE USE AREAS. Wherever state land is surveyed for purposes of private use, adequate rights-of-way and easements shall be reserved as necessary for access and, where appropriate, for power and telephone service to each parcel of land. Where necessary and appropriate for the use intended, the commissioner [DIRECTOR] shall arrange for the development of surface access as part of the land availability program. The direct cost of local access development shall be borne by the recipient of the land unless otherwise provided by state statutes or regulations.

* Sec. 28. AS 38.04.055 is amended to read:

Sec. 38.04.055. ACCESS THROUGH PRIVATE USE AREAS. The commissioner [DIRECTOR] shall reserve easements and rights-of-way on and across land which is made available for private use as necessary to reach or use public water and public and private land. An easement or right-of-way reserved under this section may include established trails traditionally used for commerce, recreation, or transportation.

* Sec. 29. AS 38.04.910(2) is amended to read:

(2) "department" means ["DIRECTOR" MEANS THE DIRECTOR OF THE DIVISION OF LANDS OF] the Department of Natural Resources;

* Sec. 30. AS 38.04.910(5) is amended to read:

(5) "official cadastral survey" means a United States public land survey or a survey executed under survey instructions issued by the department [DIVISION] for the purpose of preparing a cadastral survey plat, and approved and accepted by the department [DIVISION] for the state's official records;

* Sec. 31. AS 38.04.910(6) is amended to read:

(6) "official control survey" means a position marked on the ground [illegible] established in conformity with standards adopted by United States Coastal and Geodetic

Brings this bill into conformity with [illegible] on changing over to meters from feet

Survey for first, second and third order work, whose geodetic positions have been rigidly adjusted on the North American datum of 1927 [illegible] 983 and approved by the [illegible] [DIVISION];

* Sec. 32. AS 38.05.020(b) is amended to read:

(b) The commissioner may

(1) establish reasonable procedures and adopt reasonable [RULES AND] regulations necessary to carry out this chapter [AND MAY, WHENEVER NECESSARY, ISSUE DIRECTIVES OR ORDERS TO THE DIRECTOR TO CARRY OUT SPECIFIC FUNCTIONS AND DUTIES]; all [RULES AND] regulations adopted by the commissioner shall be adopted under the Administrative Procedure Act (AS 44.62); orders classifying land by the commissioner [CLASSIFYING LANDS] issued after January 3, 1959, are not required to be adopted under the Administrative Procedure Act (AS 44.62);

(2) enter into agreements that the commissioner [WHICH HE] considers necessary to carry out the purposes of this chapter, including agreements with federal and state agencies;

[(3) REVIEW ANY ORDER OR ACTION OF THE DIRECTOR;]

(3) [(4)] exercise the powers and do the acts necessary to carry out the provisions and objectives of this chapter;

(4) [(5)] notwithstanding the provisions of any other section of this chapter, grant an extension of the time within which payments due on any lease or sale of state land, minerals, or materials may be made, including payment of rental and royalties, if the commissioner [HE] finds that compliance with the requirements is or was prevented by reason of war, riots, or acts of God; [.]

(5) [(6)] classify tracts for agricultural uses and require the prequalification, including the submission of conservation plans, development plans, or other plans, schedules, or programs, of persons

who apply to participate in an agricultural development project under AS 44.33.475.

* Sec. 33. AS 38.05.030(b) is amended to read:

(b) The provisions of this chapter do not apply to any power, duty or authority now or in the future granted to the Department of Transportation and Public Facilities [PUBLIC WORKS AND THE DEPARTMENT OF HIGHWAYS] in the name of the state, to acquire, use, lease, dispose of, or exchange real property, or any interest in real property. Lands assigned by the department [DIVISION OF LANDS] to the Department of Transportation and Public Facilities [PUBLIC WORKS AND THE DEPARTMENT OF HIGHWAYS] shall be returned to the management of the department [DIVISION OF LANDS] when they are no longer needed for the purposes assigned.

* Sec. 34. AS 38.05.030(c) is amended to read:

(c) In addition to the requirements specified in AS 38.50.090, the agencies referred to in (a) and (b) of this section and other state agencies with authority to acquire or dispose of land shall give written notification of the fact of acquisition, lease or exchange to the department [DIVISION OF LANDS] within three months after the date that they make the acquisition, lease or exchange.

* Sec. 35. AS 38.05.030(d) is amended to read:

(d) Real property acquired by, and under the management of, the agencies referred to in (a) and (b) of this section, which is no longer needed for its intended use, shall be returned to the jurisdiction of the department [DIVISION OF LANDS], except that the Department of Transportation and Public Facilities [HIGHWAYS] may dispose of real property acquired by it under AS 19.05.040(2) and AS 19.05.080 - 19.05.120.

* Sec. 36. AS 38.05.035 is repealed and reenacted to read:

1 Sec. 38.05.035. POWERS AND DUTIES OF THE COMMISSIONER. (a) The
2 commissioner shall
3 (1) manage, inspect and control state land and improvements
4 on it belonging to the state and under the jurisdiction of the depart-
5 ment;
6 (2) prescribe application procedures and practices for the
7 sale, lease or other disposition of available land, resources, prop-
8 erty, or an interest in them;
9 (3) prescribe fees or service charges for any public ser-
10 vice rendered;
11 (4) under the conditions and limitations imposed by law,
12 issue deeds, leases or other conveyances disposing of available land,
13 resources, property or an interest in them;
14 (5) have jurisdiction over state land, except that land
15 acquired by the Alaska World War II Veterans Board and the Agricul-
16 tural Loan Board or the departments or agencies succeeding to their
17 respective functions through foreclosure or default; to this end the
18 commissioner has the power and shall perform the duties necessary to
19 protect the state's rights and interest in state land, including the
20 taking of all necessary action to protect and enforce the state's
21 contractual or other property rights;
22 (6) maintain necessary records, administer oaths, and do
23 all things incidental to the authority imposed; the following records
24 and files shall be kept confidential upon request of the person sup-
25 plying the information;
26 (A) the name of the person nominating or applying for
27 the sale, lease, or other disposal of land by competitive bid-
28 ding;
29 (B) before the announced time of opening, the names of

the bidders and the amounts of the bids;

(C) all geological, geophysical and engineering data supplied, whether or not concerned with the extraction or development of natural resources;

(D) except as provided in AS 38.05.036, cost data and financial information submitted in support of applications, bonds, leases and similar items;

(E) applications for rights-of-way or easements;

(F) requests for information or applications by public agencies for land which is being considered for use for a public purpose;

(7) account for the fees, licenses, taxes or other money received in the administration of this chapter including the sale or leasing of land, identify their source, and promptly transmit them to the proper fiscal department after crediting them to the proper fund; receipts from land application filing fees and charges for copies of maps and records shall be deposited immediately in the general fund of the state;

(8) be the certifying agent of the state to select, accept and secure by whatever action is necessary in the name of the state, by deed, sale, gift, devise, judgment, operation of law, or other means any land, of whatever nature or interest, available to the state; and

(9) be the certifying agent of the state, to select, accept or secure by whatever action is necessary in the name of the state any land, or title or interest to land available, granted, or subject to being transferred to the state for any purpose.

(b) The commissioner may

(1) grant preference rights for the lease or purchase of

state land without competitive bid in order to correct the errors or omissions of a state or federal administrative agency when inequitable detriment would otherwise result to a diligent claimant or applicant due to situations over which the claimant or applicant had no control; the exercise of this discretionary power operates only to divest the state of its title to or interests in land;

(2) grant a preference right to a claimant who shows bona fide improvement of state land or federal land subsequently acquired by the state and who has in good faith sought to obtain title to the land but who, through error or omission of others, has been denied title to it; upon a showing satisfactory to the commissioner, the claimant may lease or purchase the land at the price set on the date of original entry on the land or, if a price was not set at that time at a price determined by the department to fairly represent the value of unimproved land at the time the claim was established, but in no event less than the cost of administration including survey; the error or omission of a predecessor in interest or an agent, administrator, or executor which has clearly prejudiced the claimant may be the basis for granting a preference right;

(3) sell land by lottery for less than the appraised value when, in the judgment of the commissioner, past scarcity of land suitable for private ownership in any particular area has resulted in unrealistic land values;

(4) when the commissioner determines it is in the best interest of the state and will avoid injustice to a person or the heirs or devisees of a person, dispose of land, by direct negotiation to the person who presently uses and who used and made improvements to the land before January 3, 1959, or to the heirs or devisees of the person; the amount paid for the land shall be its fair market value on

the date that the person first entered the land, as determined by the commissioner; a parcel of land disposed of under this paragraph shall be of a size consistent with the person's prior use, but may not exceed five acres;

(5) dispose of an interest in land limited to use for agricultural purposes by lottery;

(6) convey to an adjoining landowner a parcel of land created by a highway right-of-way alignment or realignment, or a parcel created by the vacation of a state-owned right-of-way if

(A) the commissioner determines that it is in the best interests of the state;

(B) the parcel does not exceed the minimum lot size under an applicable zoning code; and

(C) the commissioner and the platting authority having land use planning jurisdiction agree that conveyance of the parcel to the adjoining landowner will result in boundaries that are convenient for the use of the land by the landowner and compatible with municipal land use plans;

(7) for good cause extend for up to 90 days the time for rental or installment payments by a lessee or purchaser of state land under this chapter if reasonable penalties and interest set by the commissioner are paid.

(c) A parcel of land may be conveyed under (b) of this section without classification or reclassification under AS 38.05.300.

(d) A parcel of land described in (b)(6) of this section must be sold at its fair market value as determined by the commissioner on the basis of an appraisal completed as provided in AS 38.05.310. Nothing in this subsection prevents the sale of land under AS 38.05.055 or 38.05.057 to a person not qualifying as an adjoining landowner if the

adjoining landowner declines to purchase the land.

(e) Upon a written finding that the interests of the state will be best served, the commissioner may approve contracts for the sale, lease, or other disposal of available land, resources, property or interests in them, and, in addition to the conditions and limitations imposed by law, may impose additional conditions or limitations in the contracts as the commissioner determines will best serve the interests of the state. Before a public hearing, if held, or in any case no less than 21 days before the sale, lease, or other disposal of available land, property, resources, or interests in them, the commissioner shall make available to the public a written finding which sets out the facts and applicable law upon which the commissioner based the determination that the sale, lease, or other disposal will best serve the interests of the state. A written finding is not required before the approval of

(1) a contract for a negotiated sale authorized by AS 38.-05.115;

(2) the lease of land for a shore fishery site under AS 38.05.082;

(3) a permit or other authorization revocable by the commissioner.

* Sec. 37. AS 38.05.040 is amended to read:

Sec. 38.05.040. COMMISSIONER [DIRECTOR] SHALL BE BONDED. Before performing any [HIS] duties, the commissioner [DIRECTOR] shall execute a corporate surety bond to the state in the sum of $150,000, conditioned upon the faithful performance of all [HIS] duties under this chapter and upon the prompt and faithful accounting of all money collected by the commissioner [HIM] or [HIS] deputies, assistants, employees or agents of the commissioner. The bond, together with

1 additional conditions or limitations considered necessary, shall be
2 approved by the attorney general and filed in the office of the gover-
3 nor. The premium upon the bond is payable from money appropriated for
4 operation of the department [DIVISION].
5 * Sec. 38. AS 38.05.050 is amended to read:
6 Sec. 38.05.050. DISPOSAL OF LAND FOR PRIVATE OWNERSHIP. The
7 commissioner [, UPON THE RECOMMENDATION OF THE DIRECTOR,] shall deter-
8 mine the land to be disposed of for private use. The commissioner
9 [DIRECTOR] shall determine the time and place of disposal. An auction
10 sale, a lottery sale, or a disposal of land for homesites under
11 AS 38.04.020(g)(2)(C) must be held in the municipality that is closest
12 to the land to be sold or disposed of and in which regular sessions of
13 a court of the state are held.
14 * Sec. 39. AS 38.05.055 is amended to read:
15 Sec. 38.05.055. AUCTION SALE PROCEDURES. Unless another method
16 of sale is required under this chapter, [UNDER] AS 38.07, or [UNDER]
17 AS 38.08, the sale of state land shall be made at public auction to
18 the highest qualified bidder as determined by the commissioner
19 [DIRECTOR]. A bidder must appear in person at the auction unless
20 medical reasons, attendance at school, or military service outside the
21 state prevent attendance. A bidder may be represented by an attorney
22 or agent at the auction if the land offered for disposal is
23 commercial, industrial, or agricultural land. An aggrieved bidder may
24 appeal to the commissioner within five days after the sale for a
25 review of the commissioner's [DIRECTOR'S] determination. The sale
26 shall be conducted by the commissioner [DIRECTOR OR HIS
27 REPRESENTATIVE], and at the time of sale the successful bidder shall
28 deposit an amount equal to five percent of the purchase price, or if
29 the purchaser elects to use land discounts granted under AS 38.05.058,

1 five percent of the amount bid after deduction of the discount. The
2 commissioner [DIRECTOR OR HIS REPRESENTATIVE] shall immediately issue
3 a receipt containing a description of the land or property purchased,
4 the price bid, the amount deposited, and the amount of any discount
5 allowed. The receipt shall be acknowledged in writing by the bidder.
6 * Sec. 40. AS 38.05.057(e) is amended to read:
7 (e) The commissioner [DIRECTOR] shall accept applications to
8 purchase particular parcels under the following procedures and condi-
9 tions:
10 (1) the application period may not be less than 45 days;
11 (2) no application may be accepted less than 15 days before
12 each lottery;
13 (3) notice of the application period and the date of the
14 lottery shall be given in accordance with AS 38.05.345; and
15 (4) the application shall be made on a form provided by the
16 department.
17 * Sec. 41. AS 38.05.057(g) is amended to read:
18 (g) After receiving the deposit required under (a) of this
19 section, the commissioner [DIRECTOR] shall immediately issue a receipt
20 containing a description of the land or property to be conveyed, the
21 price of the land, and the terms of disposal. The receipt shall be
22 acknowledged in writing by the purchaser.
23 * Sec. 42. AS 38.05.057(i) is amended to read:
24 (i) The commissioner [DIRECTOR] may include in contracts for
25 sale of land under this section terms which
26 (1) require purchasers to use or occupy, or both, the land
27 purchased for a reasonable period of time after a sale;
28 (2) prohibit the resale of land purchased by the initial
29 purchaser until the requirements imposed under (1) of this subsection,

1 if any, are satisfied.

2 * Sec. 43. AS 38.05.060 is amended to read:

3 Sec. 38.05.060. REJECTION OF BIDS. Before the signing of the
4 formal conveyance [BY THE DIRECTOR], the commissioner may reject all
5 bids when the best interests of the state justify this action. Land
6 [LANDS] offered at public sale but not sold may be made available at
7 private sale for not less than the [THEIR] appraised value.

8 * Sec. 44. AS 38.05.065(c) is amended to read:

9 (c) The commissioner [DIRECTOR] shall for contracts under (a)
10 or (b) of this section, set for each sale the period for the payment
11 of installments and the total purchase price plus interest. The
12 [DIRECTOR, WITH THE CONSENT OF THE] commissioner [,] may also include
13 in contracts under this section conditions, limitations and terms
14 considered [WHICH HE CONSIDERS] necessary and proper to protect the
15 interest of the state. Violations of any provision of this chapter or
16 the terms of the contract of sale subject the purchaser to appropriate
17 administrative and legal action, including but not limited to specific
18 performance, foreclosure, ejectment, or other legal remedies in accor-
19 dance with applicable state law.

20 * Sec. 45. AS 38.05.067(a) is amended to read:

21 (a) Except as provided in (e) of this section, before offering
22 to the general public any unoccupied residential land [LANDS], the
23 commissioner [DIRECTOR] shall offer the land at a restricted sale at
24 which only veterans may buy.

25 * Sec. 46. AS 38.05.067(b) is amended to read:

26 (b) The commissioner [DIRECTOR] shall not sell the land [LANDS]
27 under this section at less than the [THEIR] fair appraised market
28 value. The commissioner [DIRECTOR] shall adopt [MAKE] regulations
29 necessary to ensure that land [LANDS] sold under this section is [ARE]

for bona fide residential use and not for speculation.

* Sec. 47. AS 38.05.068(a) is amended to read:

(a) Before offering to the public any land which is subject to a valid existing United States Forest Service permit in effect on the day before that land is tentatively approved for patent to the state, or which is subject to a lease issued under AS 38.05.087, the commissioner [DIRECTOR] shall offer the land for sale to the permittee or a [HIS] successor in title, if the permittee or a successor in title of the permittee [HE] can be found.

* Sec. 48. AS 38.05.069 is amended to read:

Sec. 38.05.069. PREFERENCE TO PERSONS FOR AGRICULTURAL PURPOSES. (a) On a determination [IF THE DIRECTOR DETERMINES] that the highest and best use of unoccupied land is for agricultural purposes [,] and [IF HE DETERMINES] that it is in the best interests of the state to sell or lease the land, the commissioner [HE] shall grant to an Alaskan resident owning and using or leasing and using land for agricultural purposes a 60-day first option after the date of the auction to purchase or lease the unoccupied land situated adjacent to or in the approximate vicinity of land presently held by the Alaska resident [HIS PRESENTLY HELD LAND] for the amount of the high bid received at public auction. A parcel of agricultural land sold under this section may not be less than 20 acres and a parcel of agricultural land that [WHICH] is acquired by exercise of the option granted in this subsection may not exceed 320 acres. Agricultural land that [WHICH] is acquired under this section must be used for agricultural purposes as required by law.

(b) If more than one person is eligible for a first option under (a) of this section, the commissioner [DIRECTOR] shall determine priority by granting precedence first to the person who demonstrates

1 the greatest need for the unoccupied land in order to establish an
2 economic unit and, secondly, to the eligible person who occupies land
3 that is most readily accessible to unoccupied land to be sold or
4 leased. In the event that two or more persons have approximately
5 equal qualifications for priority under this section, the commissioner
6 [DIRECTOR] shall grant priority to that person who is a veteran. If
7 more than one person is approximately equally well qualified under
8 this section, the commissioner [DIRECTOR] shall determine priority by
9 lot.
10 (c) Under this section
11 (1) the commissioner [DIRECTOR] may convey or lease an
12 interest in the land only for agricultural purposes, and all other
13 interests in the land remain in the state;
14 (2) the sale or lease shall be at public auction;
15 (3) [(2)] the remaining interests may subsequently be
16 conveyed or leased by the commissioner [DIRECTOR] only upon the
17 request of the grantee or lessee or the [HIS] assigns of the grantee
18 or lessee and the determination of [THE DIRECTOR, WITH THE WRITTEN
19 CONCURRENCE OF] the commissioner [,] that the conveyance or lease is
20 in the public interest;
21 (4) [(3)] the conveyance or lease of the remaining
22 interests shall be at public auction;
23 (5) the original grantee or lessee or their [HIS] assigns
24 have a preference right to meet the high bid within 30 days after the
25 day of the auction;
26 (6) if the preference right is exercised, the value of
27 improvements owned by the holder of the preference right, included
28 with the remaining interests sold, shall be deducted from the purchase
29 price;

1 (7) [(4)] by requesting the conveyance or lease of the
2 remaining interest, the original grantee or lessee or the [HIS]
3 assigns of the grantee or lessee
4 (A) consents to the sale or lease, and
5 (B) if the preference right provided by (5) [(3)] of
6 this subsection is not exercised, consents to sell at fair market
7 value the improvements related to the remaining interest, as
8 appraised by the commissioner [DIRECTOR];
9 (8) [(5)] the remaining interests in the land may not be
10 conveyed or leased for less than their appraised value together with
11 improvements except for the deduction allowed by (6) [(3)] of this
12 subsection.
13 (d) When not in conflict with this section, the [OTHER] provi-
14 sions of AS 38.05.045 - 38.05.105 apply to disposals under this sec-
15 tion.
16 (e) In [FOR THE PURPOSES OF] this section,
17 (1) "agricultural purposes" includes farming, ranching,
18 grazing, and storage or control of agricultural crops or livestock;
19 (2) "approximate vicinity" includes an area in which the
20 land does not have a common boundary to presently held land or in
21 which the land is physically separated from presently held land by any
22 type of barrier.
23 (f) Nothing in (c) of this section affects the disposal of
24 minerals under AS 38.05.135 - 38.05.183.
25 * Sec. 49. AS 38.05.070(b) is amended to read:
26 (b) The [DIRECTOR, WITH THE APPROVAL OF THE] commissioner [,]
27 shall determine the land to be leased and the limitations, conditions
28 and terms of the lease. If the appraised value of the transaction is
29 $250 a year or less the commissioner [DIRECTOR] may negotiate a lease

without advertisement for a period not to exceed five years, and on the limitations, conditions and terms that the commissioner [WHICH HE] considers are in the best interests of the state. A lease negotiated under this subsection is not eligible for a preference under AS 38.05.102.

* Sec. 50. AS 38.05.070(c) is amended to read:

(c) A lease may be issued for a period up to 55 years, if it appears to be in the best interests of the state [AND IF THE COMMISSIONER APPROVES]. If the commissioner determines that the land or a part of it which is the subject of a grazing lease is not being used for the purpose issued, the lease may be declared void. [HOWEVER, A NONRENEWABLE LEASE FOR SCHOOL LANDS MAY BE ISSUED FOR A PERIOD NOT TO EXCEED 99 YEARS.]

* Sec. 51. AS 38.05.075 is amended to read:

Sec. 38.05.075. LEASING PROCEDURES. The leasing shall be made at public auction to the highest qualified bidder as determined by the commissioner [DIRECTOR]. An aggrieved bidder may appeal to the commissioner within five days for a review of the [DIRECTOR'S] determination. When a valid existing federal grazing lease is cancelled to allow state selection of the area under lease, the lessee of the land [LANDS] has the preference right to lease the land [LANDS] without competitive bidding for a term equal to that originally granted in the cancelled federal lease and upon terms as favorable to the lessee as those contained in the cancelled federal lease. The leasing shall be conducted by the commissioner [DIRECTOR, OR HIS REPRESENTATIVE,] and the successful bidder shall deposit the first year's rental, or that portion of it which the commissioner requires, in accordance with the [HIS] bid. The commissioner [DIRECTOR OR HIS REPRESENTATIVE] shall immediately issue a receipt containing a description of the land or

1 interest leased, the price bid, and terms of the lease. The receipt
2 shall be acknowledged in writing by the bidder. A lease, on a form
3 approved by the attorney general, shall be signed by the lessee and [,
4 UPON APPROVAL BY] the commissioner [, SHALL BE SIGNED BY THE DIREC-
5 TOR].
6 * Sec. 52. AS 38.05.080 is amended to read:
7 Sec. 38.05.080. REJECTION OF BIDS. Before signing [THE DIRECTOR
8 SIGNS] the lease, the commissioner may reject all bids for leases when
9 the best interest of the state justifies this action.
10 * Sec. 53. AS 38.05.082 is amended to read:
11 Sec. 38.05.082. LEASES FOR SHORE FISHERIES DEVELOPMENT. (a)
12 The [DIRECTOR, WITH THE APPROVAL OF THE] commissioner [,] may lease
13 tide and submerged land [LANDS] for fisheries development. Fisheries
14 development includes the utilization of shore gill nets or set nets
15 for the taking of fish. Every lease issued under this section shall
16 reserve to the public a right-of-way for access to navigable waters
17 and other tide and submerged land [LANDS].
18 (b) The commissioner [DIRECTOR] may classify land [LANDS] as
19 subject to leases for fisheries development, and publicly invite
20 applications for lease of the selected areas. Each application shall
21 be accompanied by an affidavit to the effect that the applicant pres-
22 ently intends to personally utilize the leased area for fishing pur-
23 poses the following season. If two or more applications are received
24 for the same shore area, the commissioner [DIRECTOR] shall award the
25 lease to the most qualified applicant. In determining the qualifica-
26 tions of applicants, the commissioner [DIRECTOR] shall consider the
27 length of time during which the applicant has been engaged in set
28 netting, the proximity of the [HIS] past fishing sites of the appli-
29 cant to the land to be leased, the [HIS] present ability of the appli-

1 cant to utilize the location to its maximum potential, and other
2 factors relevant to the equitable assignment of the disputed area. If
3 the commissioner [DIRECTOR] cannot determine a preference between
4 conflicting applicants for the same lease site on the basis of quali-
5 fications, the commissioner [HE] shall select between the applicants
6 by lot. An aggrieved applicant may appeal to the commissioner within
7 five days for a review of the [DIRECTOR'S] determination.
8 (c) A lease for set net fishing may be issued for any period not
9 exceeding 10 years. If the commissioner determines that the land is
10 not being utilized for the purpose for which the lease is issued, the
11 lease may be declared void. The commissioner [DIRECTOR] shall estab-
12 lish a reasonable rental for the lease, equal to the administrative
13 costs involved in processing the leasehold applications.
14 (d) Subleasing and renewals of leases are governed by AS 38.05.-
15 095 and AS 38.05.102.
16 (e) The lease of submerged land [LANDS] conveys no interest in
17 the water above the land or in the fish in the water.
18 * Sec. 54. AS 38.05.085(b) is amended to read:
19 (b) When it becomes necessary to determine the fair market value
20 of property as required by (a) of this section, the commissioner
21 [DIRECTOR] shall have the property appraised by a qualified appraiser.
22 If the lessee disagrees with the appraisal obtained by the commis-
23 sioner, the lessee [DIRECTOR, HE] may appoint a qualified appraiser to
24 make an appraisal of the property in question. If the two appraisers
25 agree upon the fair market value, the determination is binding on the
26 parties. In the event the two appraisers are unable to agree, they
27 shall appoint a third qualified appraiser who shall then make an [HIS]
28 appraisal of the property in question. When the third appraisal is
29 completed, the two of the three appraisals which are nearest each

other in their determination of the fair market value shall be averaged and the resultant sum shall be the fair market value of the property in question and absolutely binding on the parties. All costs incurred in making the appraisals provided for in this subsection shall be borne by the state and the lessee equally.

* Sec. 55. AS 38.05.085(c) is amended to read:

(c) The lessee shall make advance payments of the annual rent or portion of it as the [DIRECTOR, WITH THE APPROVAL OF THE] commissioner [,] may require.

* Sec. 56. AS 38.05.087(a) is amended to read:

(a) Before offering to the public any land for lease which is subject to a valid existing United States Forest Service permit in effect in a state-selected area on the day before the area was tentatively approved for patent to the state, the commissioner [DIRECTOR] shall offer the land for leasing to the permittee at not less than its fair appraised market value before offering it to the general public.

* Sec. 57. AS 38.05.090 is amended to read:

Sec. 38.05.090. REMOVAL OR REVERSION OF IMPROVEMENTS UPON TERMINATION OF LEASES. (a) Improvements owned by a lessee on state land shall, within 60 days after the termination of the lease, be removed by the lessee [HIM] if removal will not cause injury or damage to the land. The commissioner [DIRECTOR] may extend the time for removing improvements in cases where hardship is proven. The retiring lessee or permittee may, with the consent of the commissioner [DIRECTOR], sell [HIS] improvements to the succeeding lessee or permittee.

(b) If improvements or chattels, or both, having an appraised value exceeding $10,000 as determined by the commissioner [DIRECTOR] are not removed within the time allowed, the improvements or chattels or both shall, upon notice to the lessee, be sold at public sale under

the direction of the commissioner [DIRECTOR]. The proceeds of sale inure to the lessee who placed the improvements or chattels on the land after paying to the state all rents due and expenses incurred in making the sale. If there are no other bidders at the sale, the commissioner [DIRECTOR] may bid in the name of the state. The bid money shall be taken from the fund to which the land belongs and the fund shall receive all money or other value subsequently derived from the sale or leasing of the improvements or chattels. The state acquires all the rights that any other purchaser could acquire by reason of the purchase.

(c) If improvements or chattels, or both, having an appraised value of $10,000 or less, as determined by the commissioner [DIRECTOR], are not removed within the time allowed, they revert to the state and absolute title vests in the state. The preference right lessees of grazing or forest land [LANDS] may follow the provisions for removal of improvements upon termination of the lease as authorized in the cancelled federal lease or permit.

(d) Improvements of the lessee which have become fixtures of the land shall be purchased by the subsequent purchaser or lessee of the land if the improvements were authorized in the former lease or by permit from the commissioner [DIRECTOR]. Upon the termination of a lease, and at additional times which may be necessary, the value of the authorized fixtures remaining on the land shall be set by agreement between the former lessee and the commissioner [DIRECTOR] or, if agreement cannot be reached, by an independent appraisal made at cost to the former lessee.

(e) A notice or offer by the state to sell or lease formerly leased land shall state

(1) the value of the authorized fixtures remaining on the

land;

(2) that the purchaser or lessee will be required, as a condition of the sale or lease, to purchase the fixtures from the former lessee for an amount equal to the value specified.

* Sec. 58. AS 38.05.095(a) is amended to read:

(a) Except as provided in (b) of this section, a lessee may sublease or assign the land or a portion of it [UPON WHICH HE HAS A LEASE] if, after application to the commissioner, the commissioner [DIRECTOR, THE DIRECTOR] issues a permit. The commissioner [DIRECTOR] may issue a permit upon a finding [IF HE FINDS] that it is in the best interests of the state to do so.

* Sec. 59. AS 38.05.097(c) is amended to read:

(c) A nonprofit organization which satisfies the requirements of this section that is using land under a lease in effect before July 1, 1978 may convert its lease to a new lease with terms exempting it from the payment of rent by submitting a written request to the commissioner [DIRECTOR].

* Sec. 60. AS 38.05.102 is amended to read:

Sec. 38.05.102. LESSEE PREFERENCE. If land within a leasehold created under AS 38.05.070 - 38.05.105 is offered for sale or long-term lease at the termination of the existing leasehold, the commissioner [DIRECTOR] may, upon a finding that it is in the best interest of the state, allow the holder in good standing of that leasehold to purchase or lease the land for its appraised fair market value at the time of the sale or long-term lease.

* Sec. 61. AS 38.05.103 is amended to read:

Sec. 38.05.103. RIGHTS OF HOLDER OF SECURITY INTEREST. (a) If there is a breach or default of a term of a lease or of the provisions of this chapter relating to a lease, the department [DIVISION] shall

1 provide written notice of the breach or default by personal service or
2 by registered or certified mail to the lessee and to any holder of
3 record having a security interest in the leased property. The notice
4 shall also make demand upon the lessee to cure or remedy the breach or
5 default within 60 days from the date of receipt of the notice and
6 demand. If a lessee fails to cure or remedy the breach or default
7 within 60 days, or within the additional time which the department
8 [DIVISION] may allow for good cause, the state may, subject to (b) of
9 this section, exercise any right which it may have at law or as set
10 out in the lease.

11 (b) If a lessee fails to cure or remedy a breach or default
12 within the time allowed in (a) of this section, a holder of a security
13 interest who has received notice under (a) of this section may cure or
14 remedy the breach or default if the breach or default can be cured by
15 the payment of money or, if this cannot be done, by performing or
16 undertaking in writing to perform the terms, covenants, restrictions
17 and conditions of the lease capable of performance by the holder. The
18 holder shall act within 60 days from the date of receipt of notice
19 under (a) of this section, or within an additional period as the
20 commissioner [DIRECTOR] may allow for good cause.

21 * Sec. 62. AS 38.05.105(a) is amended to read:

22 (a) Each lease shall stipulate that at the conclusion of the
23 initial 25-year period of the lease and at intervals of 10 years
24 thereafter the annual rent payment is subject to adjustment. Charges
25 or adjustments shall be based primarily on an adjusted fair market
26 value. However, if the commissioner [DIRECTOR OF THE DIVISION OF
27 LANDS] determines that single-family residential development is the
28 best use of the land, the reappraisal period may be lengthened or the
29 readjustment waived in accordance with regulations adopted by the

department. Before a waiver of rent adjustment is issued, the land shall have a current reappraisal. A waiver is valid only if single-family residential development actually occurs. The regulations adopted under this section shall ensure that the state receives a fair return from the land.

* Sec. 63. AS 38.05.110 is amended to read:

Sec. 38.05.110. SALE OF TIMBER AND MATERIALS. The commissioner [DIRECTOR] shall provide for cruises of timber and appraisals of other materials in or upon state land to determine [LANDS AND TRANSMIT THIS DATA TO THE COMMISSIONER, TOGETHER WITH HIS RECOMMENDATIONS WITH RESPECT TO] (1) the timber and other materials which should be offered for sale, and (2) the terms of sale of the timber or other materials.

* Sec. 64. AS 38.05.115(a) is amended to read:

(a) The commissioner [, UPON RECOMMENDATION OF THE DIRECTOR,] shall determine the timber and other materials to be sold, and the limitations, conditions and terms of sale. The limitations, conditions and terms shall include the utilization, development and maintenance of the sustained yield principle, subject to preference among other beneficial uses. The commissioner [DIRECTOR] may negotiate sales of timber or materials without advertisement and on the limitations, conditions, and terms that are considered to be [WHICH HE CONSIDERS ARE] in the best interests of the state [, SUBJECT TO THE APPROVAL OF THE COMMISSIONER]. However, not more than 500 M.B.M. or equivalent other measure of timber or more than 25,000 cubic yards of materials may be sold by nonadvertised, negotiated sale to the same purchaser within a one-year period.

* Sec. 65. AS 38.05.118 is amended to read:

Sec. 38.05.118. NEGOTIATED TIMBER SALES IN AREAS OF HIGH UNEMPLOYMENT. (a) Notwithstanding any other provision of AS 38.05.110 -

38.05.120, the [DIRECTOR, WITH THE APPROVAL OF THE] commissioner [,] may negotiate a sale of timber to a local manufacturer at appraised value. The period of a contract for a sale of timber negotiated under this section may not exceed 25 years. The contract shall provide that the appraised value of timber remaining to be harvested under the provisions of the contract shall be redetermined at least once every five years.

(b) Notice of intent to negotiate a contract authorized by (a) of this section shall be given in accordance with AS 38.05.345.

(c) No sale of timber may be negotiated by the commissioner [DIRECTOR] under this section except on a finding [UNLESS HE FIRST FINDS] that, within an area proximate to the business site which the manufacturer may economically serve, there exists

(1) a high level of local unemployment;

(2) an underutilized timber manufacturing capacity; and

(3) an underutilized allowable cut of state timber.

* Sec. 66. AS 38.05.120 is amended to read:

Sec. 38.05.120. DISPOSAL PROCEDURE. Timber and other materials shall be sold either by sealed bids or public auction, depending on which method is determined by the commissioner to be in the best interests of the state, to the highest qualified bidder as determined by the commissioner [DIRECTOR]. An aggrieved bidder may appeal to the commissioner within five days after the sale for a review of the [DIRECTOR'S] determination. The sale shall be conducted by the commissioner [DIRECTOR OR HIS REPRESENTATIVE], and at the time of sale the successful bidder shall deposit the amount specified in the terms of sale. The means by which the amount of deposit is determined shall be prescribed by appropriate regulation. The commissioner [DIRECTOR OR HIS REPRESENTATIVE] shall immediately issue a receipt containing a

1 description of the timber or materials purchased, the price bid, and
2 the terms of sale. The receipt shall be acknowledged in writing by
3 the bidder. A contract of sale, on a form approved by the attorney
4 general, shall be signed by the purchaser and [. FOLLOWING THE AP-
5 PROVAL OF THE COMMISSIONER,] the contract shall be signed by the
6 commissioner [DIRECTOR] on behalf of the state. The [DIRECTOR, WITH
7 THE APPROVAL OF THE] commissioner [,] may impose conditions, limita-
8 tions, and terms considered [WHICH HE CONSIDERS] necessary and proper
9 to protect the interests of the state. Violation of any provision of
10 this chapter or the terms of the contract of sale subjects the pur-
11 chaser to appropriate legal action.
12 * Sec. 67. AS 38.05.130 is amended to read:
13 Sec. 38.05.130. DAMAGES AND POSTING OF BOND. No rights shall be
14 exercised by the state, its lessees, successors or assigns under the
15 reservation as set out in AS 38.05.125 until the state, its lessees,
16 successors, or assigns make provision to pay the owner of the land
17 full payment for all damages sustained by the owner, by reason of
18 entering upon the land. If the owner for any cause refuses or ne-
19 glects to settle the damages, the state, its lessees, successors,
20 assigns, or an applicant for a lease or contract from the state for
21 the purpose of prospecting for valuable minerals, or option, contract
22 or lease for mining coal or lease for extracting geothermal resources,
23 petroleum or natural gas, may enter upon the land in the exercise of
24 the reserved rights after posting a surety bond determined by the
25 commissioner [DIRECTOR], after notice and an opportunity to be heard,
26 to be sufficient as to form, amount, and security to secure to the
27 owner payment for damages, and may institute legal proceedings in a
28 court where the land is located, as may be necessary to determine the
29 damages which the owner may suffer.

1 * Sec. 68. AS 38.05.140(e) is amended to read:
2 (e) The provisions of (d) of this section that apply to waiver,
3 suspension, refund or reduction of rental of minimum royalty apply to
4 rental or minimum royalty paid before or after June 19, 1970 on any
5 lease covering land beneath navigable waters which, according to the
6 records of the department [DIVISION OF LANDS], is in effect on
7 June 19, 1970.
8 * Sec. 69. AS 38.05.145(a) is amended to read:
9 (a) Deposits of coal, phosphates, oil shale, sodium, potassium,
10 oil, gas, geothermal resources and state land [LANDS] containing these
11 deposits are subject to disposition under [RULES AND] regulations [,
12 RECOMMENDED BY THE DIRECTOR AND] adopted by the commissioner, and the
13 provision of AS 38.05.145 - 38.05.181. In applying the acreage limi-
14 tations the commissioner may apply the rule of approximation. The
15 uses of the rule of approximation made before March 31, 1960, by the
16 commissioner are ratified.
17 * Sec. 70. AS 38.05.185(a) is amended to read:
18 (a) The acquisition and continuance of rights in and to deposits
19 on state land [LANDS] of minerals which on January 3, 1959, were
20 subject to location under the mining laws of the United States shall
21 be governed by AS 38.05.185 - 38.05.280. Nothing in AS 38.05.185 -
22 38.05.280 affects the law pertaining to the acquisition of rights to
23 mineral deposits owned by any other person or government. The [DIREC-
24 TOR, WITH THE APPROVAL OF THE] commissioner [,] shall determine that
25 land [THOSE LANDS] from which mineral deposits may be mined only under
26 lease, and, subject to the limitations of AS 38.05.300, that land
27 [THOSE LANDS] which shall be closed to mining. State land may not be
28 closed to mining or mineral location unless the commissioner makes a
29 finding that mining would be incompatible with significant surface

1 uses on the state land. State land may not be restricted to mining
2 under lease unless the commissioner determines that potential use
3 conflicts on the state land require that mining be allowed only under
4 written leases issued under AS 38.05.205 or the commissioner has
5 determined that the land was mineral in character at the time of state
6 selection. The determinations required under this subsection shall be
7 made in compliance with land classification orders and land use plans
8 developed under AS 38.05.300.
9 * Sec. 71. AS 38.05.205(a) is amended to read:
10 (a) Prior discovery, location and filing shall initiate prior
11 rights to mineral deposits subject to AS 38.05.185 - 38.05.280 in or
12 on state land [LANDS], other than submerged land [LANDS], which is
13 [ARE] open to mining leasing. Locations shall be made and certifi-
14 cates of location recorded in accordance with AS 38.05.195. If the
15 located land is [LANDS ARE] available only for leasing, the commis-
16 sioner [DIRECTOR] shall publish in a paper of general circulation in
17 the area of the location, notice of the filing of the location and
18 notice that a mineral lease will be issued. The notice may be com-
19 bined with notices of locations either in the same general area or
20 statewide. Unless a conflicting location exists, no later than two
21 weeks after publication of the notice, an application form for a
22 mining lease shall be mailed to the locator by the commissioner [DI-
23 RECTOR]. A lease application shall be filed with the commissioner
24 [DIRECTOR] by the locator within 90 days after receipt of the form.
25 If the located land is [LANDS ARE] not available for leasing, notice
26 shall be given the locator by the commissioner [DIRECTOR] and the
27 locator's prior rights shall terminate. A mining lessee has the
28 exclusive rights of possession and extraction of all minerals subject
29 to AS 38.05.185 - 38.05.280 lying within the boundaries of the [HIS]

lease or location. Mining leases may be issued for one location or for a group of contiguous locations held in common. Minerals may not be mined and marketed or used until a lease is issued, except for limited amounts necessary for sampling or testing.

* Sec. 72. AS 38.05.205(c) is amended to read:

(c) A mining lease shall be for any period up to 55 years, and the lessee has a right to a new lease at the end of each lease period. The commissioner may make reasonable adjustments of the rental rate at the end of each 20 year period, based upon changed conditions in production costs and markets. A valid mining claim located and held under AS 38.05.195 may be converted to a lease at any time upon application by the owner, and issuance by the commissioner [DIRECTOR]. No rights granted by a mining lease may be exercised until the lease has been filed for record in the recording district where the land is located.

* Sec. 73. AS 38.05.245(a) is amended to read:

(a) Before the discovery of valuable minerals, an exclusive right to prospect by geophysical, geochemical and similar methods may be acquired by marking boundaries and posting a notice of location of a prospecting site in a manner and containing such information as the commissioner requires. A prospecting site may not exceed 2,640 feet in its longest dimension and its boundaries shall run in the four cardinal directions. A certificate of location shall be filed for record in the recording district where the prospecting site is located within 90 days after posting the notice of location, and a copy of the certificate shall also be mailed to the commissioner [DIRECTOR] within the 90 day period. The locator of a prospecting site has the exclusive right to stake mining claims or leasehold locations within the boundaries of the prospecting [HIS] site.

1 * Sec. 74. AS 38.05.245(c) is amended to read:
2 (c) No person may locate more than six prospecting sites in one
3 calendar year in one recording district. A prospecting site remains
4 in effect for one year after the notice of location is posted and may,
5 at the discretion of the commissioner [DIRECTOR], be extended for one
6 year periods. During each year, work of a type compatible with the
7 purpose of this section and acceptable to the commissioner [DIRECTOR]
8 shall be done. The minimum expenditure for the work shall be estab-
9 lished by the commissioner uniformly for all prospecting sites. Where
10 adjacent prospecting sites are held in common the expenditure may be
11 made on any one or more locations. If a prospecting site expires,
12 neither the locator nor a [HIS] successor in interest of the locator
13 may again locate the same prospecting site or any portion of it, as a
14 prospecting site, for a period of two years following the date of
15 expiration or abandonment; nor may the locator [HE], during the two
16 years, either directly or indirectly, obtain a beneficial interest in
17 the same prospecting site or a portion of it.
18 * Sec. 75. AS 38.05.250(a) is amended to read:
19 (a) The exclusive right to prospect for deposits of minerals
20 subject to AS 38.05.185 - 38.05.275 in or on tide and submerged state
21 land [LANDS] may be granted by a permit issued by the commissioner
22 [DIRECTOR]. Permits shall be granted to the first qualified appli-
23 cant. No permit may include an area larger than 2,560 acres, subject
24 to the rule of approximation. Land [LANDS] subject to a prospecting
25 permit shall be as compact in form as possible taking into considera-
26 tion the area involved. The term of the permit shall be seven years.
27 Prospecting permits shall be conditioned upon payment of rental
28 against which credit shall be given for useful expenditures on land
29 covered by the permit or group of contiguous permits under common

1 ownership or assignment. Excess expenditures may be applied against
2 rentals due for the following two years. The rental shall be $3 per
3 acre for each year, payable at the end of each year. No minerals from
4 land [LANDS] under a prospecting permit may be mined and marketed or
5 used, except for limited amounts necessary for sampling or testing.
6 No person may take or hold prospecting permits for minerals on state
7 land under this section exceeding in the aggregate 100,000 acres. No
8 person may take or hold leases for minerals on state land under this
9 section exceeding in the aggregate 46,080 acres.
10 * Sec. 76. AS 38.05.250(b) is amended to read:
11 (b) Upon discovery, the right to possess and extract the min-
12 erals may be acquired by noncompetitive lease. A noncompetitive lease
13 shall be granted to a holder of a prospecting permit for so much of
14 the land subject to the permit as is shown to the satisfaction of the
15 commissioner [DIRECTOR] to contain workable mineral deposits. Sub-
16 merged land [LANDS] containing known deposits of minerals subject to
17 AS 38.05.185 - 38.05.275 may, in the discretion of the commissioner
18 [DIRECTOR], be offered by competitive bid. The land [THESE LANDS]
19 shall be leased to the responsible qualified person offering the
20 highest amount of cash bonus.
21 * Sec. 77. AS 38.05.255 is amended to read:
22 Sec. 38.05.255. SURFACE USE OF LAND OR WATER. Surface uses of
23 land or water included within mining properties by owners of those
24 properties shall be limited to those necessary for the prospecting
25 for, extraction of, or basic processing of mineral deposits and shall
26 be subject to reasonable concurrent uses. Permits for millsites and
27 tailings disposal may b granted by the commissioner [DIRECTOR]. The
28 permits shall be conditioned upon payment of a reasonable charge for
29 the use and continuance of the limited use. Timber from land open to

1 mining without lease, except timberland, may be used by a mining
2 claimant or prospecting site locator for the mining or development of
3 the location or adjacent claims under common ownership. On other
4 land. timber may be acquired as provided in this chapter. Use of
5 water shall be made in accordance with AS 46.15.
6 * Sec. 78. AS 38.05.265 is amended to read:
7 Sec. 38.05.265. ABANDONMENT. Failure to (1) properly file for
8 record a certificate of location or a statement of annual labor, or
9 (2) file with the commissioner [DIRECTOR] within the time prescribed a
10 lease application or a copy of a prospecting site location certifi-
11 cate, or (3) pay rental or receive credit for rental, or (4) keep
12 location boundaries clearly marked, all as required by AS 38.05.185 -
13 38.05.280 [SECS. 185 - 280 OF THIS CHAPTER] and by regulations adopted
14 under these sections, constitutes abandonment of all rights acquired
15 under the mining lease, location, or site involved, and it is subject
16 to relocation by others. If a location is not relocated by another
17 person with one year after such failure, or, in the case of a pros-
18 pecting site, two years, the locator or claimant of the abandoned
19 location, or the [HIS] successor in interest of the locator or claim-
20 ant, may return to relocate it as though it had never been located. A
21 statement of annual labor which does not accurately set out the essen-
22 tial facts is void and of no effect.
23 * Sec. 79. AS 38.05.270 is amended to read:
24 Sec. 38.05.270. TRANSFERS. The sale, lease or other transfer of
25 mining property or interest in mining property shall be recorded or
26 shall be approved by the commissioner under adopted regulations [DI-
27 RECTOR IN COMPLIANCE WITH SUCH REGULATIONS AS THE COMMISSIONER MAY
28 ADOPT]. The heirs and assigns of mining property or interest in
29 mining property have the same rights and duties as their predecessors.

1 * Sec. 80. AS 38.05.275 is amended to read:
2 Sec. 38.05.275. RECOGNITION OF LOCATIONS. Mining locations made
3 on state land [LANDS], including shoreland, tideland [SHORELANDS,
4 TIDELANDS], or submerged land [LANDS], or state selected land [LANDS],
5 under AS 38.05.185 - 38.05.280 [SECS. 185 - 280 OF THIS CHAPTER], or
6 in the manner described in AS 27.10.010 - 27.10.240 acquire for the
7 locator mining rights under AS 38.05.185 - 38.05.280 [SECS. 185 - 280
8 OF THIS CHAPTER], subject to existing claims and to any denial of or
9 restriction in the tentative approval of state selection of the patent
10 of the land [LANDS] to the state. If shoreland, tideland [SHORELANDS,
11 TIDELANDS] or submerged land is [LANDS ARE] included in a mining
12 location or within the projected boundaries of a mining location made
13 in accordance with this section, the locator is required to file a
14 certificate of location with the department [DIVISION OF LANDS] within
15 90 days following the date of posting the notice of location, in
16 addition to filing a certificate of location as required by AS 38.-
17 05.195 [SEC. 195 OF THIS CHAPTER]. The certificate of location must
18 identify the position of the mining location in the system of rec-
19 tangular or protracted surveys.
20 * Sec. 81. AS 38.05.310(a) is amended to read:
21 (a) No land may be sold or leased, or a renewal lease issued,
22 except in the case of an oil or gas or mineral lease, unless it has
23 been appraised within 120 days before the date fixed for the sale or
24 lease. When land is offered at public sale but is not sold and is
25 available at private sale, no reappraisal is required unless the
26 commissioner [DIRECTOR] considers that a change in value of the land
27 [LANDS] may have occurred. A grazing lease may be granted to a lessee
28 of federal grazing land [LANDS] without prior appraisal, if the [HIS]
29 federal lease was cancelled to allow the state to select the land

1 [LANDS] under lease. No land may be sold or leased for less than the
2 approved, appraised market value, except as provided in AS 38.05.315,
3 38.05.320, 38.05.057, 38.05.075 - 38.05.085 and 38.05.097.
4 * Sec. 82. AS 38.05.315 is amended to read:
5 Sec. 38.05.315. PUBLIC AND CHARITABLE USE. (a) The lease,
6 sale, or other disposal of state land or resources may be made to a
7 state or federal agency or political subdivision, or the lease, sale,
8 or disposal of coal deposits suitable for mining may be made to a
9 utility owned and operated by a government agency or nonprofit cooper-
10 ative association organized to participate under the Federal Rural
11 Electrification Act for the purpose of generating electric power and
12 energy or the production of process steam, or both, for less than the
13 appraised value as determined by [THE DIRECTOR AND APPROVED BY] the
14 commissioner to be fair and proper and in the best interests of the
15 public, with due consideration given to the nature of the public
16 services or function rendered by the agency, subdivision, or utility
17 making application, and of the terms of the grant under which the land
18 was acquired by the state.
19 (b) Notwithstanding AS 38.05.070 - 38.05.080 and 38.05.095, the
20 commissioner [DIRECTOR], upon application filed by an applicant eli-
21 gible under (b) - (d) of this section, may, by negotiation and without
22 public auction in the manner prescribed in (b) - (d) of this section,
23 lease state land for a term of not more than 55 years. Before leas-
24 ing, the commissioner [DIRECTOR] shall prepare a land use plan and a
25 land classification to insure that the proposed use is compatible with
26 area utilization. Before the land may be leased under (b) - (d) of
27 this section, it must be shown to the satisfaction of the commissioner
28 [DIRECTOR] that the land is to be used for an established or def-
29 initely proposed project, and that the eligible applicant has the

1 financial ability to carry out the project. The commissioner may
2 establish limitations on the acreage which may be leased under (b) -
3 (d) of this section to an applicant.
4 (c) Eligible applicants under (b) - (d) of this section are
5 limited to nonprofit corporations, associations, clubs, or societies
6 organized and operated exclusively for charitable, religious, scien-
7 tific, or educational purposes, or for the promotion of social wel-
8 fare, if the project for which the land is desired conforms to those
9 objectives and not commercial development. No lease of land may be
10 granted under this section for a project closed to the use and enjoy-
11 ment of the general public. In every case the applicant shall submit
12 evidence that it is exempt from payment of federal income tax. As a
13 condition of and in consideration of the rights acquired under a lease
14 granted under (b) - (d) of this section, each eligible organization
15 and its parent or subsidiary organizations shall (1) maintain and
16 preserve books, accounts, and records that the commissioner [DIRECTOR]
17 prescribes by regulation as necessary and appropriate; and (2) accord
18 at all reasonable times to the state and its authorized agents and
19 auditors the right of access to those books, accounts and records for
20 the purpose of inspecting, examining and copying them. Any informa-
21 tion provided the state in the course of an audit becomes a matter of
22 public record.
23 (d) The commissioner [DIRECTOR] may lease the land to an eli-
24 gible applicant at a reasonable annual rental, taking into considera-
25 tion the purposes for which the land is to be used and the financial
26 resources of the applicant. The rental may not be less than one
27 percent of the fair market value on land [LANDS] acquired primarily
28 for development, or less than five percent of the fair market value on
29 university or acquired land [LANDS]. Rent may not be charged for

state land leased for a youth encampment. For the purposes of this subsection, "youth encampment" shall be defined by the commissioner by regulation. Renewal leases may be issued at the discretion of the commissioner [DIRECTOR] upon the expiration of a primary or renewal term. Each lease shall contain a provision for its termination as to all or part of the land [LANDS] upon a finding by the commissioner [DIRECTOR] that the land or a part of it has not been used by the lessee for the purpose specified in the lease for a period of two years. No lease may be assigned or subleased except with the consent of the commissioner [DIRECTOR], and in any case may only be transferred to an applicant eligible under (b) - (d) of this section. A lessee may not change the use specified in the lease to another or additional use except with the consent of the commissioner [DIRECTOR]. If, at any time after the land is leased, the lessee attempts to assign the lease or transfer control over the land to another, or if the land is devoted to a use other than that for which the land was leased without the consent of the commissioner [DIRECTOR], the lease automatically terminates.

(e) The lease, sale, or other disposal of state land at appraised fair market value may be negotiated with a licensed public utility or a licensed common carrier by [THE DIRECTOR WITH THE APPROVAL OF] the commissioner if the utility or carrier reasonably requires the land for the conduct of its business under its license.

(f) The commissioner shall lease state land for telephone or electric transmission and distribution lines for less than the appraised value of the land if the lessee is a nonprofit cooperative association organized under AS 10.25.010 - 10.25.650. Before determining [HE DETERMINES] the annual rental, the commissioner shall consider the nature of the public service rendered by the nonprofit

cooperative association and the terms of the grant under which the land was acquired by the state. A nonprofit cooperative association may not construct improvements other than transmission or distribution lines and substations on land leased under this subsection.

* Sec. 83. AS 38.05.320(b) is amended to read:

(b) Home rule cities and cities of the first class incorporated on or before April 1, 1964, may apply, in the manner prescribed by the commissioner [DIRECTOR], and in accordance with [SUCH] regulations [AS] the commissioner [DIRECTOR] may adopt, for a conveyance to them of all land [LANDS] seaward of the home rule cities and cities of the first class which is [ARE] between the mean high tide line in, or forming the boundary of, the home rule cities and cities of the first class, and a line to be shown on a plat made a part of the application which shall be the pierhead line established under the Act of September 7, 1957, or the harbor line established under the Act of March 3, 1899, or if no pierhead line or harbor line is established then a line subject to approval by [THE DIRECTOR, WITH THE CONCURRENCE OF] the commissioner [,] which shall be seaward of all tideland [TIDELANDS] and submerged land [LANDS] occupied or suitable for occupation and development without unreasonable interference with navigation. The commissioner [DIRECTOR] shall convey that [THESE] tide and submerged land [LANDS] to home rule cities and cities of the first class. Applications by preference right claimants filed with the commissioner [DIRECTOR] before June 30, 1964, shall continue to be processed to a final determination and conveyance, if any by the commissioner [DIRECTOR], if such preference right claimants are entitled to a conveyance from the commissioner [DIRECTOR] under the existing previous to July 22, 1964.

(1) Each home rule city and city of the first class granted

a conveyance shall prepare an official subdivision plat of the area conveyed showing all structures and improvements and the boundaries of each tract occupied or developed, together with the name of the owner or claimant. The subdivisional plat shall include within the boundaries of each tract occupied or developed such surrounding tide and submerged land as is [LANDS AS ARE] reasonably necessary in the opinion of the governing body of the home rule cities and cities of the first class for the use and enjoyment of the structures and improvements by the owner or claimant, but shall not include tide or submerged land [LANDS] which if granted to the occupant would unjustly deprive an occupant of adjoining land [LANDS] from [HIS] reasonable use and enjoyment of it [THEM].

(2) An occupant of land included in the conveyance to home rule cities and cities of the first class, who occupied or developed the land on and before September 7, 1957, has a class I preference right to the land [LANDS] from the home rule cities and cities of the first class upon the execution of a waiver to the state and the home rule cities and cities of the first class of all rights the occupant may have acquired under Public Law 85-303 (71 Stat. 623).

(3) An occupant of land included in the conveyance to home rule cities and cities of the first class, who has a class II preference right by reason of the conveyance to home rule cities and cities of the first class, and is unwilling to waive the right has a preference right to the land [LANDS] which it is mandatory for the home rule cities and cities of the first class to expeditiously honor upon application from the occupant after the Secretary of the Army has submitted to the Secretary of the Interior and the governor [OF THE STATE] maps showing the pierhead line established by the corps of engineers with respect to the tract so granted.

(4) An occupant of land included in the conveyance to home rule cities and cities of the first class, who occupied or developed the land after September 7, 1957, and before January 3, 1959, and who continued to occupy it on January 3, 1959. has a class III preference right to the land [LANDS] from the home rule cities and cities of the first class.

(5) In making a conveyance to an occupant, the home rule cities and cities of the first class shall include as a part of the tract conveyed and in addition to the occupied or developed land [LANDS], such additional tide and submerged land as is [LANDS AS ARE] reasonably necessary in the opinion of the governing body of the home rule cities and cities of the first class for the occupant's use and enjoyment of the occupied or developed land, but the conveyance shall not include any area which would unjustly deprive an occupant of adjoining land [LANDS] from reasonable use and enjoyment of it [THOSE LANDS] or which, if developed, will interfere with navigation.

(6) Each home rule city and city of the first class receiving conveyances shall by ordinance provide for reasonable regulations governing the filing and processing of applications, publication of notices, and the adjudication of disputes between claimants by the governing body of the home rule cities and cities of the first class. A party aggrieved by its determination may appeal to the superior court.

(7) When no preference right has been granted to purchase or lease tideland [TIDELANDS], the home rule cities and cities of the first class may sell or lease the tideland [TIDELANDS] conveyed to them, and may impose terms or conditions for the sale or lease. The [SUCH] terms and conditions shall include such reservation of rights-of-way as are necessary to provide reasonable access to public waters.

1 * Sec. 84. AS 38.05.320(c) is amended to read:
2 (c) An occupant of tide or submerged land which is not seaward
3 of a municipal corporation, who occupied or developed it on and before
4 [PRIOR TO] September 7, 1957, has a class I preference right to the
5 land [LANDS] from the state. However, if the land is seaward of a
6 surveyed townsite, the occupant shall execute a waiver to the state of
7 all rights which the occupant [HE] may have acquired under Public Law
8 85-303 (71 Stat. 623), before the preference right may be exercised.
9 (1) A person who has a class II preference right in the
10 disposition of land by the state not provided for under paragraph
11 (b)(3), and who is unwilling to waive that right, has a preference
12 right to the land [LANDS] which it is mandatory for the commissioner
13 [DIRECTOR] to expeditiously honor upon application from the occupant
14 after the Secretary of the Army has submitted to the Secretary of the
15 Interior and the governor [OF THE STATE] maps showing the pierhead
16 line established by the corps of engineers with respect to the tract
17 so granted.
18 (2) An occupant of tide or submerged land which is not
19 seaward of a municipal corporation, who occupied or developed it after
20 September 7, 1957, and before January 3, 1959, and who continued to
21 occupy it on January 3, 1959, has a class III preference right to the
22 land [LANDS] from the state.
23 (3) The preference right [RIGHTS HEREINABOVE] granted any
24 occupant in (c) of this section is lost unless the occupant of tide or
25 submerged land not seaward of a home rule or first class city makes
26 application to the commissioner [DIRECTOR] to exercise the preference
27 right by July 1, 1967.
28 (4) Each occupant shall [AT HIS COST] furnish at the cost
29 of the occupant a plat showing the exterior boundaries of the tideland

1 [TIDELANDS] and submerged land [LANDS] covered by the application, in
2 form and with proof of accuracy as set out in regulations of the
3 commissioner [DIRECTOR], and shall show the location and nature of all
4 fill material, buildings, structures and improvements, which form the
5 basis of the application and which are situated upon the tract applied
6 for. The applicant may include within the boundaries of the tract
7 applied for the [SUCH] surrounding tide and submerged land as is
8 [LANDS AS ARE] reasonably necessary in the opinion of the applicant
9 for the use and enjoyment of the structures and improvements by the
10 occupant, but may not include any tide or submerged land [LANDS] which
11 if granted to the occupant would unjustly deprive an occupant of
12 adjoining land [LANDS] from [HIS] reasonable use and enjoyment of it
13 [THEM].
14 (5) In making a conveyance to an occupant, the commissioner
15 [DIRECTOR] shall include as a part of the tract conveyed, and in
16 addition to the occupied or developed land [LANDS], such additional
17 tide and submerged land as is [LANDS AS ARE] reasonably necessary in
18 the opinion of the commissioner [DIRECTOR] for the occupant's use and
19 enjoyment of the occupied or developed land, but the conveyance shall
20 not include any area which would unjustly deprive an occupant of
21 adjoining land [LANDS] from reasonable use and enjoyment of it [THEM]
22 or which, if developed, will interfere with navigation.
23 (6) The commissioner [DIRECTOR] shall by regulation provide
24 for reasonable procedures [REGULATIONS] governing the filing and
25 processing of applications, the publication of notices and the adju-
26 dication of disputes between claimants. A party aggrieved by an
27 adjudication may appeal to the superior court.
28 (7) The holder of a valid corps of engineers permit issued
29 before November 15, 1959, may be given a preference to a lease or

permit by the state if justified in accordance with the policy of this chapter and if in the best interests of the state. This preference is subordinate to all other preferences recognized under this chapter.

* Sec. 85. AS 38.05.321(b) is amended to read:

(b) State land classified as agricultural land which has been selected by a municipality under former AS 29.18.190 - 29.18.200 or 29.18.205(e) may be approved by the commissioner [DIRECTOR] for patent under AS 29.18.205(f); however, only rights in the land for agricultural purposes may be transferred and all other interests in the land will remain with the state. Agricultural land approved for patent to a municipality under AS 29.18.205(f) shall be credited, acre for acre, toward fulfillment of that municipality's entitlement under AS 29.18.201 - 29.18.203. If the commissioner [DIRECTOR] later determines it to be in the best interests of the state to transfer some or all of the additional rights in that approved or patented agricultural land, those rights shall pass without consideration to the municipality in which the land is located. The notice and review provisions of AS [38.05.305 AND] 38.05.345 are applicable to conveyance of rights under this section.

* Sec. 86. AS 38.05.323(a) is amended to read:

(a) Notwithstanding any other provision of law, a home rule or general law municipality which accepts by conveyance or other disposition from the state a public recreation area facility developed under the terms of P.L. 507 (70 Stat. 130), upon application, shall receive by conveyance from the commissioner [DIRECTOR] all land owned by the state seaward of the public recreation area facility which is between the mean high tide line and the mean low tide line. The commissioner may adopt [DIRECTOR MAY PROMULGATE] necessary regulations providing for the conveyance of land under this section.

1 * Sec. 87. AS 38.05.330(a) is amended to read:
2 (a) The [DIRECTOR, WITHOUT THE PRIOR APPROVAL OF THE] commis-
3 sioner [,] may issue permits, rights-of-way or easements on state land
4 for roads, trails, ditches, field gathering lines or transmission and
5 distribution pipelines not subject to AS 38.35.010 - 38.35.260, tele-
6 phone or electric transmission and distribution lines, log storage,
7 oil well drilling sites and production facilities for the purposes of
8 recovering minerals from adjacent land [LANDS] under valid lease, and
9 other similar uses or improvements, or for the limited personal use of
10 timber or materials. The commissioner [, UPON RECOMMENDATION OF THE
11 DIRECTOR,] shall establish a reasonable rate or fee schedule to be
12 charged for these uses, subject to the exception for nonprofit
13 cooperative associations specified in (b) of this section. In the
14 granting, suspension or revocation of a permit or easement of land
15 [LANDS], the commissioner [DIRECTOR] shall give preference to that use
16 of the land which will be of greatest economic benefit to the state
17 and the development of its resources. However, first preference shall
18 be granted to the upland owner for the use of a tract of tideland, or
19 tideland and contiguous submerged land, which is seaward of the upland
20 property of the upland owner and which is needed by the upland owner
21 for any of the purposes for which the use may be granted.
22 * Sec. 88. AS 38.05.335 is amended to read:
23 Sec. 38.05.335. DEPOSITS. (a) The commissioner [DIRECTOR] may
24 require an applicant seeking the sale, lease or other disposal of land
25 [LANDS], other than under an oil and gas or mineral lease, to deposit
26 an amount covering the estimated cost of an appraisal, survey and
27 necessary advertising. All deposited funds not expended shall be
28 refunded to the applicant. If land is [LANDS ARE] sold or leased to
29 other than the applicant making the deposit, the party awarded the

land [LANDS] shall pay the total actual cost of appraising and surveying the land [LANDS], together with the total actual cost of advertising, and the deposit shall be returned to the original applicant.

(b) Except as provided in (c) of this section, if a competitive sale or lease of state land, minerals, timber or materials is to be made by sealed bid, the commissioner [DIRECTOR] may require each bidder to submit an earnest money deposit with each [HIS] bid. If the sale or lease is by public auction, the commissioner [DIRECTOR] may require each person desiring to bid to make an earnest money deposit before bidding. The earnest money deposit of the highest qualified bidder shall be applied toward the sale or lease price. If the successful bidder defaults in the payment of the amount [HIS] bid, the [HIS] deposit shall be forfeited to the state. All other earnest money deposits shall be returned unless the commissioner decides to award the contract to the second highest qualified bidder upon default by the highest bidder rather than call for new bids, in which case the commissioner may retain the deposit of the second highest qualified bidder until final deposition of the land is made. A successful bidder for a mineral lease who can prove to the satisfaction of the commissioner within 45 days after notification of the lease award that there is a reasonable doubt as to the ability of the state to grant a valid lease to the land may withdraw the amount bid and have the earnest money deposit returned [MAY WITHDRAW HIS BID AND HAVE HIS EARNEST MONEY DEPOSIT RETURNED IF, WITHIN 45 DAYS AFTER NOTIFICATION OF THE LEASE AWARD, HE CAN PROVE TO THE SATISFACTION OF THE COMMISSIONER THAT THERE IS A REASONABLE DOUBT AS TO THE STATE'S ABILITY TO GRANT A VALID LEASE TO THE LAND].

(c) The commissioner shall require each bidder for the competitive leasing of oil and gas land [LANDS] to submit with each [HIS] bid

a deposit of money equal to 20 percent of the bonus.

* Sec. 89. AS 38.05.340(a) is amended to read:

(a) Except as provided in (b) of this section, all contracts of purchase or lease of land [LANDS] or interest in land [LANDS] may be, on the affirmative approval of the commissioner [DIRECTOR], assigned or subleased in whole or in part in writing by the contract holder or lessee, and the assignee or sublessee is subject to the provisions of laws and regulations applicable to the contract or lease.

* Sec. 90. AS 38.05.348(a) is amended to read:

(a) The commissioner [DIRECTOR OF THE DIVISION OF LANDS] may make grants of state land to persons and municipal corporations to replace land which is rendered unusable by a natural disaster for the purposes for which it was used before the natural disaster. The commissioner [DIRECTOR] shall designate state land which is available to replace land rendered unusable.

* Sec. 91. AS 38.05.348(c) is amended to read:

(c) An application for a grant of state land shall be filed with the commissioner [DIRECTOR], and shall contain

(1) the name and address of the applicant;

(2) a legal description of the land rendered unusable;

(3) proof of ownership of the land; and

(4) a statement of the purpose for which the land was used before the natural disaster rendered it unusable.

* Sec. 92. AS 38.05.348(d) is amended to read:

(d) The commissioner [DIRECTOR] shall, within 30 days of receipt of the application, approve or disapprove the application. The commissioner's [DIRECTOR'S] determination of eligibility for a grant of state land is final. Upon approval of [AT THE TIME HE APPROVES] the application or as soon thereafter as possible, the commissioner [DI-

RECTOR] shall specify the land which shall be granted to an eligible applicant. In making the [HIS] designation the commissioner [HE] shall consider the value, size and use of the land rendered unusable as a result of the natural disaster, and shall as nearly as possible grant land of equal size or value or of equal utility.

* Sec. 93. AS 38.05.349 is amended to read:

Sec. 38.05.349. DISPOSITION OF STATE LAND FOR FLOOD CONTROL PROJECTS. The department [DIVISION OF LANDS] may make conveyances of title or other interests in state land, provide for exchange of land, or make other arrangements with respect to state land, as necessary to meet federally established requirements of flood control projects authorized inside the state by the United States before or after June 6, 1971.

* Sec. 94. AS 38.05.351 is amended to read:

Sec. 38.05.351. BONA FIDE PURCHASERS. No right, title, or interest of a bona fide purchaser of any lease, interest in a lease, option to acquire a lease or an interest in it, acquired after the effective date of issuance of the lease and held by a qualified person, association, or corporation in conformity with this chapter shall be canceled or forfeited or otherwise adversely affected by reason of the fact that the holding of the person, association, or corporation from which the lease, interest, or option was acquired, or of a [HIS] predecessor in title (including the original lessee of the state) may have been canceled or forfeited, or may be or have been subject to cancellation or forfeiture. If, in any proceeding for cancellation or forfeiture, an underlying lease, interest, or option is canceled or forfeited to the state and there are valid interests therein or valid options to acquire the lease or an interest therein which are not subject to cancellation or forfeiture, the underlying lease, interest,

1 or option shall be sold by the commissioner [DIRECTOR] to the highest
2 responsible qualified bidder by competitive bidding under general
3 competitive leasing regulations subject to all outstanding valid
4 interests therein and valid options pertaining thereto. Likewise if,
5 in any such proceeding, less than the whole interest in a lease,
6 interest, or option is canceled or forfeited to the state, the partial
7 interests so canceled or forfeited shall be sold by the commissioner
8 [DIRECTOR] to the highest responsible qualified bidder under general
9 competitive leasing regulations.
10 * Sec. 95. AS 38.05.362(a) is amended to read:
11 (a) Notwithstanding any other provision of law, [THE DIRECTOR,
12 WITH THE APPROVAL OF] the commissioner, in consultation with other
13 appropriate agencies and entities, shall classify for agricultural
14 purposes
15 (1) no less than 650,000 acres of state patented or tenta-
16 tively approved land which is appropriate for agricultural purposes
17 but in no event less than 50 percent of the state patented or tenta-
18 tively approved land which on September 22, 1976 [THE EFFECTIVE DATE
19 OF THIS ACT] has been classified as Class II or Class III in detailed
20 soil surveys of the National Cooperative Soil Survey;
21 (2) classification under (1) shall be completed within
22 three years of September 22, 1976.
23 * Sec. 96. AS 38.07.030(a) is amended to read:
24 (a) An owner of agricultural land, or a lessee from the state of
25 agricultural land, in the general vicinity of the land to be cleared
26 or drained under AS 38.07.010(a) may apply to the commissioner to have
the [HIS] land cleared or drained or both along with the state land.
28 The applicant's land shall be included in the contract of land to be
29 cleared or drained if, in the discretion of the commissioner, the

inclusion is feasible and furthers the agricultural policies of the Department of Natural Resources [DIVISION].

* Sec. 97. AS 38.08.010 is amended to read:

Sec. 38.08.010. CLASSIFICATION OF LAND FOR HOMESITE ENTRY. (a) The commissioner [DIRECTOR] shall designate, classify and make available for homesite entry state land in amounts and at times as required in AS 38.04.020 or as may otherwise be required by law.

(b) Land classified as homesite entry land shall be divided into parcels not exceeding five acres in reasonably compact form, with boundaries conforming as nearly as practicable to natural geologic and topographic features. However a parcel may exceed five acres if the commissioner [DIRECTOR] determines that the larger parcel is necessary to

(1) comply with local zoning ordinances; or

(2) permit the design of a subdivision because of topographical features, soil conditions, on-site sewage disposal requirements, or water drainage or supply considerations unique to the subdivision.

(c) Repealed.

(d) The commissioner [DIRECTOR] shall, to as great an extent as possible, classify land for homesite entry based upon the distribution of population in the state.

* Sec. 98. AS 38.08.020 is amended to read:

Sec. 38.08.020. PUBLIC NOTICE. The commissioner [DIRECTOR] shall publish notice of the availability of the land in the same manner as provided in AS 38.05.345.

* Sec. 99. AS 38.08.060(a) is amended to read:

(a) A person who enters upon homesite entry land under a permit issued by the commissioner [DIRECTOR] shall be issued a patent to the

land conveying an unencumbered title if that person

(1) occupies the land for a cumulative total of 35 months within the seven-year period following issuance of the homesite entry permit;

(2) erects a habitable, permanent, single-family dwelling on the homesite, which meets all applicable state and local regulations, within five years of the date of issuance of the homesite entry permit; for the purposes of this paragraph, mobile homes are not considered to be permanent dwellings unless they are placed on a permanent foundation;

(3) reimburses the state for the survey and platting undertaken in accordance with this chapter; the commissioner [DIRECTOR] shall provide by regulation for installment payments of this requirement.

* Sec. 100. AS 38.08.100 is amended to read:

Sec. 38.08.100. SUBSTANTIAL COMPLETION OF DWELLING. An entry permit may not be revoked for failure to erect a dwelling in the time required under AS 38.08.060(a)(2) if the commissioner [DIRECTOR] finds that erection of the dwelling has been substantially completed and progress toward completion is being made at the expiration of the time required.

* Sec. 101. AS 38.10.010 is amended to read:

Sec. 38.10.010. APPLICATION FOR TRANSFER. Upon application by a municipal corporation with a population of less than 5,000 persons according to the latest United States census entitled to a conveyance of tide and submerged land [LANDS] under AS 38.05.320(b), the commissioner of natural resources [DIRECTOR OF THE DIVISION OF LANDS OF THE DEPARTMENT OF NATURAL RESOURCES] may make or provide for the making of surveys that may be required for the transfer of tide and submerged

land [LANDS] to the municipal corporation, and as may be required for subsequent conveyance of the tide and submerged land [LANDS] by the municipal corporations to occupants of the land [THOSE LANDS] who hold preference rights. When the application by the municipal corporation is accepted, the governing body of the municipal corporation shall execute a contract on a form approved by the attorney general providing for the survey under the sole management and supervision of the commissioner [DIRECTOR] and for repayment according to the provisions of this chapter.

* Sec. 102. AS 38.10.020 is amended to read:

Sec. 38.10.020. SURVEYS. The survey provided for in AS 38.10.-010 shall define the outside boundary of the land [LANDS] to be conveyed to the municipal corporation and shall, on the same or separate plats, show all structures and improvements and the boundaries of each tract occupied or developed, together with the name of the owner or claimant, and shall contain sufficient data to permit preparation of adequate legal descriptions of the tracts to be conveyed. The plats shall provide the same information as to all tracts adjoining the outside boundary of the land [LANDS] to be conveyed to the municipal corporation. A sketch plat, sufficient for its purpose in the opinion of the commissioner of natural resources [DIRECTOR], shall indicate the boundaries of each occupied or developed tract as determined by the governing body of the municipal corporation and the sketch plat shall be prepared and submitted to the commissioner [DIRECTOR] before actual surveying shall begin. Nothing in this chapter and nothing in a plat or sketch showing interior subdivision of the land [LANDS] to be conveyed to the municipal corporation shall be construed as a determination of any preference right, nor shall it prohibit adjustment and resurvey [RE-SURVEY] of the interior

subdivision.

* Sec. 103. AS 38.10.030 is amended to read:

Sec. 38.10.030. COSTS AND EXPENSES OF SURVEYS. Money shall be appropriated from the general fund in an amount to be determined from time to time by the legislature to facilitate the [SUCH] work. Accounting of all costs and expenses of the surveys shall be made to the municipal corporation by the commissioner of natural resources [DIRECTOR] periodically and a final accounting shall be made upon patent of the land [LANDS] to the municipal corporation. Costs and expenses chargeable to the city shall include the actual amount expended for the survey and a reasonable allocation of overhead, travel and equipment expense. The total amount of costs and expenses shall be repaid to the fund through the commissioner [DIRECTOR] by the municipal corporation for whom the survey was made, with interest at six percent a year from the date of patent. The actual cost of survey of each interior subdivision shall be determined by the commissioner [DIRECTOR]. For tracts conveyed to a preference right holder, the state shall be reimbursed by the municipal corporation in the amount of the survey costs of that tract as determined by the commissioner [DIRECTOR] within 30 days after the transfer of each tract. For tracts conveyed, leased or otherwise disposed of by the municipal corporation, the fund shall be reimbursed by the municipal corporation in an amount equal to 90 percent of the gross proceeds of the sale, lease or other disposal of each tract until the total amount of the costs and expenses of the survey, with interest, due the state is paid. The total amount, with interest, shall be reimbursed to the state within five years from the date of patent.

* Sec. 104. AS 38.10.050 is amended to read:

Sec. 38.10.050. REGULATIONS [RULES, REGULATIONS] AND PROCEDURES.

The commissioner of natural resources [, UPON RECOMMENDATION OF THE DIRECTOR,] may establish reasonable procedures and adopt reasonable [RULES AND] regulations necessary to carry out this chapter.

* Sec. 105. AS 38.35.220(c) is amended to read:

(c) Applications for pipeline permits which have been filed with the Department of Natural Resources [DIVISION OF LANDS] before May 20, 1972 shall be considered as filed under this chapter but this does not otherwise restrict the authority of the commissioner in acting on these applications under this chapter; however, if the department [DIVISION OF LANDS] has, before May 20, 1972, granted right-of-entry to an applicant or issued a letter of no-objection to an applicant, and the applicant thereafter fully complies with all of the terms and conditions originally specified by the department [DIVISION OF LANDS] or other agency, these applications are existing valid permits or easements on May 20, 1972.

* Sec. 106. AS 38.50.010 is amended to read:

Sec. 38.50.010. AUTHORIZATION. Subject to the requirements of this chapter, [THE DIRECTOR, WITH THE CONCURRENCE OF] the commissioner [,] is authorized to dispose of state land or interest in land by exchanging it for land, interest in land, or other consideration. Exchanges shall be for the purpose of consolidating state land holdings, creating land ownership and use patterns which will permit more effective administration of the state public domain, facilitating the objectives of state programs, or other public purposes.

* Sec. 107. AS 38.50.020 is amended to read:

Sec. 38.50.020. VALUE OF PROPERTIES EXCHANGED. (a) The land, interest in land, and other consideration which the state receives in an exchange made under this chapter shall be equal to or exceed the appraised fair market value of the land, interest in land or property

1 exchanged by the state; however, the commissioner [DIRECTOR] may
2 accept cash from, or pay cash to, any other party to an exchange in
3 order to equalize the value of the property or other consideration
4 conveyed and received by the state. If the commissioner [DIRECTOR]
5 determines that the property to be exchanged is not equal in appraised
6 fair market value or if the value cannot be ascertained with reason-
7 able certainty, the commissioner [DIRECTOR] may enter into an exchange
8 upon a finding [IF HE FINDS] that the appraised fair market value of
9 the property to be received, together with the value of other public
10 benefits, equals or exceeds the value of the property which the state
11 will relinquish. An exchange for other than equal appraised fair
12 market value is subject to legislative review as provided in
13 AS 38.50.140.
14 (b) An appraisal required by this section is presumed accurate
15 and valid for a period of six months from the time the appraisal is
16 completed. After that time, or if the commissioner [DIRECTOR] has
17 reason to believe that the value of the appraised property has changed
18 significantly during the original six-month period, a reappraisal of
19 the property is required.
20 * Sec. 108. AS 38.50.030 is amended to read:
21 Sec. 38.50.030. PARTIES. (a) The commissioner [DIRECTOR] may
22 exchange land and interests [INTEREST] in land with a government
23 agency, organization, corporation, individual, or other person. At
24 the beginning of discussions concerning a proposed exchange, the
25 commissioner [DIRECTOR] shall require proof that each party to the
26 negotiations is the owner of, or is legally entitled to, the property
27 which the party desires to exchange and proof that a person acting as
28 an agent for a principal [THE PARTY] has the authority to negotiate an
29 exchange in behalf of the [HIS] principal.

(b) The commissioner [DIRECTOR] may negotiate an exchange involving more than one party; however, in order to ascertain whether the equal value requirements of this chapter have been met, the commissioner [DIRECTOR] shall consider only the land and other consideration which the state would convey and receive if the exchange were executed.

* Sec. 109. AS 38.50.040 is amended to read:

Sec. 38.50.040. LAND SUBJECT TO EXCHANGE. Except as otherwise provided in this chapter, the commissioner [DIRECTOR] is authorized to convey for purposes of exchange any state land or interest in land regardless of the authority under which the land or interest was obtained by the state. The conveyance of university land shall be approved in the manner prescribed in AS 38.05.030.

* Sec. 110. AS 38.50.050 is amended to read:

Sec. 38.50.050. CONVEYANCE OF MINERAL RIGHTS. Subject to the requirements of this chapter, the commissioner [DIRECTOR] is authorized to exchange mineral rights in state land to the extent that the conveyance is authorized by the state constitution and applicable federal law. The commissioner [DIRECTOR] may not exchange or receive the surface estate of land or the mineral rights in it, one without the other, unless the separation of estate is necessitated by a prior separation of ownership or by restrictions in applicable law, or the commissioner [DIRECTOR] otherwise finds that the conveyance or receipt of the surface or mineral estates, one without the other, is necessary to achieve a significant public purpose.

* Sec. 111. AS 38.50.060 is amended to read:

Sec. 38.50.060. RESERVATIONS AND COVENANTS. The commissioner [DIRECTOR] may include in any patent or other instrument issued under this chapter any reservations and covenants relating to the land which

the commissioner [HE] considers necessary to protect or promote the public interest. Reservations and covenants may include, but are not limited to, those relating to access, environmental protection, and use or development rights. The commissioner [DIRECTOR] may receive land which is subject to reservations and covenants if the commissioner [HE] finds that the reservations and covenants are consistent with the public interest.

* Sec. 112. AS 38.50.080 is amended to read:

Sec. 38.50.080. PROHIBITION AGAINST FUTURE CONSIDERATIONS AND ALIENATION OF SELECTION RIGHTS. (a) The commissioner [DIRECTOR] may not negotiate or enter into a land exchange agreement which requires the identification of land, interest in land, or other consideration, except for the performance of necessary survey work, at any time after the agreement is initially executed.

(b) The commissioner [DIRECTOR], in implementing the provisions of this chapter, may not alienate or agree not to exercise selection rights granted to the state in the Alaska Statehood Act or other applicable law authorizing the state to select land or interest in land.

* Sec. 113. AS 38.50.090 is amended to read:

Sec. 38.50.090. COORDINATION WITH OTHER STATE AGENCIES. (a) During the negotiation of a land exchange, the commissioner [DIRECTOR] shall consult with other departments [AND OTHER DIVISIONS OF THE DEPARTMENT OF NATURAL RESOURCES] relative to matters which are within their jurisdiction. If land under the jurisdiction of a state agency other than the Department of Natural Resources may be involved in a proposed exchange, the commissioner [DIRECTOR] shall afford the head of that agency an opportunity to participate in the discussions respecting the land.

(b) The commissioner [DIRECTOR] shall be afforded an opportunity to review and comment on any land exchange proposed by a state agency other than the Department of Natural Resources.

* Sec. 114. AS 38.50.100 is amended to read:

Sec. 38.50.100. FINDING REQUIREMENT AS TO ALTERNATIVES. Before circulating notice under AS 38.50.110, the commissioner [DIRECTOR] shall consider other alternatives to achieve the objectives of the proposed exchange in an effort to determine whether the proposed exchange will best serve the public interest. In making this determination, the commissioner [DIRECTOR] shall consider, among other things, the advantages and disadvantages of acquiring the land or interest in land for the state by means of purchase, lease, or selection under the Alaska Statehood Act, or condemnation. In addition, the commissioner [HE] shall consider alternatives to the disposal through exchange of the state land or interest in land, including, but not limited to, lease or sale.

* Sec. 115. AS 38.50.110(a) is amended to read:

(a) Not more than 60 days nor less than 30 days before a public hearing is scheduled under AS 38.50.120 the commissioner [DIRECTOR] shall circulate a notice containing the information specified in (b) of this section. The commissioner [DIRECTOR] shall

(1) publish or post the notice as provided in AS 38.05.345, except as otherwise specified in this section; the commissioner [. THE DIRECTOR] shall publish the notice in a newspaper of general circulation in the vicinity of the land which the state will receive and in the three most populated cities of the state;

(2) mail the notice to any person who has filed a request for notice of proposed exchanges;

(3) mail the notice to each member of the legislature;

(4) mail the notice to each municipality the boundaries of which encompass or are located within six linear miles of land involved in the proposed exchange;

(5) circulate the notice to the Office of the Governor and to all state departments;

[(6) Repealed]

(6) [(7)] mail the notice to any corporation organized under the Alaska Native Claims Settlement Act, which corporation owns or has selected land located within a radius of 15 linear miles from land or property involved in the proposed exchange; and

(7) [(8)] mail the notice to any other party, including an organization of land users, that the commissioner [HE] considers appropriate.

* Sec. 116. AS 38.50.120 is amended to read:

Sec. 38.50.120. PUBLIC HEARINGS. (a) The commissioner [DIRECTOR] may hold as many public hearings as is considered appropriate. There shall be at least one public hearing.

(b) A person who desires to testify at a hearing shall be provided an opportunity to do so, subject to reasonable time limits. In addition, the commissioner [DIRECTOR] shall hold the hearing record open for at least two weeks following the conclusion of a hearing in order to receive supplemental or additional statements.

* Sec. 117. AS 38.50.130 is amended to read:

Sec. 38.50.130. REPORT ON PROPOSED EXCHANGE. (a) In conjunction with the public notice required by AS 38.50.110, the commissioner [DIRECTOR] shall prepare and distribute the report required by this section to the parties listed in AS 38.50.110(a)(2) - (7) [(8)] and to any other party who requests it. The report shall contain, among other things, a copy of the notice required by AS 38.50.110 and a

discussion in a concise format designed to facilitate public understanding of the issues of

(1) the physical characteristics of the land involved, including the surface and mineral resources associated with the land;

(2) the appraised fair market value of each tract involved in the exchange or, if the exchange is for other than equal appraised fair market value, the nonmonetary values which are involved;

(3) the benefits and detriments which can be expected to accrue, including possible social, economic, and environmental impacts; and

(4) alternatives to the proposed exchange.

(b) Upon termination of the period provided for agency and public comment, the report and the proposed land exchange may be revised, if appropriate, to reflect comments or other information which has come to the commissioner's [DIRECTOR'S] attention. A brief summary of all comments and information received shall be appended to the report.

* Sec. 118. AS 38.50.140 is amended to read:

Sec. 38.50.140. LEGISLATIVE REVIEW. Within 10 days of the convening of a regular legislative session, the governor shall transmit to the president of the senate and the speaker of the house of representatives any proposal for a land exchange for other than equal appraised fair market value which is scheduled to occur before the next legislative session. If [, IN HIS VIEW,] exigent circumstances seriously affecting state interests so require, the governor may submit the proposed exchange to the legislature at some other time. A finding of exigent circumstances shall be carefully documented in the letter of transmittal. The commissioner [DIRECTOR] is authorized to conclude a proposed exchange agreement unless either house of the

legislature by simple resolution disapproves of the exchange within 60 legislative days of transmittal by the governor. A decision by the legislature to disapprove a proposed exchange shall be accompanied by a recommendation to the governor with respect to future actions which the commissioner [DIRECTOR] should take concerning the exchange.

* Sec. 119. AS 38.50.150 is amended to read:

Sec. 38.50.150. EXECUTION OF EXCHANGE. If a deed, contract of exchange, or other instrument of conveyance which the commissioner [DIRECTOR] receives to effectuate an exchange is properly executed, acknowledged, and authorized by the appropriate party, the commissioner [DIRECTOR] shall accept conveyance of title to the land and other property which the state is to receive as consideration, and [HE] shall issue a patent, contract of exchange or other instrument of conveyance to the appropriate party for the property which the commissioner [HE] is then obligated to convey. Before acceptance by the commissioner [DIRECTOR] of a deed, contract of exchange or other instrument, no action taken by the commissioner [HIM] or by any other state official creates a right against the state with respect to state land.

* Sec. 120. AS 38.95.080(a) is amended to read:

(a) The commissioner of natural resources [DIRECTOR OF THE DIVISION OF LANDS] shall issue a nontransferable permit for the construction of a trapping cabin on state land to a person who meets the following qualifications:

(1) the person must have an established trapline with proof of regular use;

(2) the person must have a trapline of sufficient length to justify the need for cabin construction.

* Sec. 121. AS 38.95.080(b) is amended to read:

(b) Nothing in (a) of this section prevents the commissioner [DIRECTOR] from issuing a permit to more than one qualified person for the construction and use of the same trapping cabin.

* Sec. 122. AS 38.95.080(c) is amended to read:

(c) The commissioner [DIRECTOR] shall establish, by regulation, conditions attaching to the permit issued under (a) and (b) of this section. These conditions shall include the following:

(1) permits shall be issued for a period of not more than 10 years, with succeeding 10-year renewal options, if periodic use and occupancy is established, and the qualifications of (a) of this section continue to be met;

(2) a cabin shall be constructed and maintained according to reasonable specifications established by the commissioner [DIRECTOR]; one cabin constructed under a permit may contain not more than 400 square feet; however, in no case may another cabin constructed under the same permit exceed 192 square feet;

(3) a permit shall specify the number of cabins allowed to be constructed and indicate their specific geographical location; the commissioner [DIRECTOR] may establish a maximum number of cabins per person or otherwise limit their number because of the probability of adverse consequences;

(4) adequate provision must be made for waste and garbage disposal, as determined by the commissioner [DIRECTOR];

(5) the payment of a trapping cabin permit fee of $10.

* Sec. 123. AS 40.15.070 is amended to read:

Sec. 40.15.070. PLATTING AUTHORITY. If land proposed to be subdivided or dedicated is situated within a first or second class borough the proposed subdivision or dedication shall be submitted to the borough planning commission for approval. If the land is situated

within a city in the unorganized borough or the third class borough the proposed subdivision or dedication shall be submitted to the city planning commission for approval. The borough planning commission is the platting authority for the first or second class borough, the city planning commission is the platting authority for the city, and the Department of Natural Resources [DIVISION OF LANDS] is the platting authority in the remaining areas of the state and third class borough for the change or vacation of existing plats or a portion of such plats, as provided in AS 40.15.075. If the borough or the city does not have a planning commission, the borough assembly or the city governing body, respectively, is the platting authority and the proposed subdivision or dedication shall be submitted to it. No subdivision may be filed for record until it is approved by the platting authority.

* Sec. 124. AS 40.15.075 is amended to read:

Sec. 40.15.075. AUTHORITY IN THE UNORGANIZED BOROUGH AND THIRD CLASS BOROUGHS. The Department of Natural Resources [DIVISION OF LANDS] is the platting authority in the area outside organized boroughs and outside cities in the unorganized borough and in the third class borough for only the purposes of hearing and acting on petitions for the change or vacation of plats and shall execute this function substantially in conformity with the provisions of AS 29.33.210 - 29.33.240. Costs of publication and mailing as well as other costs authorized in AS 29.33.210 shall be paid to the department [DIVISION] by the petitioner. The commissioner of natural resources [DEPARTMENT OF NATURAL RESOURCES] shall adopt reasonable regulations governing the exercise of the authority conferred by this section upon the department [DIVISION OF LANDS].

* Sec. 125. AS 41.15.040 is amended to read:

Sec. 41.15.040. RIGHT OF ENTRY TO CONTROL AND SUPPRESS FIRES. Upon approval by the commissioner or an authorized agent, employees of the Department of Natural Resources [DIVISION OF LANDS], or of any organization authorized to prevent, control or suppress fires or destructive agents, and others assisting in the control or suppression of fires upon request of an officer or employee of the United States or the state may at any time enter upon any land, whether publicly or privately owned, for the purpose of preventing, suppressing or controlling forest fires and destructive agents.

* Sec. 126. AS 41.17.030(a) is amended to read:

(a) The division shall manage state forests and, as directed by the commissioner, provide technical advice to the department [DIVISION OF LANDS] on sound forest practices necessary to ensure the continuous growing and harvesting of commercial forest species on other state land.

* Sec. 127. AS 44.19.056 is amended to read:

Sec. 44.19.056. COMPOSITION. The State Geographic Board consists of the commissioner of the Department of Community and Regional Affairs, the curator of the state museum, the state historical librarian, the commissioner of the Department of Transportation and Public Facilities, the commissioner of the Department of Natural Resources, the commissioner of the Department of Education, [THE DIRECTOR OF THE DIVISION OF LANDS,] and two [ONE] other persons [PERSON] appointed by the governor.

* Sec. 128. AS 44.62.330(a)(9) is amended to read:

(9) Department of Natural Resources [DIVISION OF LANDS] under the Alaska Land Act where applicable

* Sec. 129. AS 45.50.235(b) is amended to read:

(b) Timber property which becomes state property under the

provisions of this section may be sold under terms and conditions established by the commissioner [DIRECTOR OF THE DIVISION OF LANDS].

* Sec. 130. AS 46.15.133(a) is amended to read:

(a) Upon receipt of an application, the commissioner shall prepare a notice containing the location and extent of the proposed appropriation, the name and address of the applicant and other information the commissioner [HE] considers pertinent. The notice shall state that within 15 days of publication or service of notice, persons may file with the commissioner [DIRECTOR] written objections, stating the name and address of the objector, and any facts tending to show that rights of the objector or the public interest would be adversely affected by the proposed appropriation.

* Sec. 131. AS 46.15.133(b) is amended to read:

(b) The commissioner shall publish the notice at the applicant's expense in one issue of a newspaper of general distribution in the area of the state in which the water is to be appropriated. The commissioner shall also have notice served personally or by certified mail upon an appropriator of water or applicant for or holder of a permit who, according to the records of the Department of Natural Resources [DIVISION OF LANDS], may be affected by the proposed appropriation and may serve notice upon any governmental agency, political subdivision or person; notice shall also be served upon the Department of Fish and Game and the Department of Environmental Conservation.

* Sec. 132. AS 38.05.005 - 38.05.015, 38.05.020(a), 38.05.037, 38.05.365(5); AS 38.50.170(2); and AS 46.15.260(7) are repealed.

* Sec. 133. To be consistent with the changes made in this Act, wherever the phrases "division of lands" or the "director of the division of lands" appear in the Alaska Statutes, the revisor of statutes shall substitute the phases "Department of Natural Resources" or "commissioner of

natural resources."

* Sec. 134. This Act takes effect July 1, 1984.

Alaska State Legislature
HOUSE OF REPRESENTATIVES
COMMITTEE ON RESOURCES

JOHN RINGSTAD, CO-CHAIRMAN
RICHARD SHULTZ, CO-CHAIRMAN
POUCH V
JUNEAU, ALASKA 99811
(907) 465-3715

MEMORANDUM

To: House Resource Committee staff

From: Committee staff

Date: May 21, 1984

Re: 2nd version HCSSB 222

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There are two technical changes that have made to this bill which pertain to survey. The purpose of these changes are to make the bill consistant with HCSSB 375 and the fact that DNR is using a differant datum base to correctly establish their surveys. (see pages 14, and 15, lines 28, and 3 respectively)

The other change in this legislation is the removal of section 37 that dealt with DNR having zoning powers outside organized boroughs. Since that authority has not been used and is overly broad in it's scope the committee staff contacted the division of lands director and asked if they could foresee a need for the authority in the future and if they would oppose the amendment. The answer in both cases was in the negative.

Alaska State Legislature
HOUSE OF REPRESENTATIVES
COMMITTEE ON RESOURCES

JOHN RINGSTAD, CO-CHAIRMAN
RICHARD SHULTZ, CO-CHAIRMAN
POUCH V
JUNEAU, ALASKA 99811
(907) 465-3715

M E M O R A N D U M

To: House members

From: Rep. John Ringstad, Co-chairman
House Resources

Date: May 23, 1984

Re: HCS CSSB 222(Resources)

This legislation was originally prepared and introduced on behalf of the Revisor of Statutes to make changes in drafting style (using "commissioner" in place of "director", "land" instead of "lands", the replacement of words having a specific gender, and references to full citations instead of sections only, i.e. "AS 38.05.065(c)" rather than ".065(c) of this section").

The HCS remains substantially a revisor's bill, making technical changes throughout Title 38, with some changes to Titles 19, 29 and 44. However, substantive changes may be found in sections (1) and (2), which deal with the construction of access roads in timber sale areas; and in the removal of Section 37, which gave DNR zoning powers in the unorganized borough. The language deleted was determined to be over-broad, and was not being used by the department. The department had no opposition to the deletion. The only other changes made in the House Resource Committee dealt with technical survey details and can be found on pages 14, and 15, lines 28, and 3 respectively. These corrections were needed to bring the bill into conformity with HCSCSSB 375 2d Res. which changes the control datum being used by DNR from feet and inches to meters.

SB

225

Official Business

Alaska State Legislature
House Resources Committee
SIGN-IN APRIL 23, 1984

SB 225
MOOSE RANGE

NAME	ADDRESS	PHONE	REPRESENTING
Don Somerville		9-2399	Ak. Outdoor Council
Bruce Baker	Deputy Director, Habitat Division, Ak. Dept. of Fish & Game	465-4105	Administration position on S.B. 225 CS for Senate Substit. 4/23/84

PROPOSED AMENDMENT #2.

PAGE 5, LINE 5

DELETE: "excluding ASLS 82-221"

PAGE 5, LINE 7

DELETE: "excluding ASLA 82-221"

PROPOSED AMENDMENT #1.

PAGE 7, LINE 7 ADD THE FOLLOWING LANGUAGE:

Sec. 16.20.370. LAND DISPOSAL MORATORIUM. The department may not dispose of land in the proposed Chickaloon Bench Subdivision, ASLS 82-221, within the Matanuska Valley Moose Range before July 1, 1989 and before conducing public hearings and obtaining the approval of the Matanuska-Susitna Borough. The disposal is to be a remote subdivision and no access shall be provided.

BILL SHEFFIELD, GOVERNOR

DEPARTMENT OF NATURAL RESOURCES

POUCH M
JUNEAU, ALASKA 99811
PHONE: 907-465-2400

OFFICE OF THE COMMISSIONER

April 16, 1984

APR 1 1984

The Honorable John Ringstad
Chairman
House Committee on Resources
Pouch V
Juneau, AK 99811

Dear Representative Ringstad:

I am writing about CSSB 225 (Res), creating the Matanuska Valley Moose Range, which passed the Senate last week and will be coming to your Committee for consideration.

The Administration supports the bill as it appears before your Committee. My understanding is that the bill before you excerpts the proposed Chickaloon Bench land disposal, already platted and projected for disposal in fiscal year 1985, from the proposed Moose Range. Please allow me to offer some background on this proposal.

The Chickaloon Bench subdivision is a significant one on the Department's schedule. About 900 acres would be offered in ten to twenty acre recreational lots. With legislative approval, the Department has already spent about $350,000 on survey and right-of-way acquisition in preparation for this offering. The Department of Fish and Game and other state agencies have approved the proposed offering in the interagency review, and the Matanuska-Susitna Borough has provided conditional approval, dependent on adequate provisions for access corridors. The Borough's concerns, now being addressed by the Department, have caused us to delay the disposal from this year until next year, but we are confident that resolution of the access corridor problem is imminent.

Some local residents are opposed to the disposal because they fear that it would increase the local population and damage habitat. On the other hand, the Administration's position is that the disposal is warranted due to the demand of Alaskans for land in reasonably accessible areas, and that habitat protection is well provided for in the proposed legislation. The bill would protect about 125,000 acres of habitat -- about equal to the total acreage that the Department expects to be able to offer for sale in the entire Susitna planning area in the next twenty years. This protection must be balanced, in the interests of all Alaskans, with other land uses in the upper Matanuska Valley. The

Department's land offerings in the next twenty years, according to our current estimates, will comprise at most 1% of the State's lands in the region. To preclude disposal of already platted lands in such a generally good situation as Chickaloon Bench would be a major mistake.

The bill's sponsor, Senator Kerttula, remains opposed to the land offering and is concerned that it would create demand for a $12 million bridge across the Chickaloon River for access. The Department's position has been that access on this scale is not appropriate for a recreational subdivision. Instead, we recommend foot and winter mechanized access from the Chickaloon Trail corridor, and expect that road access will eventually be developed from the uplands to the east of the subdivision, if access becomes necessary.

We feel secure that the public's multiple use interests (minerals and forestry) within the Moose Range will be protected. Language added to the bill at the Administration's recommendation will allow coal and mineral entry, leasing, and development. This is particularly important because the Department believes that the area has the best near-term potential for new coal development in Alaska. We anticipate holding a major coal lease sale in the area within the next year. We also have a strong commitment to forest management within the proposed Moose Range, as it provides an important supply of personal use timber and some commercial timber for the upper Matanuska Valley area. In our discussions with the sponsor and the Department of Fish and Game, we have been assured that these important activities will continue if the legislation is passed. As the area will be managed by the Department of Natural Resources, we are satisfied with the bill as written.

Please contact me if you need any further information. I look forward to providing comments at your hearings on the bill.

Sincerely,

Esther C. Wunnicke

Esther C. Wunnicke
Commissioner

cc: Senator Kerttula
Members of the House Resources Committee

Alaska State Legislature

BETTYE FAHRENKAMP, Chairman
ROBERT H. ZIEGLER, SR., Vice Chairman
DICK ELIASON
PAUL FISCHER
VIC FISCHER
BOB MULCAHY
ARLISS STURGULEWSKI

POUCH V
STATE CAPITAL
JUNEAU, ALASKA 99811
(907) 465-3834
(907) 465-3835

Senate

Committee on Resources

April 16, 1984

Representative John Ringstad
Representative Dick Shultz
Co-Chairmen, House Resources Committee
Pouch V
Juneau, Alaska 99811

Dear John and Dick:

SB 225, which establishes approximately 130,000 acres in the Matanuska Valley as the Matanuska Valley Moose Range, received Senate Resources Committee approval on March 30th. The Resources Committee Substitute for SB 225 has been adopted by the full Senate, and is currently awaiting your committee's consideration.

An error in the legal description portion of the bill has been called to my attention. Page 5, Subsection 12, describes an area commonly known as Chickaloon Bench. The effect of the error would be to exclude a portion of the Chickaloon Bench from the Moose Range. This does not reflect the position of the Senate Resources Committee nor the final action of the Senate on this bill. Page 5, lines 5-7 should read:

Sections 1-12
Section 14, N1/2
Sections 15-21

I apologize for any confusion this may have caused. Please don't hesitate to contact me if you have questions or concerns.

Sincerely,

Bettye Fahrenkamp
Chairman

BF:ss
cc: Senator Kerttula
Commissioner Wunnicke, Department of Natural Resources

COMMITTEE REPORT

SENATE

FURTHER: FINANCE

4/22/83

Date: 3-30-84

Mr. President:

The Committee on RESOURCES has had SS SB 225

Creating the Matanuska Valley Moose Range.

under consideration and (a majority of the committee) (the committee) reports it back with the following recommendations:

[X] do pass [ ] do not pass

[ ] do pass with attached amendments(s)

[X] replace with CS for SSSB 225 [X] same title [ ] new title

and recommends Do Pass

[ ] AND attaches a "Letter of Intent" [ ] New Fiscal Note

[ ] reports it back without recommendation

[ ] referred to the _____ Committee

MEMBERS SIGNING DO PASS	MEMBERS HAVING OTHER RECOMMENDATIONS:
Arliss Sturgulewski	
Paul Fischer	
Bill Ray	
Bill Sugg	

Lillian Tahonchuck

CHAIRMAN

Alaska State Legislature

BETTYE FAHRENKAMP, Chairman
ROBERT H. ZIEGLER, SR., Vice Chairman
RICK SLIASON
PAUL FISCHER
JOE FISCHER
TED MULCAHY
CHARLES STURGULEWSKI

POUCH V
STATE CAPITAL
JUNEAU, ALASKA 99811
(907) 465-3834
(907) 465-3835

Senate

Committee on Resources

M E M O R A N D U M

TO: Senate Resources Committee Members

FROM: Senate Resources Committee Staff

RE: Committee Meeting, Monday, March 19

DATE: March 15, 1984

On Monday, March 19th at 3:00 pm in the Beltz Room, the Senate Resources Committee will be hearing the following bills:

SB 225, An Act creating the Matanuska Valley Moose Range.

SB 225 establishes designated state lands as the Matanuska Valley Moose Range. The management of fish and game resources is assigned to the Department of Fish and Game; the management of the surface and subsurface estate is assigned to the Department of Natural Resources. A management plan is required.

With growth and expansion of the surrounding communities there is potential for tremendous impact on the moose population in the Matanuska Valley. SB 225 would allow the Department of Fish and Game to rehabilitate and enhance the moose population, while allowing for public multiple use of the area.

Multiple use for the purposes of the moose range is defined as "fishing, grazing, hunting, trapping, mineral entry, and other forms of public use not incompatible...". The state forest system (established last year in AS 41.17.200) provides a broader definition of multiple use, including commercial timber harvest, harvest of forest products for personal use, material extraction, watershed management, greenbelts, and research.

The management plan for the Moose Range is to be adopted, and revised if necessary, after "adequate public hearings". No further guidelines are given. Management plans for state forests (under AS 41.17.230) must be adopted and implemented within three years, and reviewed every five years. Copies must be provided to the legislature within 30 days of adoption or revision.

Alaska State Legislature

BETTYE FAHRENKAMP, Chairman
ROBERT H. ZIEGLER, SR., Vice Chairman
DICK ELIASON
PAUL FISCHER
VIC FISCHER
BOB MULCAHY
ARLISS STURGULEWSKI

POUCH V
STATE CAPITAL
JUNEAU, ALASKA 99811
(907) 465-3834
(907) 465-3835

Senate

Committee on Resources

TO: Senate Resources Committee Members

FROM: Senate Resources Committee Staff

RE: March 30 Committee Hearing

DATE: March 28, 1984

On Friday, March 30, 1984 at 3:00 pm in the Beltz Room, the Senate Resources Committee will hear the following bills:

SSSB 45 ESTABLISHING AN AGRICULTURAL LAND SALE PAYMENT MORATORIUM

SSSB 45 would authorize DNR to declare a moratorium of up to 5 years on agricultural land purchase payments if certain conditions are met. Specifically, farm development, crop production and harvesting expenses must be equivalent to the payments that would otherwise be made.

SB 225 CREATING THE MATANUSKA VALLEY MOOSE RANGE

SB 225, which was heard by the Resources Committee on March 19, establishes designated state lands as the Matanuska Valley Moose Range. A Committee Substitute has been prepared based on negotiations with DNR, the Department of Fish and Game, and the bill sponsor.

1. General management is assigned to DNR, with Fish and Game maintaining management responsibility for the fish and game resources.

2. DNR will prepare a management plan "which reflects the concurrence of the Dept. of Fish and Game".

3. The definition of "multiple use" has been amended to include forestry management and coal leasing and development.

4. About 20,000 acres of high quality general use land along the highway has been withdrawn.

Alaska State Legislature

BETTYE FAHRENKAMP, Chairman
ROBERT H. ZIEGLER, SR., Vice Chairman
DICK ELIASON
PAUL FISCHER
VIC FISCHER
BOB MULCAHY
ARLISS STURGULEWSKI

POUCH V
STATE CAPITAL
JUNEAU, ALASKA 99811
(907) 465-3834
(907) 465-3835

Senate

Committee on Resources

MINUTES

March 8, 1984
5:30 pm

Beltz Room
Room 211, Capitol

MEMBERS PRESENT

Senator Fahrenkamp, Chairman
Senator Kerttula

CALENDAR

SB 225, An Act creating the Matanuska Valley Moose Range.

Robert Reisley, Palmer, spoke in favor of the bill, and expressed concern over methods involved in clearing land for moose browse.

Jim Reiss, Palmer, recommended increasing the amount of acreage included in the range.

Mike Peryam, Wasilla, expressed concern over the impact of development on moose habitat.

Tony Lacau, Wasilla, spoke in support of the range.

Craig Olson, Division of Forestry, Department of Natural Resources, supported the concept of a moose range, but suggested including it as part of the State Forest system.

Jim McCracken, Wildlife Biologist, Alaska Department of Fish and Game, testified that this bill would expand the Department's existing moose habitat program.

Noel Woods, Palmer, recommended that the Department of Fish and Game administer the range. He also suggested adding waysides and campsites in the area.

Curtis Johnson, Eagle River, spoke in support of the bill.

A.E. Perry, Wasilla, recommended the Department of Fish and Game and the Department of Natural Resources manage the range.

Andrew Drabeck, Chickaloon, testified in support of the bill.

Ron Sommerville, Alaska Outdoor Council, spoke in support of the bill, preferring to see the Department of Fish and Game as the lead agency.

Mary Geist, Sutton, testified that she would like to see more citizen involvement in the planning and management of the range.

Rita Pfauth, Sutton, testified in support of the bill, urging management control be given to the Department of Fish and Game.

Mike Bronson, Palmer, spoke in support of the bill.

Warren Keogh, Wasilla, urged giving management control to the Department of Fish and Game.

Bob Parkerson, Palmer, spoke in support of the bill.

Jack Didrickson, Biologist, Department of Fish and Game, Palmer, supported the bill and explained how a clearing program could benefit firewood users and create moose browse.

Al Larson, Sutton, spoke in support of the bill, but expressed concern over private lands located within the proposed range. He preferred management control be given to the Department of Fish and Game.

Bob Green, Wasilla, spoke in support of the bill, preferring to see the Department of Fish and Game administer the program.

The meeting adjourned at 6:30 pm.

Alaska State Legislature

BETTYE FAHRENKAMP, Chairman
ROBERT H. ZIEGLER, SR., Vice Chairman
DICK ELIASON
PAUL FISCHER
VIC FISCHER
BOB MULCAHY
ARLISS STURGULEWSKI

POUCH V
STATE CAPITAL
JUNEAU, ALASKA 99811
(907) 465-3834
(907) 465-3835

Senate

Committee on Resources

MINUTES

March 19, 1984
3:08 pm

Beltz Room
Room 211, Capitol

MEMBERS PRESENT

Senator Fahrenkamp, Chairman
Senator Ziegler, Vice Chairman
Senator Eliason
Senator Paul Fischer
Senator Vic Fischer
Senator Mulcahy
Senator Sturgulewski

CALENDAR

SB 202, An Act establishing the Yakataga State Forest.

SB 225. An Act creating the Matanuska Valley Moose Range.

SB 297, An Act establishing the land clearing account in the agricultural revolving loan fund; and providing for an effective date.

SB 298, An Act making a continuing appropriation of repayments of the principal and interest on loans made by the Alaska Agricultural Action Council for land clearing to the land clearing account in the agricultural revolving loan fund; and providing for an effective date.

SB 473, An Act establishing the Alaska Fisheries Council; and providing for an effective date.

SB 479, An Act relating to a forest products business loan guarantee program; and providing for an effective date.

SB 202

Gary Gustafson, Division of Land and Water Management, Department of Natural Resources, explained the Department's proposed amendment that would provide an opportunity to trade up to 3000 acres of land within the proposed Yakataga State Forest to the Seldovia Native Corporation.

Senator Eliason moved to adopt the Committee Substitute and the proposed DNR amendment. There was no objection. He then moved CS SB 202 from committee with individual recommendations, noting Senator Sturgulewski's abs ion for possible conflict of interest. There was no objection.

SB 473

Carol Derfner, Special Assistant to the Governor, Boards and Commissions, testified that the Governor did not encourage the creation of another advisory board on fishery issues, and cited the existence of the mini-cabinet on fisheries, the fisheries task force, and many other local, regional, and federal advisory boards and commissions.

Steve Pennover, Deputy Commissioner, Department of Fish and Game, testified that there are already 72 advisory committees that advise the Board of Fisheries on policy issues. The department is opposed to this bill.

Greg Baker, Director, Office of Commercial Fisheries Division, Department of Commerce and Economic Development, testified that the Department agrees with the needs outlined in the bill, but feels the Governor's mini-cabinet on fisheries is serving that function.

Phil Daniel, United Fishermen of Alaska, spoke in support of the bill, citing the need for more industry participation in the Governor's mini-cabinet.

SB 479

Milt Barker, Deputy Commissioner, Treasury Division, Department of Revenue, spoke in support of the Committee Substitute that incorporates the changes recommended by the Department.

Senator Ziegler moved CS SB 479 from committee with individual recommendations. There was no objection.

SB 225

Chuck Hawley, owner of coal leases within the proposed Moose Range, asked for assurances that his leases would not be affected by establishment of the Moose Range.

Richard Ramsey, Aide to Senator Kerttula, testified to the loss of moose habitat due to development, and stressed the support of local residents. The existing language in the bill is intended to include coal mining.

Bob Arnold, Deputy Commissioner, Department of Natural Resources, speaking for the Department of Fish and Game also, spoke in general support of the bill, but indicated that the Department's are not agreed on the boundaries and management for the proposal.

Bill Beaty, Chief of Resource Allocation, Division of Land and Water Management, Department of Natural Resources, explained that the proposed area is currently undergoing an extensive planning and public review process as part of the Susitna area plan, and that several issues in the plan remain unresolved.

SB 297
SB 298

Senator Moss, sponsor of the bills, explained that they would provide for a separate land clearing account within the Agricultural Revolving Loan Fund and allow repayment of outstanding clearing loans to the account. He proposed an amendment that would grant a 5 year moratorium on repayment of outstanding clearing loans.

The meeting adjourned at 4:27 pm.

Alaska State Legislature

BETTYE FAHRENKAMP, Chairman
ROBERT H. ZIEGLER, SR., Vice Chairman
DICK ELIASON
PAUL FISCHER
VIC FISCHER
BOB MULCAHY
ARLISS STURGULEWSKI

POUCH V
STATE CAPITAL
JUNEAU, ALASKA 99811
(907) 465-3834
(907) 465-3835

Senate

Committee on Resources

MINUTES

March 30, 1984
3:55 pm

Beltz Room
Room 211, Capitol

MEMBERS PRESENT

Senator Fahrenkamp, Chairman
Senator Ziegler, Vice Chairman
Senator Paul Fischer
Senator Mulcahy
Senator Sturgulewski

CALENDAR

SB 225, Creating the Matanuska Valley Moose Range.

2dSSSB 45, Establishing an agricultural land sale payment moratorium.

SB 369, An Act relating to the planning, designing, and construction of agriculture and forestry facilities by the Department of Natural Resources.

SCR 42, Relating to sport fishing of salmon and underutilized species.

SB 225

Ned Farquhar, Special Assistant to the Commissioner of the Department of Natural Resources, testified in support of the Committee Substitute, and proposed an amendment that would clarify that coal and mineral entry and development would be allowed within the Range.

Deborah Heidecker, Aide to Senator Kerttula, explained that the Committee Substitute, a result of negotiations with the Department of Natural Resources and the Department of Fish and Game, contains specifics on management responsibility, multiple use definitions, and boundaries.

Senator Kerttula explained why the proposed Chickaloon Bench subdivision should remain within the Moose Range and not be disposed.

John Clark, Habitat Division, Department of Fish and Game, spoke in support of the Committee Substitute.

Senator Mulcahy moved to adopt DNR's proposed amendment. There was no objection.

Ron Sommerville, Alaska Outdoor Council, spoke in support of the Committee Substitute.

Jay Nelson, Alaska Environmental Lobby, spoke in support of the Committee Substitute and recommended that a timetable for implementing the management plan be included in the bill.

Senator Sturgulewski moved to adopt the proposed amendment regarding the timetable for a management plan. There was no objection.

Senator Mulcahy moved CS SB 225 from Committee with individual recommendations. There was no objection.

2dSSSB 45

Senator Moss explained that this bill would authorize the Department of Natural Resources to declare a moratorium of up to five years on agricultural land purchase payments if certain conditions are met.

Senator Mulcahy moved 2dSSSB 45 from Committee with individual recommendations. There was no objection.

SB 369

Senator Kerttula reviewed the history of construction cost overruns at the Department of Natural Resources plant materials center. SB 369 would begin to solve those problems by transferring construction responsibilities from the Department of Transportation and Public Facilities to DNR.

Senator Mulcahy moved SB 369 from Committee with individual recommendations There was no objection.

SCR 42

Phil Daniel, United Fishermen of Alaska (UFA), spoke in support of the resolution, recommending aquaculture as a way of guaranteeing sportsfishermen an adequate supply of fish, and resolving user group conflicts.

Ron Sommerville, Alaska Outdoor Council offered no formal position on the bill, but supported enhancement of sportfishing stocks as a way of resolving user group conflicts.

Senator Mulcahy moved SCR 42 from Committee with individual recommendations. There was no objection.

The meeting adjourned at 4:40 pm.

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: 3/30/84

REQUEST
Bill/Resolution No.: CSSSSB225(Res)
Title: Matanuska Valley Moose Range
Sponsor: Kerttula
Requestor: Senate Resources
Date of Request:

FISCAL DETAIL
Agency Affected: Natural Resources
Program Category Affected: NRMEC
BRU, Program or Subprogram(s) Affected: Land and Water Management

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES		47.4				
200 TRAVEL		.5	.5			
300 CONTRACTUAL		2.0	4.0			
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING		44.9	4.5	0	0	0
CAPITAL		0	0	0	0	0
REVENUE		0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND		49.9	0			
FEDERAL FUNDS		0				
OTHER		0				
TOTAL		49.9	0	0	0	0

POSITIONS:

FULL-TIME		1	0	0	0	0
PART-TIME		0	0	0	0	0
TEMPORARY		1	0	0	0	0

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

General Fund

ANALYSIS: Attach a separate page for analysis

Prepared By: Ned Farquhar
Phone: 465-2400
Division: Commissioner's Office
Date: 3/30/84

Approved by Commissioner: [illegible] Deputy
Date: 3/30/84
Agency: Natural Resources

Distribution (by Agency preparing fiscal note):
- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

12/1/83

DNR ANALYSIS
FOR FISCAL NOTE CSSSSB 225

All costs are associated with the management plan for the area.

FY 85

100	Planner full-time for one year in Southcentral District Office	38.9	(Nat Res. Tech II)
	Drafting Tech for four months	8.5	(Drafting Tech III)
200	Travel for hearings, meetings	.5	
300	Contractual for meetings	2.0	
	TOTAL FY 85	49.9	

FY 86

200	Travel for hearings, meetings	.5
300	Contractual for meetings, publication	4.5
	TOTAL FY 86	5.0
	TOTAL 1985-86	54.9

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: March 28, 1984

REQUEST
Bill/Resolution No.: CS SB 225
Title: An Act Creating the Matanuska Valley Moose Range
Sponsor: Kerttula
Requestor:
Date of Request:

FISCAL DETAIL
Agency Affected: Department of Fish & Game
Program Category Affected: Game and Habitat
BRU, Program or Subprogram(s) Affected: Moose Management

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING		0	0	0	0	0
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: Beverly Reaume, Director — Phone: 465-4120
Division: Administration — Date: March 28, 1984

Approved by Commissioner: Beverly Reaume for Don W. Collinsworth — Date: 3-28-84
Agency: Fish and Game

Distribution (by Agency preparing fiscal note):
- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

12/1/83

from Senator Kerttula

MATANUSKA VALLEY MOOSE RANGE PROPOSAL MAY 1 3 1983

During the mid-1930's homesteaders began to arrive in the Matanuska Valley, and mature timberlands were cleared for agricultural fields. Much of the clearing was done by burning. Due to the lack of fire fighting personnel and equipment, the fires often became uncontrolled, razing thousands of acres. Most of the burned over land was allowed to revegetate naturally, and eventually reached a secondary successional stage (brush). The brush consisted of birch, aspen, willow and cottonwood - all ideal moose browse.

When homesteaders arrived the moose population was quite low. However, with the creation of a large and excellent moose range, the moose population began to increase. Good browse resulted in a healthy and rapidly expanding moose population, characterized by high calf crops and minimal winter mortality. The moose population increased dramatically through the 1950's and remained high in the 1960's.

During the 1960's and 70's, hundreds of acres of cleared farmlands were abandoned and grew into prime moose habitat. Thus, the high moose population was maintained through the 1970's with fluctuations associated with severe winters.

The current moose population remains very high, due to the recent mild winters. However, current land practices (aggressive fire suppression, and prevention of cleared lands from naturally revegetating) are eliminating new moose browse or are allowing current browse to mature into forestlands. With this reduction in moose habitat, the Matanuska Valley moose population will begin to decline.

The demand for huntable moose populations within short distances of human population centers is great, and it is increasing. In 1980, the Department of Natural Resources recognized this need and classified the majority of the Matanuska Valley north of the Glenn Highway and east of Palmer as Public Recreation/Wildlife Habitat Land. In 1980, the Matanuska - Susitna Borough enacted an ordinance zoning 30,000 acres of this area (designated the Moose Creek Reserve Special Use Area) to preserve public use and allow management for moose habitat. The Matanuska Valley Moose Range proposal encompasses approximately 130,000 acres including all of the Moose Creek Moose Reserve.

Moose are an extremely valuable renewable resource in Alaska, and tens of thousands of Alaskan hunters and wildlife viewers place them in high regard. During the 1982-83 hunting season over 47,000 hunters, the majority of whom reside in the Matanuska - Susitna or Anchorage Boroughs, obtained moose harvest tickets. Thousands more Alaskans enjoy viewing moose while hiking, fishing, hunting for other species, photographing, and other outdoor activities. Without the formation of the Matanuska Valley Moose Range and purposeful habitat management, the eventual loss of much of this valuable resource in the Matanuska Valley is highly probable.

Finally, it should be noted that the proposed recognition and classification of land in this area for the benefit of moose management does not preclude other uses of the state lands, as long as these uses are compatible with the primary function of the Moose Range.

FACT SHEET
CHICKALOON BENCH SUBDIVISION PROPOSAL
MATANUSKA MOOSE RANGE (CS SSSB 225)

In the Moose Range bill that passed the Senate and is now before the House Resources Committee, the proposed Chickaloon Bench subdivision is excised from the protected habitat area. The Administration supports the bill as it now reads, for the following reasons:

- The proposed 800-acre subdivision disposal has received interagency approval, including the support of the Department of Fish and Game.

- The Mat-Su Borough has approved the disposal, conditional upon the acquisition of a right-of-way (almost complete).

- The Department of Natural Resources, with these go-ahead signals, has spent almost $400,000 on survey and right-of-way acquisition for the subdivision. This is about one-fourth of the budget for these items approved by the Legislature last year.

- The interagency Susitna Area Plan, now in preliminary draft, identifies settlement as the primary classification for the Chickaloon Bench area.

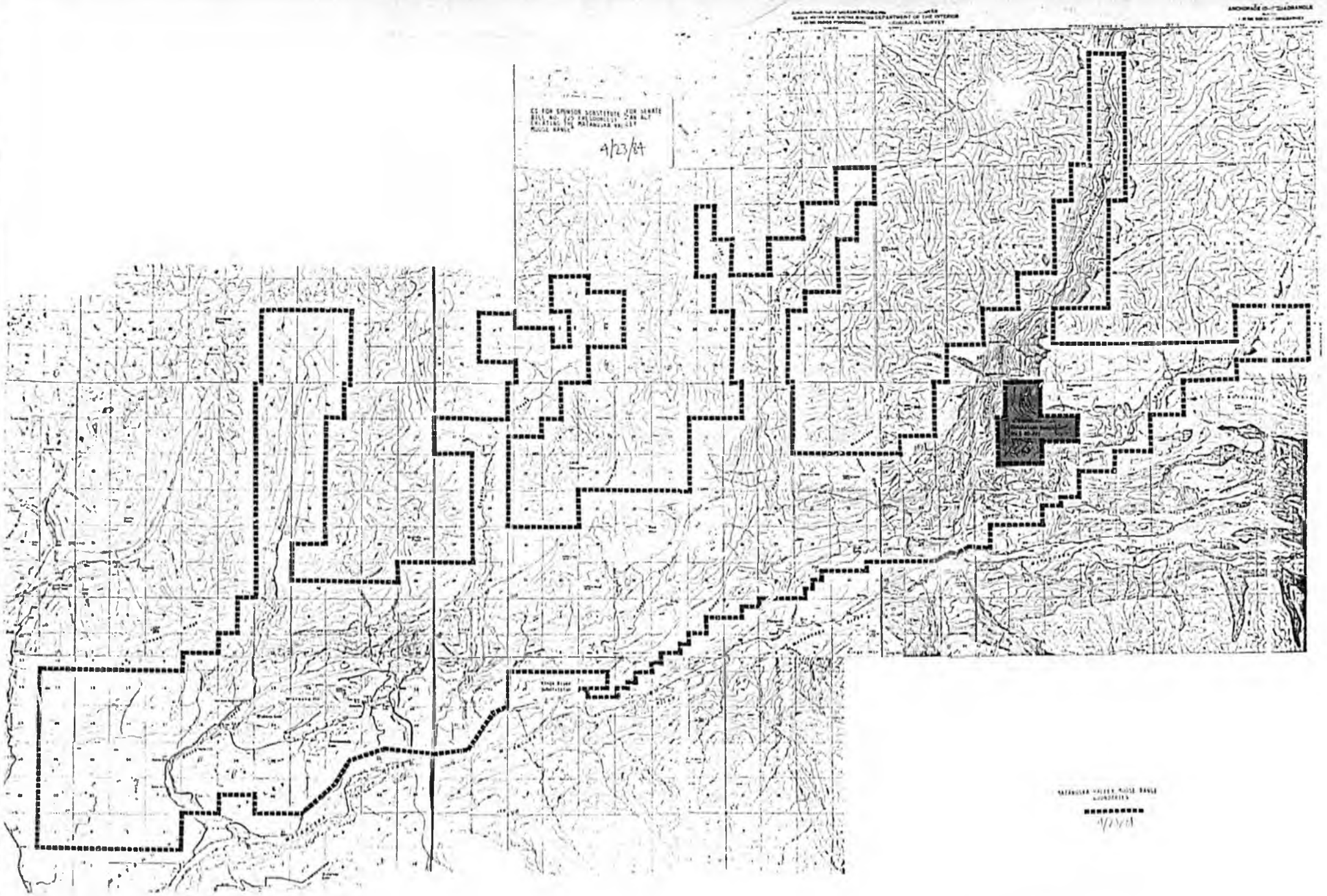
- The bill would protect a much larger area (about 130,000 acres) than is recommended in the draft Susitna Area Plan (42,000 acres). Some of this land is potential settlement land. The Chickaloon Bench land offering will help balance demands for settlement and habitat protection in the upper Matanuska Valley.

- The Department of Natural Resources has estimated that preventing the Chickaloon Bench disposal would cost the State about $700,000 in lost revenues from land sales.

- The subdivision is in a relatively accessible area, only a few miles from the Glenn Highway. Alaskans have shown a steady demand for this type of land, and to meet these demands the Department of Natural Resources must provide a stable land offerings program with lands like Chickaloon Bench.

- The Administration does not see a need for construction of a major access route to the subdivision, which is a rural recreational offering of ten- to twenty-acre lots. The existing primitive access is adequate for foreseeable needs.

Please contact Ned Farquhar (465-2400) or Frank Mielke (276-2653) for more information.


4/23/84

SB

269

LETTER OF INTENT
FOR CSSB 269
January 19, 1984

The House Resources Committee has considered CSSB 269, providing for approval of the Agreement between the State of Alaska and Chevron U.S.A., Inc., for the sale of a portion of Alaska's royalty oil. This Agreement must be approved by the legislature under the provisions of AS 38.06.055(a) which provides that "the commissioner of natural resources may not enter into a sale, exchange, or other disposition of oil or gas or of the rights or waiver of the rights to receive future production of royalty oil or gas under AS 38.05.183 without the prior approval of the legislature."

Section 19.1 of the Agreement provides that the Agreement may be "supplemented, amended or modified at any time, but only by written instrument duly executed by the parties to this Agreement. In making any such changes to the Agreement pursuant to this section, the Commissioner would be acting on behalf of the State of Alaska as one of the parties to the Agreement.

The Committee recognizes that a supplement, amendment, or modification of the Agreement could be a further "sale, exchange, or other disposition" within the meaning of AS 38.06.055(a). The Committee is also cognizant that pursuant to Section 20.1 of the Agreement, the Commissioner has the right to "grant" (consent to) an assignment of the Agreement.

It is the intent of the Committee that it be understood that approval of CSSB 269 does not constitute prior approval of any supplement, amendment or modification or any assignment that would be a further "sale, disposition, exchange, or other disposition" within the meaning of AS 38.06.055(a) and that it is expected that any such action by the Commissioner must first be preceded by compliance with the procedures for obtaining the prior approval of the legislature.

Representative John Ringstad
Co-Chairman, Resource Committee

Representative Dick Shultz
Co-Chairman, Resource Committee

(No Rec.)

Representative Rick Uehling
Vice-Chairman, Resource Committee

Representative John Cowdery
Member, Resource Committee

Representative Charlie Russell
Member, Resource Committee

Representative John Liska
Member, Resource Committee

Representative Anthony Vaska
Member, Resource Committee

Representative Peter Goll
Member, Resource Committee

Ronald J. Larson No Rec.
Representative Ronald Larson
Member, Resource Committee

AGO 786833

SB

278

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date 3/15/84

REQUEST
Bill/Resolution No: HCS CSSB 278 (Res)
Title: Establish waterfowl conservation stamp and fee· provide effective date
Sponsor: Senate Resource Committee
Requestor: Senate Finance
Date of Request:

FISCAL DETAIL
Agency Affected: Revenue
Program Category Affected: Revenue Collection and Management
BRU, Program or Subprogram(s) Affected: Public Services Division BRU

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES	-	-	-	-	-	-
200 TRAVEL	-	-	-	-	-	-
300 CONTRACTUAL	-	-	-	-	-	-
400 SUPPLIES	-	-	-	-	-	-
500 EQUIPMENT	-	-	-	-	-	-
600 LANDS & STRUCTURES	-	-	-	-	-	-
700 GRANTS, CLAIMS	-	-	-	-	-	-
800 MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
CAPITAL	-	-	-	-	-	-
REVENUE	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	-	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
TOTAL	-	-	-	-	-	-

POSITIONS:

FULL-TIME	-	-	-	-	-	-
PART-TIME	-	-	-	-	-	-
TEMPORARY	-	-	-	-	-	-

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attached.

Prepared By: Martin J. Richard
Phone: 465-2392
Division: Public Services Division
Date: 3/15/84

Approved by Commissioner: Bruce Botelho
Date: 3/15/84
Agency: Department of Revenue

Distribution (by Agency preparing fiscal note):
- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: March 2, 1984

REQUEST
Bill/Resolution No.: SB 278
Title: Establishing a waterfowl stamp
Sponsor: Rodey, Kerttula, Josephson
Requestor: Senate Resources
Date of Request:

FISCAL DETAIL
Agency Affected: Fish and Game
Program Category Affected: NRMEC
BRU, Program or Subprogram(s) Affected: Game

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING						
CAPITAL						
REVENUE		200.0	300.0	300.0	300.0	300.0

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: Beverly Reaume, Director — Phone: 465-4120
Division: Administration — Date: March 2, 1984
Approved by Commissioner: [signature] — Date: 3-2-84
Agency: Fish and Game

Distribution (by Agency preparing fiscal note):
- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

12/1/83

Alaska State Legislature
HOUSE OF REPRESENTATIVES
COMMITTEE ON RESOURCES

JOHN RINGSTAD, CO-CHAIRMAN
RICHARD SHULTZ, CO-CHAIRMAN
POUCH V
JUNEAU, ALASKA 99811
(907) 465-3715

TO: House Resources Committee Members

FROM: House Resources Staff

DATE: March 10, 1983

RE: House CS for CS for SB 278, establishing a waterfowl stamp and fee

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I. Overview

SB 278 creates an Alaskan Waterfowl Stamp (duck stamp) Program. Basically, the bill would allow for a five dollar fee to be levied on people wishing to hunt waterfowl, and also people who wish to collect these stamps and limited edition prints. The program is patterned after the federal duck stamp program, which has been in existence since the 1930's. This federal program has been responsible for retention and improvement of millions of prime wetlands.

Revenue from sales of an Alaskan state duck stamp and art prints could be used to protect key Alaska wetlands and also to improve public access, enhance habitats in important areas, manage or even create goose populations, support selected research projects, and fund other necessary management activities, according to Fish & Game.

II. Bill History

HB 351, the House version of the duck stamp bill, was introduced by Rep. Fritz last year. SB 278 was introduced at the same time by Senator Rodey. Because the senate bill has worked its way through the legislative process ahead of the House version, the sponsor of the House bill decided to use the Senate bill as the vehicle for establishing this program.

The Senate bill was amended on the Senate floor by Senator Josephson to include "limited edition prints" to be sold by the Dept. of Fish & Game along with the sale of stamps. With this amendment, not only will waterfowl stamps be created and sold, but also limited edition prints of the stamp will be available for sale as artwork to hunters and the public. However, this makes the program unconstitutional.

There is no problem in authorizing the creation and sale of limited edition prints. there is , however, a problem in dedicating the funds received from the sale of these prints to the fish and game fund. See attached memo from the AG's office dated March 29.

Therefore, the work draft in front of you is the exact version of the bill which Senate Resources passed from their committee. It does not include the sale and dedication of revenue of limited edition prints.

Sec. 1

dedicated Fund?

Sec. 4

- Matching Money

Using Points - Eliminating that or leaving it to the discression of Fish & Game?

HOUSE RESOURCES COMMITTEE
LETTER OF INTENT
FOR
HCS CSSB 278 (Resources)

HCS CS SB 278 (Resources) establishes a state waterfowl conservation program.

It is the intent of the legislature that the production, distribution, and sale of associated limited edition prints be contracted to an entity who:

1. holds the state harmless of any obligation;

2. guarantees as part of the contract that the state will receive a minimum return; and

3. all rights to additional use of the art work remain with the state.

_____

Rep. John Ringstad, Co-Chair
House Resource Committee

DRAFT

Version #4
Folta
4/19/84

Original sponsors: Rodey, Kerttula
and Josephson

IN THE SENATE BY THE RESOURCES COMMITTEE

HOUSE CS FOR CS FOR SENATE BILL NO. 278 (Resources)

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTEENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act establishing a waterfowl conservation stamp and fee; and providing for an effective date."

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

* Section 1. AS 16.05.110 is amended to read:

Sec. 16.05.110. COMPOSITION OF FUND. The fish and game fund shall be made up of the following money and other money the legislature appropriates, <u>that</u> [WHICH] shall be deposited and retained in the fund until expended:

(1) money received from the sale of state sport fishing, hunting, and trapping licenses<u>,</u> [AND] special permits<u>, and waterfowl conservation tags purchased by hunters</u>;

(2) proceeds received from the sale of furs, skins, and specimens taken by predator hunters and other employees;

(3) money received in settlement of a claim or loss caused by damage to the fish and game resources of the state;

(4) money received from federal, state, or other governmental unit, or from a private donor for fish and game purposes;

(5) interest earned upon money in the fund;

(6) money from any other source.

* Sec. 2. AS 16.05.130 is amended by adding a new subsection to read:

(b) Money accruing to the state from waterfowl conservation tag fees from hunters may not be diverted to a purpose other than (1) the conservation and enhancement of waterfowl; (2) the acquisition, by lease or otherwise of wetlands that are important for waterfowl and

public use of waterfowl in the state; (3) waterfowl related projects approved by the commissioner; and (4) the administration of the waterfowl conservation program. The department shall maintain a state waterfowl tag fee account within the fish and game fund to permit separate accounting records for the receipt and expenditure of money derived from the sale of waterfowl tags. The department shall report annually to the public on the use of money derived from waterfowl conservation tags and limited edition prints.

* Sec. 3. AS 16.05.340(a) is amended by adding a new paragraph to read:

(17) Waterfowl conservation tag ..... $ 5

(A) A person may not engage in waterfowl hunting without having the current year's waterfowl tag in the person's actual possession, unless that person

(i) qualifies for a 25 cent license fee under AS 16.05.340(a)(6);

(ii) is a resident under the age of 16;

(iii) is 60 years of age or older and has been a resident for at least one year;

(iv) is a disabled veteran eligible for a free license under AS 16.05.341.

(B) The Board of Game shall by regulation exempt from the requirement for a waterfowl conservation tag waterfowl hunting in areas of the state not likely to benefit from programs described in AS 16.05.130(b)(2) - (4).

* Sec. 4. AS 16.05.350 is amended to read:

Sec. 16.05.350. EXPIRATION OF LICENSES AND TAGS. Licenses and tags required under AS 16.05.330 - 16.05.430, except the visitor's special sport fishing license, [AND] the resident trapping license, and the waterfowl conservation tag, expire at the close of December 31

following issuance. The resident trapping license expires at the close of September 30 of the year following the year in which the license is issued. The waterfowl conservation tag expires at the close of January 31 of the year following the year of issue of the tag.

* Sec. 5. AS 16.05 is amended by adding a new section to read:

Sec. 16.05.826. WATERFOWL CONSERVATION STAMP PROGRAM. (a) The waterfowl conservation tag authorized in AS 16.05.340(a)(17) shall be produced annually in stamp form by the Department of Revenue in an amount the department considers appropriate. The department shall make stamps available for the creation of waterfowl conservation limited edition prints and shall provide for the sale of stamps and prints to the public.

(b) The Department of Revenue shall provide by appropriate means for the selection of the design of the annual waterfowl conservation stamp and for the production and sale of the stamps.

(c) The Department of Revenue may contract to others the performance of the department's responsibilities under this section. A contract may include provisions for advance payment or reimbursement for services performed under the contract. All costs incurred under this section may be paid from the fish and game fund.

* Sec. 6. LEGISLATIVE INTENT. It is the intent of the legislature that a sum equal to the amount collected each year from the sale of waterfowl conservation stamps and limited edition prints to the public under AS 16.-05.826 be appropriated to the department for the purposes listed in AS 16.-05.130(b).

* Sec. 7. Except for sec. 3 of this Act, this Act takes effect immediately in accordance with AS 01.10.070(c).

* Sec. 8. Section 3 of this Act takes effect January 31, 1985.

Estimated revenues and costs for a waterfowl conservation stamp or stamp/art print program

INCOME

Stamps & Prints		Stamps only
1,350,000	Sale of 10,000 art prints @ $135	0
50,000	Sales of stamps @ $5.00 to accompany prints (publisher purchase)	0
85,000	Sales of stamps @ $5.00 to 17,000 waterfowl hunters	85,000
25,000	Sales of stamps @ $5.00 to 5,000 stamp collectors	25,000
1,510,000	Gross revenue	110,000

COSTS

1,050,000	Publisher costs for advertising, production, distribution, artist payment and profit (negotiable).	8,000
31,500	Dept. of Revenue costs of distribution and accounting.	31,500
17,000	Dept. of Revenue appropriation for Additional Compensation to license vendors @ $1.00/stamp for 17,000 hunters.	17,000
4,300	License vendor commission of $0.25/stamp on 17,000 hunter stamps.	4,300
10,000	Dept. of Fish and Game, and Administration staff and operations costs in coordination and contracting.	5,000
1,112,800	Total Costs	65,750
397,200	Net revenue	44,250

Testimony

from Mary Bishop, SR 20145-D, Fairbanks, AK 99701 455-6151, representing self

Re: CSSB 278

To House Resources, committee meeting 3 p.m. 4/10/84

I wish to support the concept of a state waterfowl stamp and fee. And I am supportive of these funds being used for the conservation and enhancement of waterfowl as would be provided by Section 2,(b)(1) of this bill.

I do wonder, though, why people who benefit from programs which provide for the conservation and enhancement of waterfowl (Section 2 (b)(1)) but not from the provisions of Section 2 (b)(2-4) "shall" be exempt, by regulation, from the requirment for purchasing the stamp. Must the Board of Game decide which rural areas of the state benefit from (b)(1-4) and which only benefit from (b)(1-3). If this must be done, then the legislature should do it, not the Board of Game. That's passing the buck, and a very unpleasant buck it is.

I strongly recommend deleting Section 3, part (d).

BILL SHEFFIELD, GOVERNOR

REPLY TO:

☐ 1031 W 4th AVENUE
SUITE 200
ANCHORAGE, ALASKA 99501
PHONE: (907) 276-3550

☐ 1st NATIONAL CENTER
100 CUSHMAN ST.
SUITE 400
FAIRBANKS, ALASKA 99701
PHONE: (907) 452-1568

☑ POUCH K - STATE CAPITOL
JUNEAU, ALASKA 99811
PHONE: (907) 465-3600

DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

March 29, 1984

The Honorable John Ringstad
and Richard Shultz, Chairmen
House Resources Committee
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Re: CSSB 278 (RES) am
(Waterfowl Stamp Act)

Dear Representatives Ringstad and Shultz:

This letter is to bring to your attention a constitutional problem that exists in the above-referenced bill, which establishes a waterfowl stamp and fee. Several forms of the bill have violated article IX, section 7, of the Alaska Constitution, which prohibits dedicated funds under certain circumstances. On March 24, 1984, we wrote to Senator Fahrenkamp, concluding that the Committee Substitute for Senate Bill 278 was constitutional as drafted. (A copy of this letter is attached.)

I have since learned that the bill was twice amended on the floor of the Senate on March 23, 1984, before it was passed. The second amendment made on March 23, 1984, makes the bill once again unconstitutional. This amendment added the concept of "limited edition prints" to the bill. Now, not only will waterfowl stamps be created and sold, but also limited edition prints of the stamp will be available for sale as artwork to hunters and to the public.

There is no problem in authorizing the creation and sale of limited edition prints. There is, however, a problem in dedicating the funds received from the sale of these prints to the fish and game fund. The only money that can be dedicated to this fund is money received from the sale of licenses, permits, and stamps that are required by law to be possessed by a person engaging in sport or recreational hunting or fishing. Hunters need not possess limited edition prints to engage in waterfowl hunting, and thus the money received from the sale of these prints cannot be dedicated to the fish and game fund.

Instead, money received from the sale of these limited edition prints should be treated the same as money received from the sale of waterfowl stamps to the public. Section 4 of this bill expresses a legislative intent that a sum equal to the amount collected each year from the sale of waterfowl stamps to the public be appropriated to the department for the purposes listed in AS 16.04.130(b). This is what should be done with the limited edition prints, as well, to avoid the dedicated funds problem.

Therefore, to avoid an unconstitutional dedication of funds, CSSB 278 (RES) am should be amended as follows:

Page 1, line 16: delete "and limited edition prints"

Page 1, lines 26-27: delete "and sales of limited edition prints"

Page 2, lines 3 and 4: delete "and print"

Page 2, lines 6-7 and 8: delete "and prints"

Page 2, lines 11 and 30: before "prints" insert "limited edition."

If you have any questions or comments, please do not hesitate to contact us.

Sincerely,

NORMAN C. GORSUCH
ATTORNEY GENERAL

By: Margot O. Knuth
Margot O. Knuth
Assistant Attorney General

MOK:dlm

Attachment

cc: Arthur H. Peterson

March 24, 1984

The Honorable Bettye Fahrenkamp
Chairperson, Senate Resources Committee
Alaska State Legislature
Pouch V
Juneau, AK 99811

Re: CSSB 278 (Waterfowl Conservation Stamp Act)

Dear Senator Fahrenkamp:

This letter is in response to your oral request for advice on March 23, 1984, as to the constitutionality of CSSB 278, establishing a waterfowl conservation stamp and fee. The only constitutional issue raised by this bill is whether it violates article IX, section 7, of the Alaska Constitution, which prohibits dedicated funds under certain circumstances. Article IX, section 7, of the Alaska Constitution provides as follows:

> The proceeds of any state tax or licence shall not be dedicated to any special purpose, except as provided in section 15 of this Article or when required by the federal government for state participation in federal programs. This provision shall not prohibit the continuance of any dedication for special purposes existing upon the date of ratification of this section by the people of Alaska.

Upon reviewing CSSB 278, we conclude that it is constitutional as drafted.

The Alaska Constitution specifically excepts from the prohibition against dedicated funds any dedication of funds required by the federal government as a condition to the state participating in a federal program. The Pittman-Robertson Act, 16 U.S.C. §§ 669-669i, is a federal program under which states may receive money for the restoration of wildlife. As a condition to participating in this program, the Act requires the state to pass a law prohibiting the diversion of license fees paid by hunters for any other purpose than the administration of the Fish and Game Department. A regulation promulgated under the

Pittman-Robertson Act provides that only those licences that are for the "express purpose of permitting the holder to hunt or fish for sport or recreation" may be used as the basis for matching funds under the Act. 50 C.F.R. 80.10(c)(1). This means that the only fees that must be dedicated by law in order for Alaska to participate in the program under the Pittman-Robertson Act are those fees expressly required by the state to be paid for the privilege of hunting or fishing for sport or recreation. Accordingly, only those fees expressly required for hunting or fishing may be dedicated under the Alaska Constitution.

CSSB 278 requires possession of the waterfowl conservation stamp before a person may engage in waterfowl hunting. It is only the money received from the sale of the waterfowl conservation stamps to hunters that is dedicated under this bill. Monies received from the sale of waterfowl conservation stamps to the public, as opposed to waterfowl hunters, are not dedicated by this bill. Instead, section 4 of the bill expresses a legislative intent that a sum equal to the amount collected each year from the sale these stamps to the public be appropriated to the Department of Fish and Game. This legislative intent does not constitute a dedication of those funds.

We therefore conclude that CSSB 278 does not present any constitutional problems. The same cannot be said for the original SB 278, because that bill did not require waterfowl hunters to obtain the stamp as a condition to engaging in waterfowl hunting. Without this condition, the state would not qualify for participation in the Pittman-Robertson Act, and the dedication of funds would then be unconstitutional under Art. IX, sec. 7, of the Alaska Constitution.

Sincerely,

NORMAN C. GORSUCH
ATTORNEY GENERAL

By: Margot O. Knuth
Margot O. Knuth
Assistant Attorney General

MOK:bap

cc: Arthur H. Peterson
Assistant Attorney General

MEMORANDUM State of Alaska

TO: Dennis D. Kelso
Deputy Commissioner

DATE: February 17, 1984

FILE NO:

TELEPHONE NO: 267-2231

FROM: Lew Pamplin
Director
Division of Game
Department of Fish and Game

SUBJECT: Waterfowl Conservation Stamp

Attached is a report entitled "State Waterfowl Conservation Stamp/Print Programs - Considerations for Alaska." This report was completed by Mr. Tom Rothe, our waterfowl program coordinator. The report contains the background, justification, and recommendations concerning an Alaskan waterfowl conservation stamp. The recommendations form the basis for the Department's position on this issue.

Enclosure

cc: P. McGuire
B. Hinman
T. Rothe
Regional Supervisors, Game Division
Division Directors
Board of Game

PUBLIC COMMUNICATIONS
RECEIVED
FEB 2 1 1984
DEPARTMENT OF FISH & GAME

ALASKA DEPARMENT OF FISH AND GAME

Juneau, Alaska

STATE OF ALASKA

Bill Sheffield, Governor

DEPARTMENT OF FISH AND GAME

Don W. Collinsworth, Commissioner

DIVISION OF GAME

W. Lewis Pamplin, Jr., Director

State Waterfowl Conservation Stamp/Print Programs

Considerations for Alaska

February 1984

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North Carolina waterfowl stamp print sale (article)

State stamp print history

Oregon waterfowl stamp bill

STATE WATERFOWL CONSERVATION STAMP/PRINT PROGRAMS

History - Discussion - Recommendations

INTRODUCTION

An Alaska Waterfowl Conservation Stamp program has been proposed in several bills put before the legislature in 1983. The intent of this report is to present a brief history of other state stamp programs, discuss alternatives for various aspects of their operations, and to recommend effective, profitable features for consideration in a program for Alaska.

Unlike many other states that rely on migrant waterfowl from northern breeding areas, Alaska is a major waterfowl production state. Alaska annually produces a fall flight of about 10 million ducks and one million geese to all five North American flyways and neighboring countries. Most of this waterfowl production can be attributed to a few large wetlands districts (i.e., Copper River Delta, Yukon-Kuskokwim Delta, Yukon Flats) and the sheer geographic expanse of wetlands throughout the State. Waterfowl habitat in Alaska becomes especially important to continental populations when drought in the prairies pushes birds north to breed. Most of Alaska's wetlands, however, are only marginally productive in comparison with the

prairies and parklands of the mid-continent, and little is known about the ecological requirements of waterfowl in our coastal, subarctic and arctic regions.

Waterfowl management in Alaska provides both opportunities to evaluate and enhance waterfowl production, and responsibilities to conserve and maintain many populations for the benefit of other states and countries. Waterfowl conservation stamp programs have been very profitable and effective in raising funds to meet these types of challenges.

Although the U.S. Fish and Wildlife Service has major responsibilities for migratory bird management, the Alaska Department of Fish and Game is charged with primary management of resident wildlife and most public uses of these resources in Alaska, leadership in management of waterfowl values on State lands, principal membership in the Pacific Flyway Study Committee and Council, and has assumed major responsibility for management of several species of special interest to the State. Revenues from a state waterfowl stamp would dramatically increase the Department's ability to enhance waterfowl production and public uses on State game refuges and other lands, and more effectively participate in state and Pacific Flyway management processes.

HISTORY OF WATERFOWL STAMPS

In 1934, the Migratory Bird Hunting Stamp Act was passed, authorizing the issuance of what is popularly known as the federal duck stamp; its official name is the Migratory Bird Hunting and Conservation Stamp. All waterfowl hunters are required to purchase the stamp, which has risen in price from $1.00 at inception to $7.50. In 1983, over 1.8 million stamps were sold in the United States. Revenues from the program are dedicated to the acquisition, protection and enhancement of wetland waterfowl habitats.

Following the success of the federal program, 29 states adopted similar stamp programs (Table 1) to fund waterfowl and habitat projects in their states and in primary waterfowl production areas elsewhere. For the seven states that initiated stamp programs since 1980, their combined 1982 revenues were over $3.9 million, and averaged over $500,000 per state.

California instituted the first state waterfowl stamp in 1971 and, through 1979, 16 states required waterfowl hunters to buy state stamps. Montana sold a bird conservation stamp, beginning in 1978, but undefined objectives and reliance on voluntary purchases made the program unprofitable within three years. These programs sold only stamps and did not acquire reproduction rights to the original design. Various states used art from either department staff, commissioned artists or waterfowl art contests.

Table 1. History and features of state waterfowl stamp programs.

First Year	State	Stamp Price	Reproduction Rights	Art Selection
1971	California	5.00	stamp (print 1984)	resident contest
1972	Iowa	5.00	stamp	resident contest
1974	Maryland	3.00	stamp	resident contest
	Massachusetts	1.25	stamp	open contest
1975	Illinois	5.50	stamp	resident contest
1976	Indiana	5.00	stamp	open contest
	Michigan	3.75	stamp	resident contest (until 1985)
	Mississippi	2.00	stamp	resident contest
	South Dakota*	5.00	stamp	resident contest
1977	Minnesota	3.75	stamp	resident contest
1978	Montana	2.00	stamp	program defunct
	Wisconsin	3.25	stamp	resident contest
1979	Alabama	5.00	stamp	resident contest
	Florida	3.25	stamp	open contest
	Missouri	3.00	stamp	resident contest
	Nevada	2.00	stamp	open contest
	Tennessee	6.50	stamp	resident contest
1980	Delaware	5.00	stamp/print	resident contest
	Oklahoma	4.00	stamp/print	resident contest
1981	Arkansas	5.50	stamp/print	contract
	South Carolina	5.50	stamp/print	open contest
	Texas	5.00	stamp/print	contract
1982	North Dakota**	9.00	stamp/print	contract
	Ohio	5.50	stamp/print	commissioned
1983	Pennsylvania	5.50	stamp/print	contract
	New Hampshire	4.00	stamp/print	contract
	North Carolina	5.50	stamp/print	contract
1984	Oregon	5.00	stamp/print	contract

* stamp voluntary for residents, mandatory at $50.00 for non-residents.
** required purchase by all bird hunters.

From 1980 through 1982 seven more states enacted legislation to produce stamps required for waterfowl hunting. All of these states retained reproduction rights to the design, and profited from the sale of art prints as well as stamps. Artists were paid with flat fees, profit shares or by arrangement with a managing art publisher.

Four more states launched waterfowl stamp and print programs in 1983. Oregon and New Hampshire require stamps of hunters, but Pennsylvania and North Carolina offer them for voluntary purchase. New Jersey may consider enabling legislation for a program in 1984, presumably to offer both stamps and prints.

PROGRAM OBJECTIVES

The two primary objectives for the waterfowl conservation stamp program are:

1. To maximize Alaska's ability to benefit waterfowl and their habitats within the state; and

2. To provide a nationwide opportunity for art and stamp collectors to contribute financial support to the Alaska waterfowl management program, thereby benefiting the Alaskan public.

DISCUSSION

Sources of Revenue

Although the number of hunters and price of the stamp determine the base level of potential revenues, supplemental sales (art prints and collector stamps) have provided a major part of the income, especially in states like Alaska with low numbers of hunters (Table 2).

For the 1982-83 hunting season, approximately 17,600 federal waterfowl stamps were sold in Alaska (includes a small percentage to stamp collectors). Table 3 illustrates potential revenues from an Alaska stamp/print program, and the relative effect of stamp pricing on total income. These projections are quite conservative and are based on the best planning and marketing approaches used by other states (see following sections). If Alaska selected a price of $5.00, equivalent to most states, hunters would probably contribute only 25-30% of the revenues. The bulk of revenues would come from out-of-state sales. Because income from hunters is relatively fixed, the following discussion focuses on aspects of maximizing the vital supplemental sales.

Nationwide sales of prints and stamps to collectors has proven immensely profitable to state waterfowl programs, and has sparked considerable competition among states to tap the market. The key elements of success include: a top quality design by a well-known artist; top quality printing and products that accommodate collector desires; and effective program administration and marketing.

Table 2. Proportions of 1982 revenues derived from hunters and from collectors, for the seven most recent state waterfowl stamp programs

State	First Year	No. of Hunters	Stamp Price	Hunter Revenue	(%)	Collector Revenue	(%)	Income/ Hunter
Oklahoma	1980	12,000	$4.00	48,000	(33)	94,300	(66)	11.86
Delaware	1980	10,000	$5.00	50,000	(52)*	46,000	(48)*	9.60
Arkansas	1981	45,500	$5.50	250,250	(53)	217,725	(47)	10.29
So. Carolina	1981	17,000	$5.50	93,500	(31)	206,500	(69)	17.65
Texas	1981	112,500	$5.00	562,500	(61)	366,245	(39)	8.26
No. Dakota	1982	80,000	$9.00	720,000	(56)	557,700	(44)	15.97
Ohio	1982	40,000	$5.50	220,000	(32)	455,000	(68)	16.88
AVERAGE			$5.64					12.93

* estimated

Table 3. Analysis of fee levels and potential revenues for an Alaska waterfowl stamp program, assuming 17,000 waterfowl hunters (1982-83) collectors purchase 10,000 stamps and 5,000 art prints ($40 royalty/print).

Stamp Fee	Hunter Revenue	(%)	Collector Revenue	(%)	Total Revenue
$6.00	102,000	(28)	260,000	(72)	362,000
$5.00	85,000	(25)	250,000	(75)	335,000
$4.00	68,000	(22)	240,000	(78)	308,000
$3.00	51.000	(18)	230,000	(82)	281,000
$2.00	34,000	(13)	220,000	(87)	254,000

Example comparison: Reduction of stamp fee from $6.00 to $2.00 lowers cost to hunters by 66%, lowers total revenue only 30%.

Selection of art work

Those states that have used original art by nationally-know artists have realized the most income for their programs. Although artists that are little-known or even popular regionally may produce comparable work, market demand and investment values are higher for works by artists known across the country.

Other states use a variety of ways to select the original art design. Among the programs established before 1980, offering only stamps, most implemented art contests, either open to all entrants or restricted to state residents. With the introduction of art print sales and national marketing emphasis since 1980, several states (e.g., Texas, Ohio) have restricted their contests to well-known artists or done them by invitation only. Arkansas and North Dakota have foregone contests, and contract with art publishers for nationally-known artists.

States with contests report no major problems, but considerable effort is involved in working with a selection committee, and receiving, displaying, judging, and returning entries. Major considerations in the method of art selection are: (1) number and caliber of local artists; (2) national marketability of the products; and (3) funds and staff required to administer the process.

Stamp and print products

Stamps - Stamp collectors purchase from 1 to 50% of state waterfowl stamps, depending on particular state programs. In several states (e.g., Alabama, Nevada) sales of state stamps far exceed federal stamp sales. Arkansas and Ohio top sales to stamp collectors. Reasons for success relate to accommodating the values of stamp collecting in product designs:

1. Top quality printing to enhance aesthetic value.
2. Numbered stamps and numbered plate blocks (four stamps).
3. Stamp issue limited to sales during a specific period.
4. Publisher required to purchase stamps for each art print sold.

Art prints - Investment values and revenues from art print sales are dependent on selected artist and design, quality of printing and the edition size. Several states recommend printing by an in-state publisher to ensure quality work and personal attention. However, South Carolina reports problems in print quality resulting from selection of low-bid contractors.

The usual cost of a print is $125.00, or $130.00 with the stamp. Total print revenues are dependent on the edition size and the states' profit share from the publisher. Effects of edition size can be illustrated from 1981 sales by South Carolina, Arkansas, and Texas.

South Carolina had a quite limited edition of 4,500 prints, took a $24 profit share and netted $108,000. Arkansas had a larger edition of 7,700 and a $35 profit share, gaining $269,000. Texas, with an edition of 16,500 took $35.50 per print and brought in $587,000. The art investment value of South Carolina's print is now $150 more than those of Texas and Arkansas. The principle is that small editions increase print values to investors with smaller profits to the state; large editions maximize program revenues but lower investment values. The recent successful programs in Texas, North Dakota, and North Carolina balance these factors by limiting editions to the number of pre-sale orders received within a fixed period.

Program administration

It is evident that state stamp programs present many options and require substantial planning and oversight to manage all the factors vital to success. Prior to 1980, stamp sales were more localized, and artists were compensated only with recognition and reproduction rights. As the potential for national marketing of supplemental sales grew, artist rewards and program operations became greater. In recent programs artists are being paid with fixed fees, retention of artist proofs, profit shares, and/or through contracts with publishers.

State fish and game departments and other government offices devote varying efforts to administer stamp/print programs, depending on the type of operations chosen. Art contests consume considerable time

from staff and a selection committee that is usually not paid. Depending on state licensing procedures, sales and distribution of stamps and prints add more staff effort; Delaware has a full time person to deal with sales. ADF&G waterfowl program consists of one coordinator and one biologist.

To minimize cost and staffing of government administration, many states have gone to contract arrangements with publishers. Some, like North Dakota and Arkansas, contract out everything from selection of the art to sales of prints. States with contests usually contract for printing, marketing, and distribution of prints. Stamps are sold by government offices and agents.

Contracting has proven profitable, not only because of reduced administrative effort, but also because the profit motive of contract publishers ensures product quality, broad marketing, and greater sales.

State staff need only to oversee product fidelity and marketing strategy. Artist/publisher contracts usually contain additional provisions such as:

- Specifications of waterfowl subjects to be featured.
- Specifications of product quality and format.
- Publisher buy-back of stamps for each print.
- Publisher provides free "conservation edition" prints for fund raising events.

-Publisher will advertise nationally (Ducks Unlimited Magazine, Field and Stream, etc.).

State contracting is subject to specific regulations. If product quality and national marketing can be ensured by an in-state publisher there are benefits to local businesses and closer contract oversight.

RECOMMENDATIONS

Incorporation of the following recommendations into the Waterfowl Conservation Stamp Bill would satisfy the objectives of this program. Nevertheless, the Department of Fish and Game strongly supports passage of this bill even if these recommendations are modified.

1. Revenue - Require the purchase of a state stamp by waterfowl hunters age 16-60 years.

   ~~A mandantory program would maximize out-of-state supplemental sales~~ by:

   (a) ~~Demonstrating a firm state commitment~~ to protect and enhance national waterfowl and wetland resources;

   (b) ~~Solidly establishing the stamp/print~~ program and decreasing the chances of short-term unprofitability (e.g., Montana);

(c) Assuring collectors of continuing stamp/print series that will promote repeat purchases and investment values; and

(d) Stabilizing revenues to permit continuity and cost-effective management of funded waterfowl projects.

2. Administration - Printing, marketing and artist payment should be handled by the publisher.

Provided that high quality work and national sales connections can be demonstrated, an in-state publisher should be selected through a competitive process. Department share of the profits should be the highest negotiable.

3. ~~Art selection~~ - The publisher should contract for the original design from a nationally-known artist.

The most successful state programs (e.g., Arkansas, North Dakota and, to a degree, Texas) contract for nationally-known artists. If a contest is desirable, competition should be by invitation or open nationally. Alaska has a dearth of waterfowl artists and few known outside the state.

4. Stamps - Publisher should provide high quality stamps that are numbered and arranged in sheets and plate blocks for collectors. Publisher should buy a stamp for each print sold. Stamps should be sold by the Department through license vendors at widely accessible locations.

5. Art prints - Publisher should provide high quality prints that are advertised and sold nationally. Edition size should be limited to the number ordered during a six-month pre-sale period. Alaska should attempt to be the first to advertise among states for the initial year of the program.

6. Time table - The stamp program should become effective for the 1985-86 hunting season. Sufficient lead time is necessary to establish program operations and effective early marketing, because the first year issue of stamps and prints is by far the most profitable. A publisher package should be selected no later than January 1985.

7. Cost - The price of the stamp should not be less than $3.00 and not more than $5.00. Fees should be waived for low-income families under provisions of AS 16.05.340(5). The price of the art print should be $125.00.

Attachments: Texas waterfowl stamp program (article)

Wisconsin hunter revenues (article)

North Carolina waterfowl stamp print sale (article)

State Stamp Print History

Oregon Stamp Bill (HB 2925, 1983)

Fish & Game
BULLETIN
Volume VI, No. 3 March, 1984

Alaska Wildlife Week Scheduled April 22-28, 1984

Teachers should plan ahead to bring wildlife into their classrooms during Alaska Wildlife Week, April 22-28, 1984. This year's theme is water, wetlands, and wildlife. The 1984 Alaska Wildlife Week Education Packets will soon be mailed to all schools across Alaska. Produced by the department's Nongame Wildlife Program, Game Division, and the Public Communications Section, the 1984 education packets include a colorful poster, background information on Alaska's wetlands, interdisciplinary activities, worksheets on wetlands and wildlife for primary through high school classes, cards of wetlands' plants and animals, and more. Alaska Wildlife Week, sponsored by the department, is an annual celebration of the variety and abundance of wildlife in Alaska and a time for learning about wildlife and conservation. Community activities also are planned for Alaska Wildlife Week in some areas--check with your local ADF&G office for details. In Anchorage, there will be displays and exhibits on wetlands and wildlife, plus slide shows and video tapes on commercial fishing, sport fishing, wildlife, Project WILD, the regulatory process, predators, and other subjects. Information will be available on subsistence uses of wildlife resources and the Wildlife Safeguard Program, urban fisheries, rainbow trout, hook and release fishing, and many other topics. Some of the action will be at the Fort Richardson Hatchery Visitors' Center, April 23 to 29 from 9:00 a.m. to 4:00 p.m. Classes and talks are scheduled all week, and Fish and Game Day will be celebrated Saturday, April 28 at the Rabbit Creek Rifle Range and Potter Point State Game Refuge. For more information, call the Anchorage Fish and Game Regional Office at 344-0541.

Alaska Conversation Stamp Legislation Introduced

Bills to create an Alaska Waterfowl Conservation Stamp (duck stamp) Program have been introduced in the Alaska House of Representatives (HB 351) and Senate (SB 278). ADF&G supports such a program, according to Dan Timm, the regional game management coordinator in Anchorage. "The federal duck stamp is well known and responsible for retention and improvement of millions of acres of prime wetlands since 1934," said Timm. Revenues from sales of an Alaska state duck stamp and, possibly, art prints could be used not only to protect key Alaska wetlands, but also to improve public access, enhance habitats in important areas, manage or even create goose populations, support selected research projects, and fund other necessary management activities, he explained. "We are excited about the stamp program and consider it a true conservation bill. Even people uninterested in waterfowl could benefit by investing in stamps and art prints that rapidly rise in value," commented Timm.

WREEC Receives Award from Wildlife Federation

The nation's natural resources have deteriorated or barely held their ground over the past years, according to the National Wildlife Federation's 1984 Environmental Quality Index. According to the index, published annually since 1969, the natural resources losing ground are wildlife, soil, and living space. Remaining the same, or showing no improvement, in the past 15 years are air, water, minerals and forests. The index, published in *National Wildlife*, the NWF's bimonthly magazine, is an analysis of resource trends based on news reports, current scientific studies, and consultation with government experts, private specialists, and academic researchers. Following enactment of the National Environment Policy Act in 1969, a bipartisan effort by Republicans and Democrats produced 20 major environmental laws in 10 years. As a result, according to the index, air quality today "is remarkably cleaner in most American cities. Fish have returned to many lakes and rivers that a few years ago were devoid of life. Government and industry are now spending $50 billion a year to reduce pollution." Serious problems remain, however, including acid rain, soil erosion, toxic waste seepage, and nonpoint water pollution, according to the report.

Natural Resources Worsened or Held Their Ground Over 15 Years

The Western Regional Environmental Education Council (WREEC), representing 13 western states including Alaska, was selected to receive the 1983 National Conservation Award by the National Wildlife Federation (NWF). Selection was due mainly to the recent work done on the

(Continued on page 2)

Testimony

from Mary Bishop, SR 20145-D, Fairbanks, AK 99701 455-6151, representing self

Re: CSSB 278

To House Resources, committee meeting 3 p.m. 4/10/84

I wish to support the concept of a state waterfowl stamp and fee. And I am supportive of these funds being used for the conservation and enhancement of waterfowl as would be provided by Section 2,(b)(1) of this bill.

I do wonder, though, why people who benefit from programs which provide for the conservation and enhancement of waterfowl (Section 2 (b)(1)) but not from the provisions of Section 2 (b)(2-4) "shall" be exempt, by regulation, from the requirment for purchasing the stamp. Must the Board of Game decide which rural areas of the state benefit from (b)(1-4) and which only benefit from (b)(1-3). If this must be done, then the legislature should do it, not the Board of Game. That's passing the buck, and a very unpleasant buck it is.

I strongly recommend deleting Section 3, part (d).

SB

288

COMMITTEE REPORT

HOUSE

(9) FURTHER:

Date: MAY 21, 1984

5/17/84

The Committee on RESOURCES has had CSSB 288(Res)

"An Act relating to the Board of Fisheries."

under consideration and ~~recommends~~:

[ ] do pass [ ] do not pass

[ ] do pass with attached amendments(s)

[X] replace with CS for ~~SB 288 (RESOURCES)~~ [X] same title [ ] new title

and recommends

[ ] AND attaches a "Letter of Intent" [ ] New Fiscal Note

[ ] Zero Fiscal Note Attached

[X] reports it back without recommendation

[ ] referred to the Committee

REGUNDER

MEMBERS SIGNING DO PASS

MEMBERS HAVING OTHER RECOMMENDATIONS:

SHULTZ Dick Shultz No Rec

LARSON Richard Larson No Rec.

BUSSELL Phil Bussell Do Not Pass without Amendment

GOLL Peter Goll Do Not Pass

LISKA Alvin Liska No Rec.

COWDERY Robert Cowdery No Rec

UEHLING Jack Uehling (No Rec)

CO-CHAIRMAN

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: 5/21/84

REQUEST
Bill/Resolution No.: CSSB 288(Res)
Title: Board of Fisheries

Sponsor: Bennett
Requestor: House Resources Comm.
Date of Request: 5/18/84

FISCAL DETAIL
Agency Affected: Fish and Game
Program Category Affected: NRMEC

BRU, Program or Subprogram(s) Affected:
Boards of Fisheries and Game

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: Beverly Reaume By J.R.J. Stewart Phone: 465-4120
Division: Administration Date: 5/21/84

Approved by Commissioner: Donald Collinsworth Date: 5/21/84
Agency: Fish and Game

Distribution (by Agency preparing fiscal note):
- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

12/1/83

Alaska State Legislature
HOUSE OF REPRESENTATIVES
COMMITTEE ON RESOURCES

JOHN RINGSTAD, CO-CHAIRMAN
RICHARD SHULTZ, CO-CHAIRMAN
POUCH V
JUNEAU, ALASKA 99811
(907) 465-3715

MEMORANDUM

To: House Resources Committee members

From: Committee staff

Date: May 19, 1984

Re: SB 288

****

The intent of this legislation is to set basic guidlines for the governor to use when making future selections for the Board of Fisheries.

Those would be:

1. That there shall be members on the board from each of the judicial districts in the state.

2. That the board not have a disproportionate number of members who are commercial fishermen.

3. That the board have at least two members who are experienced sport fishermen.

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: 5/21/84

REQUEST
Bill/Resolution No.: CSSB 288(Res)
Title: Board of Fisheries

Sponsor: Bennett
Requestor: House Resources Comm.
Date of Request: 5/18/84

FISCAL DETAIL
Agency Affected: Fish and Game
Program Category Affected: NRMEC

BRU, Program or Subprogram(s) Affected:
Boards of Fisheries and Game

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: Beverly Reaume By R. Stewart Phone: 465-4120
Division: Administration Date: 5/21/84

Approved by Commissioner: Donald Collinsworth Date: 5/21/84
Agency: Fish and Game

Distribution (by Agency preparing fiscal note):
- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

12/1/83

SB

289

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: 4/23/84

REQUEST
Bill/Resolution No.: CS SB 289
Title: Firearms in State Parks

Sponsor: Sen. Bennett
Requestor: Senate Resources Comm.
Date of Request: 4/23/84

FISCAL DETAIL
Agency Affected: Natural Resources
Program Category Affected: NRM
Parks and Recreation
BRU, Program or Subprogram(s) Affected:

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY	-0-	-0-	-0-	-0-	-0-	-0-

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

No impact.

ANALYSIS: Attach a separate page for analysis

Prepared By: Carol Wilson Phone: 465-2400
Division: Commissioner's Office Date: 4/23/84
Approved by Commissioner: [illegible] Date: 4/23/84
Agency: Department of Natural Resources

Distribution (by Agency preparing fiscal note):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)

12/1/83

Alaska State Legislature
HOUSE OF REPRESENTATIVES
COMMITTEE ON RESOURCES

JOHN RINGSTAD, CO-CHAIRMAN
RICHARD SHULTZ, CO-CHAIRMAN
POUCH V
JUNEAU, ALASKA 99811
(907) 465-3715

MEMORANDUM

To: House Resources Committee Members

From: Committee Staff

Date: May 19, 1984

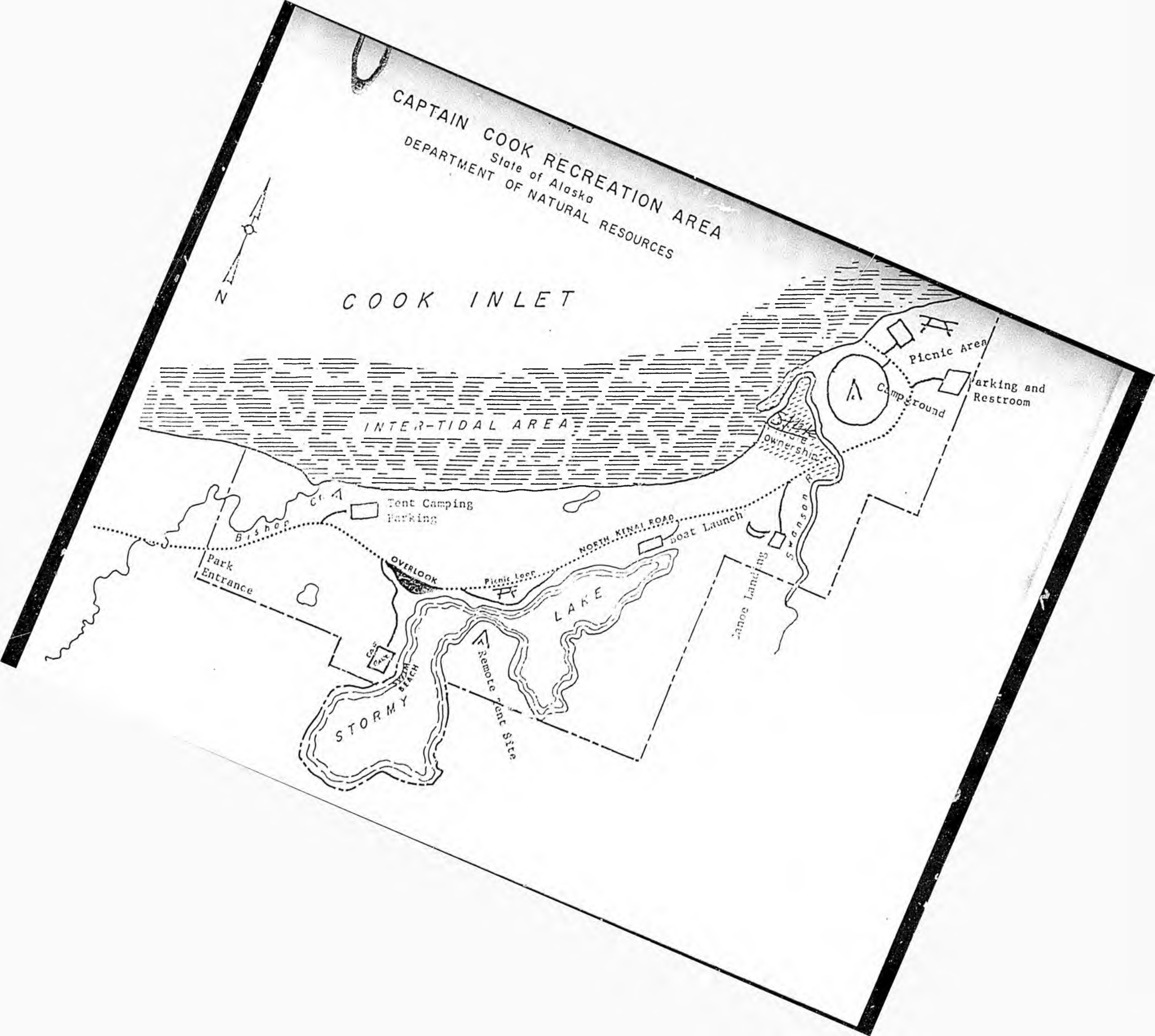
Re: SB 289 (Discharge of firearms in state parks)

****

This bill will accomplish two objectives:

1. It will make consistent the management policies of the division of parks with regard to the discharge of firearms.

2. It will make clear that the legislature intends that the only reason for disallowing the discharge of firearms in our state parks should be for the protection of the public's safety.


CAPTAIN COOK RECREATION AREA
State of Alaska
DEPARTMENT OF NATURAL RESOURCES
N
COOK INLET
INTER-TIDAL AREA
Picnic Area
Parking and Restroom
Campground
State Ownership
Tent Camping Parking
Bishop Cr.
Park Entrance
NORTH KENAI ROAD
Boat Launch
Swanson R.
OVERLOOK
Picnic Loop
LAKE
Canoe Landing
Gas Dock
STORMY BEACH
Remote Tent Site

MSG 84-00047631 PRTY 1 05/22/84 13.41:22 ORIG: LF00 IN= 0004 OUT= 0058
FROM: LYNDA/FBX TO: JNO INFO
TARGET: LJHK SUBJ: FOM

TO. REP. RINGSTAD

FROM. JOE DAVA
S.R. BOX 30202
FCO, OK 79701
8471-7659 (H)

RE. [illegible]

[illegible] YOUR SUPPORT OF SB239 FOR THE BENEFIT OF ALL THE [illegible] OF [illegible]

EOM

MSG 84-00046450 PRTY 1 05/17/84 10:40:39 ORIG: LF01 IN= 0005 OUT= 0035
FROM: ANNIE IN FAIRBANKS TO: JUNEAU INFO.
TARGET: LJRK SUBJ: POI

TO: SENATORS: BENNETT, MOSS, FAHRENKAMP
REPRESENTATIVES: DAVIS, BETTISWORTH, KOPONEN, M.W.MILLER, RINGSTAD

FROM: SHARON MCLEOD
BOX 81215
FAIRBANKS 99708
HOME 456-1606

RE. SB289 HUNTING IN STATE PARKS

I SUPPORT SB 289.

****** **********

MSG 84-00046567 PRTY : 05/17/84 13:24:22 ORIG: LF01 IN= 0073 OUT= 0072
FROM: ANNIE IN FAIRBANKS TO: JUNEAU INFO.
TARGET: LBK SUBJ: PGM 9

TO: SENATORS BENNETT, FAIRBANKAMP, GOSS
REPRESENTATIVES: RINGSTAD, GETTISWORTH, DAVIS, KOPCHEK, AND R.W.MILLER

FROM: HOWARD KOENIG
[illegible] LORENZ STREET
FAIRBANKS 99701
[illegible] 452-2465

RE: SB289 HUNTING IN STATE PARKS

I AM IN FAVOR OF SB289

John - Please draft a little letter to these folks telling them we strengthened 289 and passed it on to J. Fuller in Rules. Thanks. DAVE

MSG 84-00046426 PRTY 1 05/17/84 09:59:35 ORIG: LF01 IN= 0004 OUT= 0026
FROM: ANNIE IN FAIRBANKS TO: JUNEAU INFO.
TARGET: LJHK SUBJ: FOM 9

TO: REPRESENTATIVES: DAVIS, KOPONEN, BETTISWORTH, RINGSTAD, M.W.MILLER
SENATORS: HOGS, FAHRENKAMP, AND BENNETT

FROM: MARY BISHOP
S. R. 2, 1555 GUS'S GRIND
FAIRBANKS 99701
HOME 455-6151

RE SB289

PLEASE SUPPORT SB289 WHICH ALLOWS FOR THE DISCHARGE OF FIREARMS IN OUR LARGER STATE PARKS. MUCH OF THE 254,000 ACRE CHENA REC. AREA IS ESPECIALLY SUITABLE FOR TRAPPING AND HUNTING OF CERTAIN GAME SPECIES. HABITAT PROTECTION IS IMPORTANT BUT D2 GAVE US ENOUGH LARGE NO HUNTING AREAS.

MSG 84-00046793 PRIT 1 05/18/84 09:39:56 ORIG: LF01 IN= 0004 OUT= 0026
FROM: TRACIE/FBX TO: JNU INFO
TARGET LJHK SUBJ: POM 5

TO: REPS RINGSTAD, DAVIS, KOPSNER, BETTISWORTH

CC: INTERIOR WILDLIFE ASSN
DICK BURLEY
311 SLATER STREET
FBX, 99701
452-3708

RE: DISCHARGE OF FIREARMS/PARK AND RECREATION AREAS

MSG: REQUEST OUR SUPPORT ON PASSAGE OF SB289 IN THE HOUSE. WE DO NOT NEED ANY MORE D2 STYLE LAND IN ALASKA WHICH WILL NOT ALLOW HUNTING.

---EOM

MSG 81-06-46955 PRTY 1 05/13/04 13:54:44 ORIG: LT00 IN# 0065 OUT# 0071
FROM: MANTE IN FAIRBANKS TO: JUNEAU INFO.
TARGET: LJRK SUBJ: POM

TO: REPRESENTATIVES: BETTISWORTH, RINGSTAD, DAVIS, KOPOREN, N.W.MILLER
SENATORS: MOSS, FAHRENKAMP, AND BENNETT

FROM: JUDLE BEARD
P.O. BOX 20950
FAIRBANKS 99701
HOME 479-3640

RE: SB289 HUNTING IN STATE PARKS

PLEASE GIVE YOUR SUPPORT TO SB289. HUNTING IN THE PARKS CAN BE REGULATED BY FISH AND GAME ADEQUATELY. PLEASE DON'T RESTRICT HUNTING ANYMORE THAN IS ABSOLUTELY NECESSARY.

****

MSG 84-00545610 PRTY 1 05/17/84 15:17:53 ORIG: LF01 IN= 0002 OUT= 0003
FROM: PAUL SYKES TO: JNU INFO
TARGET: LINK SUBJ: POM

TO REPS DAVIS, BETTISWORTH, KOPONEN, RINGSTAD, G.M. HELLER
JEAN BENNETT, FAHRENKAMP, HUSS

FROM: DONA C. WOOD
P.O. BOX 81102
FAIRBANKS, AK, 99708
907-479-4 EXT 207 488-0304-H

RE: HB 289, STATE PARKS HUNTING

MSG: I AM DEFINITELY IN FAVOR OF THIS SENATE BILL. I KNOW MANY MORE PEOPLE WHO ARE ALSO IN FAVOR OF IT. ----------END

10

MSG: MOBILE RESOURCES
KEYS RESTORED, SHOULD, DENLINE, CONVERT, BUSWELL, LAKA, VACKA,
GEAL, LORDON

FROM: BILL HUBER
234 KAUFMAN LANE
FAIRBANKS, AK, 99701
463-2624-H 456-2001-W

RE: ZE 289, FIREARMS/PARKS

MSG: I STRONGLY ENDORSE ZB 289. PLEASE PASS THIS LEGISLATION INTO LAW.

---EOM

FROM: CURTIS MAZINGELL
P.O. BOX 75578
FAIRBANKS, AK, 99707
479-2922-H 456-2001-W

RE: ZB 289, FIREARMS/PARKS

MSG: I STRONGLY SUPPORT PASSAGE OF THIS BILL. THANK YOU.

---EOM

FROM: JAMES WHITTINGTON
P.O. BOX 810
BARROW, ALASKA 99723
852-6700

RE: CSSB-289(FLD) AM.

MSG: I HOPE A 4TH VOTE IMPRESSE IN (SSB-289(FLD)) AM. D. PASSED IN THE SENATE.
I AM VERY, MUCH IN FAVOR OF THIS BILL.

MSG: YOU FOR YOUR CONSIDERATION.

FROM: PAMELA A HUMPHRY
2341 HOOVER ROAD
FAIRBANKS, AK, 99709
928-6113-H 456-2001-W

RE: CSSB 289, RESTRICTED OF FIREARMS PARKS.

MSG: I AM DEEPLY IN FAVOR OF THE BILL PROHIBITING THE INTERCEPTED USAGE
OF THE ARMS PROVIDED BY A PARTICULAR MANNER BY ALASKANS.

---EOM

SB

297

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date:

REQUEST
Bill/Resolution No.: SB 297
Title: land clearing account in the ARLF
Sponsor: Moss
Requestor:
Date of Request:

FISCAL DETAIL
Agency Affected: Natural Resources
Program Category Affected: Agriculture Management
BRU, Program or Subprogram(s) Affected: Agriculture Revolving Loan Fund

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME	-0-	-0-	-0-	-0-	-0-	-0-
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: Sharon Barton Phone: 465-2400
Division: Commissioner's Office Date: 3-15-84

MH Approved by Commissioner: [illegible] Date: 3-15-84
Agency: Department of Natural Resources

Distribution (by Agency preparing fiscal note):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)

12/1/83

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: 4/25/84

REQUEST
Bill/Resolution No.: SB 297
Title: Establishing a Land Clearing Loan Account in ARLF
Sponsor: Moss
Requestor:
Date of Request:

FISCAL DETAIL
Agency Affected: DNR
Program Category Affected: NRMEC
BRU, Program or Subprogram(s) Affected: Agriculture

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING		39.5	39.5	39.5	39.5	39.5
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING		39.5	39.5	39.5	39.5	39.5
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND		39.5	39.5	39.5	39.5	39.5
FEDERAL FUNDS						
OTHER						
TOTAL		39.5	39.5	39.5	39.5	39.5

POSITIONS:

FULL-TIME		1	1	1	1	1
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: Dean Brown
Phone:
Division: Agriculture
Date: 4/25/84

Approved by Commissioner: Norman D Arnold
Date: 4/25/84
Agency: Natural Resources

Distribution (by Agency preparing fiscal note):
- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

12/1/83

DNR FISCAL BACKUP FOR
SB 297 (Land clearing loans)

The Department will assume a new load of land clearing loans (about $16 million worth at Delta I, Delta II, and Pt. McKenzie) and other loans (livestock facilities and Seward grain terminal) from the Department of Commerce, which has administered these loans for the Alaska Agricultural Action Council for the past year.

The first clearing loan repayments will be due this year, but there are no staff associated with the program to administer loan collection and repayment. (There are staff for loan compliance and review.) Without additional staff for loan collection, the Division of Agriculture/ARLF will face difficulty in collecting on the loans. The lack of staff may even cause the State to be late or remiss in its loan collection.

Costs after FY 86 are conditional upon the passage of SB 298, which would create a revolving loan fund in the clearing loan account.

Costs:

line 100	Loan Examiner I	39.5	(Range 15)

SENATE LETTER OF INTENT
SB 297

If the Legislature passes SSSB 47, which provides a three-year moratorium for repayment of land clearing loans by loanholders who meet certain criteria, the existing fiscal note for SB 297 (showing 39.5 for a loan examiner) will not be necessary at this time.

Adopted by the Senate May 18, 1984

SB

301

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date 4/9/84

REQUEST
Bill/Resolution No: CSSB 301 (Resources)
Title: Establishing a furbearer management fund and effective date
Sponsor: Fahrenkamp
Requestor: Senate Finance
Date of Request: 3/19/84

FISCAL DETAIL
Agency Affected: Revenue
Program Category Affected: Revenue Collection & Management
BRU, Program or Subprogram(s) Affected: Public Services Division BRU

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES	-	-	-	-	-	-
200 TRAVEL	-	-	-	-	-	-
300 CONTRACTUAL	-	6.0	-	-	-	-
400 SUPPLIES	-	-	-	-	-	-
500 EQUIPMENT	-	-	-	-	-	-
600 LANDS & STRUCTURES	-	-	-	-	-	-
700 GRANTS, CLAIMS	-	-	-	-	-	-
800 MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	- 0 -	6.0	- 0 -	- 0 -	- 0 -	- 0 -
CAPITAL	-	-	-	-	-	-
REVENUE *	- 0 -	15.3	29.9	29.1	28.3	27.5

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	6.0	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
TOTAL	-	6.0	-	-	-	-

POSITIONS:

FULL-TIME	-	-	-	-	-	-
PART-TIME	-	-	-	-	-	-
TEMPORARY	-	-	-	-	-	-

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

* Fish & Game Fund

ANALYSIS: Attached.

Prepared By: Martin J. Richard
Phone: 465-2392
Division: Public Services Division
Date: 4/9/84

Approved by Commissioner:
Date:
Agency: Department of Revenue

Distribution (by Agency preparing fiscal note):
- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

APR 2 1984

CSSB 301 (Resources) Analysis
Public Services Division BRU

This bill would create a furbearer management account within the Fish and Game Fund from fees collected for resident trapping licenses. Revenue estimates are based on additional revenue accruing to the Fish and Game Fund from the price increase in resident trapping licenses minus the 5% license officer commission per AS 16.05.390. In addition to this, the fees for resident trapping licenses currently dedicated to the Game Management Account will be transferred to the new Furbearer Management Account. The following chart shows FY 1985 estimated revenue by license class for the proposed price increase as well as current funds that would be transferred from game management to furbearer management (Please see the explanation under # 3 below for additional losses to the game management account.) Because of the January 1, 1985, effective date, FY 1985 sales are for six months only.

	Estimated Licenses Sold	Trapping Lic. Increase $ 7.00	Game Management Decrease $ 3.00	Total $ Furbearer
Class 3A	1,254	$ 8,340	$ 3,574	$ 11,914
Class 3B	558	3,711	1,591	5,302
Class 5	500	3 325	1,425	4,750
TOTAL	2,312	$ 15,376	$ 6,590	$ 21,966

Sales estimates for the three classes of resident trapping licenses are based on the following sales records and assumptions:

1. AS 16.05.340(a)(3) Class 3A Resident hunting and trapping license

   There has been an average increase in sales since FY 1981 of 28 licenses per year. Sales in the base year, FY 1983, were 2,480 licenses.

2. AS 16.05.340(a)(4) Class 3B Resident trapping license

   There has been an average decrease in sales since FY 1981 of 149 licenses per year. Sales in the base year, FY 1983, were 1,264.

3. AS 16.05.340(a)(6) Class 5 Resident hunting, trapping and sport fishing license

   In the base year, FY 1983, 13,512 people purchased the combination hunting, trapping, and sport fishing license for $ 25.00. It is assumed that the majority of these people are not trapping but voluntarily pay the extra $ 3.00 for the trapping portion of this license. It is estimated that with the proposed price increase, the sales of this license will drop to 1,000 each year. The other 12,500 licensees will purchase the Class 4, Resident hunting and sport fishing license instead of the Class 5 license. This will result in an additional loss to the game management fund of $ 35,625.00 per year (12,500 licenses X $ 3.00 for current trapping license minus 5% commission.)

ESTIMATED COSTS

Statistical reports and the distribution of receipts to the Sport Fish, Game, and General Funds are done by computer. This bill would require that a new Furbearer Management account be added to the existing programs for distributions and reports. This will require work beyond the regular maintenance of these programs, and will necessitate contracting with someone to update the programs.

Contractual Services	$ 6,000
TOTAL PUBLIC SERVICES DIVISION COSTS	$ 6,000

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: 3/12/84

REQUEST
Bill/Resolution No.: CSSB301
Title: Furbearer Management

Sponsor: Senate Resources Committee
Requestor: Senate Resources
Date of Request: March 12, 1984

FISCAL DETAIL
Agency Affected: Fish and Game
Program Category Affected: NRMEC

BRU, Program or Subprogram(s) Affected:
Game

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING						
CAPITAL						
REVENUE (Fish and Game Fund)	0	66.5	140.0	147.0	154.0	161.0

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: Beverly Reaume
Division: Administration
Phone: 465-4120
Date: March 12, 1984

Approved by Commissioner:
Agency: Fish and Game
Date:

Distribution (by Agency preparing fiscal note):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)

12/1/83

Fiscal Note

CSSB301 (Resources)

Assumptions

January 1, 1985, effective date

Approximately 17,000 trapping licenses sold in 1983. Continued increase of trapping licenses sold by approximately 1,000 annually.

BILL SHEFFIELD, GOVERNOR

REPLY TO:

☐ 1031 W 4th AVENUE
SUITE 200
ANCHORAGE, ALASKA 99501
PHONE: (907) 276-3550

☐ 1st NATIONAL CENTER
100 CUSHMAN ST.
SUITE 400
FAIRBANKS, ALASKA 99701
PHONE: (907) 452-1568

☑ POUCH K · STATE CAPITOL
JUNEAU, ALASKA 99811
PHONE: (907) 465-3600

DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

March 29, 1984

The Honorable Bettye Fahrenkamp
Chairperson, Senate Resources Committee
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Re: CSSB 301 (RES)(Furbearer Management Act)

Dear Senator Fahrenkamp:

This letter is in response to your office's oral request for advice as to the constitutionality of CSSB 301, relating to furbearer management and increasing related license fees. The only constitutional issue raised by this bill is whether it violates article IX, section 7, of the Alaska Constitution, which prohibits dedicated funds under certain circumstances. Our analysis for this bill is substantially similar to the analysis we provided your office on CSSB 278, relating to the Waterfowl Stamp Act.

Article IX, section 7, of the Alaska Constitution provides as follows:

> The proceeds of any state tax or license shall not be dedicated to any special purpose, except as provided in section 15 of this Article or when required by the federal government for state participation in federal programs. This provision shall not prohibit the continuance of any dedication for special purposes existing upon the date of ratification of this section by the people of Alaska.

Upon reviewing CSSB 301, we conclude that it is constitutional as drafted.

The Alaska Constitution specifically excepts from the prohibition against dedicated funds any dedication of funds required by the federal government as a condition to the state participating in a federal program. The Pittman-Robertson Act, 16 U.S.C. §§ 669-669i, establishes a federal program under which states may receive money for the restoration of wildlife. As a condition to participating in this program, the Act requires the

state to pass a law prohibiting the diversion of license fees paid by hunters for any other purposes than restoring wildlife and administering the Fish and Game Department. A regulation promulgated under the Pittman-Robertson Act provides that only those licenses that are for the "express purpose of permitting the holder to hunt or fish for sport or recreation" may be used as the basis for matching funds under the Act. 50 C.F.R. § 80.10(c)(1). This means that the only fees that must be dedicated by law in order for Alaska to participate in programs under the Pittman-Robertson Act, and therefore may be dedicated under the state constitution, are those fees expressly required by the state to be paid for the privilege of hunting or fishing for sport or recreation.

Alaska's trapping licenses are not expressly for the purpose of permitting the holder to hunt for sport or recreation, because the license may also be used for commercial trapping. Accordingly, Alaska's trapping licenses do not qualify the state for participation in programs under the Pittman-Robertson Act, by a literal application of 50 C.F.R. § 80.10(c)(1). Nonetheless, the United States Fish and Wildlife Service has concluded that Alaska's trapping licenses do qualify for participation, even though they are not for the express purpose of permitting the holder to hunt for sport or recreation, because of Alaska's unique definition of "trapping." "Trapping" does not refer to the means used to capture the animal, but instead refers to the type of animal taken, i.e., whether or not it is a furbearing animal. 5 AAC 84.050 -- 5 AAC 84.060.

Inasmuch as the federal government will allow Alaska to participate in matching fund wildlife restoration programs if Alaska in turn will dedicate the funds received from the sale of trapping licenses, this dedication of funds is permissible under the Alaska Constitution. We therefore conclude that CSSB 301 does not present any constitutional problems. If you have any questions regarding this, please do not hesitate to contact us.

Sincerely,

NORMAN C. GORSUCH
ATTORNEY GENERAL

By: Margot O. Knuth
Margot O. Knuth
Assistant Attorney General

MOK:dlm

cc: Arthur H. Peterson
Assistant Attorney General

STATE OF ALASKA
THE LEGISLATURE

POUCH Y STATE CAPITOL
JUNEAU, ALASKA 99811
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM March 13, 1984

SUBJECT: Dedicated funds
(CSSB 301 (Res))

TO: Senator Bettye Fahrenkamp
Chairman, Resources Committee

FROM: Richard C. Folta
Legislative Counsel

It is our opinion that the CS SB 301 dedication of resident trapping license fees to a furbearer management account within the fish and game fund under AS 16.05.100 is compatible with the Alaska Constitution. Article IX, Section 7 allows dedicated funds when required by the federal government for state participation in federal programs.

Dedication of proceeds of Alaska fishing and hunting licenses for the operation of the Department of Fish and Game is required by federal law for participation in wildlife restoration funding in 16 U.S.C. 669. The federal Act's purpose is to insure the perpetuation of wildlife resources for the economic, scientific, and recreational enrichment of the people, which is on all fours with the purpose of the furbearer account to be established under CSSB 301. (See also page 21 of the November 30, 1982 formal Attorney General's opinion on the Fish and Game dedicated fund.)

RCF:ojb
J4/074

Editor's notes. — As to legislative intent, see § 1, ch. 151, SLA 1978, in the 1978 Temporary and Special Acts and Resolves.

Legislative history reports. — For report on ch. 151, SLA 1978 (SB 960), see 1978 House Journal, p. 1154.

Sec. 16.05.110. Composition of fund. The fish and game fund shall be made up of the following money and other money the legislature appropriates, which shall be deposited and retained in the fund until expended:

(1) money received from the sale of state sport fishing, hunting, and trapping licenses and special permits;

(2) proceeds received from the sale of furs, skins and specimens taken by predator hunters and other employees;

(3) money received in settlement of a claim or loss caused by damage to the fish and game resources of the state;

(4) money received from federal, state, or other governmental unit, or from a private donor for fish and game purposes;

(5) interest earned upon money in the fund;

(6) money from any other source. (§ 17 art I ch 94 SLA 1959; am § 1 ch 41 SLA 1979)

Effect of amendments. — The 1979 amendment substituted "state sport fishing, hunting, and trapping licenses" for "state sport fishing and hunting licenses" in paragraph (1).

Sec. 16.05.130. Diversion of funds prohibited. No funds accruing to the state from sport fishing, hunting, and trapping licenses or permit fees may be diverted to a purpose other than the protection, propagation, investigation, and restoration of sport fish and game resources and the expenses of administering of the sport fish and game divisions of the department. (§ 18 art I ch 94 SLA 1959; am § 2 ch 41 SLA 1979)

Effect of amendments. — The 1979 amendment substituted "sport fishing, hunting, and trapping licenses" for "sport fishing and hunting licenses."

Sec. 16.05.150. Enforcement authority.

Opinions of attorney general. — There is no provision in the Alaska Statutes or the Alaska Constitution which would operate to deprive the commissioner of fish and game of his authority to deputize peace officers under this section. However there is nothing to prevent the governor, as a matter of state policy, from subjecting Department of Fish and Game personnel to the qualifications and standards adopted by the Alaska Police Standards Council under AS 18.65.130 — 18.65.290 or from otherwise limiting the commissioner's deputization power. March 29, 1977, Op. Att'y Gen.

Employees of the department and other persons authorized by the commissioner of fish and game to act as peace officers under this section do not thereby acquire general peace officer authority to enforce all other state criminal laws, except where in enforcing this chapter and regulations promulgated thereunder, circumstances necessitate the exercise of additional law enforcement authority and then only to the extent necessary to enforce that chap-

ALASKA TRAPPERS ASSOCIATION
P.O. BOX 60418
FAIRBANKS, ALASKA 99706

March 10, 1983

The Honorable Betty Fahrenkamp
Senator
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Senator Fahrenkamp:

As you know, the Alaska Trappers Association is vitally interested in establishing a Comprehensive Statewide Fur Bearer Management Program and we are willing to help pay the costs of the program.

At our monthly meeting, on March 1, 1983 (with 60 members present), we unanimously passed a resolution to increase the license fees for resident trapping license to $10.00. That is an increase of over 300 percent, but as long as the funds help go toward a program that will benefit fur bearers, and help trappers get the best value for their pelts, we feel it is worth it!

We realize you can not ear mark funds, but feel if the funds are placed in the budget and everyone understands that the purpose of the license increase is to ensure a fur bearer management program, perhaps it will get to the right place. Hopefully you can help us to ensure the funds go toward the intended goal.

The program will be very beneficial to rural areas as well as to those of us who trap from town, and should gain wide support.

We would like to ask you to sponsor legislation for a license increase and hopefully get the entire Fairbanks delegation and any other legislators to co-sponsor, or support it. It is important that we do not get in a fight with other user groups; commercial fishermen, hunters, etc., and hope you can keep others from getting on the license increase bandwagon.

Thanks to your support in the past and that of other Fairbanks legislators, the State's renewable fur resources are beginning to receive proper attention, and our outfit has grown to over 900 members. I reckon that make us the largest active sportsmen/conservation organization in Alaska today. We will ask Representative Robert Bettisworth and Senator Don Bennett to work with us in the House and Senate.

Naturally we will provide you with a detailed outline of our program and will be available at any time to offer assistance, as you suggest we should.

On behalf of the entire membership, and particularly the board I offer our sincere appreciation.

Sincerely,

Al Jones, President

On behalf of Board Members: Norm Phillips, Ron Long, Steve Titus, Jon Gleason, Larry Voorhees, Elaine Long, Gerry Nyse.

cc: Fairbanks House Delegation

Alaska State Legislature
HOUSE OF REPRESENTATIVES
COMMITTEE ON RESOURCES

JOHN RINGSTAD, CO-CHAIRMAN
RICHARD SHULTZ, CO-CHAIRMAN
POUCH V
JUNEAU, ALASKA 99811
(907) 465-3715

M E M O R A N D U M

TO: Representative John Ringstad

FROM: Committee Staff

DATE: April 25, 1984

RE: Analysis on CS SB 301, an Act relating of furbearer management

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HISTORY.

Requested by the Alaska Trappers Association. Supported by all who testified at Senate Resources meeting March 12. Passed from Senate Resources April 16 with five do-passes. Was waived by Senate Finance on April 16. Passed Senate 13-03-04 on April 24.

Current statutes allow revenues from sale of trapping licenses (and fish and hunting licenses) to be constitutionally dedicated to the Fish and Game Fund. Dedication of wildlife-generated revenues is required by federal law in order to receive Pittman-Robertson matching funds. Funds are used for restoring wildlife and administering the Fish and Game Department.

WHAT THE BILL WILL DO.

Would establish a Furbearer Management Account within the Fish and Game Fund. Funds would be used for:

- enhancement of the furbearer population;
- increase productivity of furbearer habitats;
- provide for furbearer research; and
- help to educate trappers.

To provide adequate revenue, increases in trapping license fees will be $7.00, as requested by the AK Trappers Association.

- from $3 to $10 for a simple trapping license
- from $15 to $22 for a combination hunting/trapping license
- from $25 to $32 for hunt/trap/fish license

SECTIONAL ANALYSIS.

Section 1. Makes technical changes allowing reference to the new sub-section (b), exempting subsection (b) from subsection (a). The effect of is action is to set up within the Fish & Game Fund a separate Furbearer Fund.

Section 2. Creates a new subsection (b), which creates within the Fish & Game Fund a fund used for furbearer management. Funds for this account come from revenue earned from the sale of trapping licenses.

Section 3. Raises the fees for wildlife licenses.

- Hunting & Trapping from $15 to $22, a change of $7,
- Trapping from $3 to $10, a change of $7, and
- Hunting, trapping, fishing license from $25 to $32.

Section 4. Effective date clause, the act takes effect Jan. 1, 1985.

SB

322

Official Business

Alaska State Legislature
House Resources Committee
SIGN-IN

APRIL 16, 1984

SB 322
AG. LOAN BD.

NAME	ADDRESS	PHONE	REPRESENTING
RICHARD RAMSEY	SENATOR KERTTULA'S		OFFICE
CAROL WILSON	DNR		

SB 322: Justification

This bill would expand the Agriculture Revolving Loan Fund (ARLF) board from 5 to 7 members. One of the particularly important characteristics of the ARLF board is the members know the specific needs of the agriculture areas of the state. Growing condition, frost dates, and clearing costs all vary across Alaska. The present board members know the variable conditions confronting producers and are often personally familiar with the loan applications. This may be viewed as one of the positive aspects of the ARLF.

The ARLF is expanding in several ways. More activities are coming under the administration of the ARLF. A larger loan fund board will enable the members to represent, with some expertise, the increasing activities which have been acknowledged as agricultural including, but not limited to, fur farming and horticulture, which are included in a bill moving through the legislature this session.

The corpus of the loan fund has increased significantly since its establishment in 1953 through the creation of the board to manage the fund in the 1960's with $200,000 to $75 million, today. In all probability, the Department of Natural Resources will ask the Legislature to again raise the limit on the ARLF to $100 million.

The expansion of the board is also warranted to obtain a better statewide representation. At present, only one of the five members comes from north of the Alaska Range, yet 55% of the funds loaned go to this area.

SB

336

Alaska State Legislature

House of Representatives

Official Business

Pouch V
State Capitol
Juneau, Alaska 99811

M E M O R A N D U M

TO: House Resource Committee members

FROM: Committee Staff

DATE: May 10, 1984

RE: CSSB 336(Res) An Act relating to federal crop insurance

On monday, May 14, the House Resources Committee will be hearing CSSB 336(Res). What follows is a sectional analysis.

Section 1 Amends AS 03.10.030(c) by placing a condition on the applicant. Applicants who apply for a short term loan under the agricultural revolving loan fund may be required to purchase insurance through the Federal Crop Insurance Act.

Section 2 Requires that the State shall enter into agreement with the Federal Crop Insurance Corporation. Requires that the State pay to the Federal Crop Insurance Corporation a part of the premiums paid by the farmers. Requires that 30% of each producer's premium, on coverage of up to 65% of the appraised average yield, shall be paid by the State.

Section 3 Effective date clause, the act takes place Immediately.

BACKGROUND

The Federal Crop Insurance Program provides risk protection for crop producers nationwide. The program protects against losses from natural disasters, freeze, wind, disease, drought, excess moisture and animal damage. It covers barley, oats, potatoes, forage, and nearly 30 other major crops.

Insurance coverage is limited to a percentage of the guaranteed yield. (65%) The guaranteed yield is based on average historical yields. Indemnities that are paid are equal to the difference between the farmer's actual yield and his guaranteed yield. The settlement price, or the dollar amount that will be paid on the product that is not harvestable, is limited to 90% of the estimated harvest price.

Coverage of the Delta farmer's barley crop began with the 1981 crop year. During 1983, approximately 75% of the 12,000 Delta barley acres were insured, at an average insurance cost of $12 per acre.

Under the program, the federal government subsidizes 30% of the farmer's premium payment, on coverage of up to 65% of the farm's average yield. The State's 30% premium payment will be over and above the federal contribution. The farmer would pay only 40% of his premium payment.

The Division of Agriculture, Department of Natural Resources, estimates the cost to the State for its participation at $140,000 for FY 85 (for the 1984 and 1985 crop years), $80,000 for FY 86, and $90,000 for FY 87. These figures are based on a total premium of $12 per acre, with the State's share figured at $4 per share.

To date, Texas is the only other State to have introduced legislation that would authorize State participation in the Federal Crop Insurance Program.

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

FEB 24 1984

Revision Date: 1-26-84

REQUEST
Bill/Resolution No.: CS SB 336 (R
Title: Crop insurance

Sponsor: Moss
Requestor:
Date of Request: 1-26-84

FISCAL DETAIL
Agency Affected: Dept. of Natural Resources
Program Category Affected: Agriculture Management
BRU, Program or Subprogram(s) Affected: Agriculture Management

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL			80.0	90.0		
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-*	80.0	90.0		
CAPITAL	-0-	-0-	-0-	-0-		
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	-0-*	80.0	90.0		
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME	-0-	-0-	-0-	-0-		
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

* FY 85 funding ($140.0) appears in the Governor's budget.

ANALYSIS: Attach a separate page for analysis

Prepared By: Sharon L. Barton Phone: 465-2400
Division: Commissioner's Office Date: 2-21-84

Approved by Commissioner: [illegible] Dept. Comm. Date: 2-21-84
Agency: Department of Natural Resources

Distribution (by Agency preparing fiscal note):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)

12/1/83

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date:

REQUEST
Bill/Resolution No.: SB 336
Title: State contributions to the Federal Crop Ins. Prog.
Sponsor: Moss
Requestor:
Date of Request: 1-9-84

FISCAL DETAIL
Agency Affected: Department of Natural Res
Program Category Affected: Ag Management
BRU, Program or Subprogram(s) Affected: Agricultural Management

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL	140.0	80.0	90.0			
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING	140.0	80.0	90.0			
CAPITAL	-0-	-0-	-0-			
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND	140.0	80.0	90.0			
FEDERAL FUNDS						
OTHER						
TOTAL	140.0	80.0	90.0			

POSITIONS

FULL-TIME						
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: Bill Heim, Director Phone: 376-3276
Division: Agriculture Date: 1-19-84

Approved by Commissioner: [illegible] D Arnet, Deputy Date: 1-20-84
Agency: Department of Natural Resources

Distribution (by Agency preparing fiscal note):
- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

12/1/83

SENATE SPECIAL COMMITTEE ON AGRICULTURE
Senator H. Pappy Moss, Chairman

SENATE BILL 336 "An Act relating to federal crop insurance; and providing for an effective date."

Federal crop insurance protects farmers against losses due to adverse weather conditions, insect infestation, plant disease and other natural disasters. Currently, the federal government subsidizes the cost of federal crop insurance to the farmer by 30%. Senate Bill 336 provides for the state to further subsidize the federal crop insurance premium up to another 30%.

Senate Bill 336 also requires that an applicant for a short term loan may be required to purchase insurance through the federal crop insurance program as a condition of obtaining a loan. Federal crop insurance protection adds guarantees that farmers in the state will be able to meet loan repayment obligations and to pay cash costs even when crops fail.

The Department of Natural Resources has projected a cost of $140,000 for the first two years of participation in the Federal Crop Insurance program. This amount appears in the Governor's budget for FY 85. For FY 86 and FY 87, the expenditures would be 80 and 90 thousand dollars respectively, and would come from the general fund. The FCIC pays all administration costs of the program.

The federal crop insurance program will protect the farmer against low crop yields and will protect the state's investment in agriculture by providing a means for farmers to repay their state loans even in bad crop years. The passage of SB 336 should lead to greater participation by Alaska producers in the federal Crop insurance program.

SENATE SPECIAL COMMITTEE ON AGRICULTURE
Senator H. Pappy Moss, Chairman

NOTES ON SENATE BILL 336 "An Act relating to federal crop insurance; and providing for an effective date."

What is Federal Crop Insurance?

Federal Crop Insurance is offered to farmers of this nation to promote the national welfare by improving the economic stability of agriculture through a sound system of crop insurance. Since 1980, when the FCIC expanded the availability and coverage of crop insurance, the program has grown significantly. Federal crop insurance protects against losses due to adverse weather conditions, insect infestation, plant disease and other natural disasters.

What Will Senate Bill 336 Do?

Currently, the Federal government subsidizes the cost of Federal Crop insurance to the farmer by 30%. Senate Bill 336 provides for the state to further subsidize the Federal Crop insurance premium up to another 30%.

SB 336 also requires that an applicant for a short term loan may be required to purchase insurance through the Federal Crop Insurance Program as a condition of loan. Farmers are not alone in suffering financial loss when crop disaster strikes. Crop insurance will also help protect creditors, lending institutions, businesses supplying agricultural needs and the entire community from risks associated with crop disasters.

Nation wide, more lenders are requiring crop insurance as a condition for farm operating loans because such insurance helps protect their investment in agriculture.

What Is The Benefit To The State?

Federal Crop Insurance protection adds guarantees that farmers in the state will be able to meet loan repayment obligations and to pay cash costs even when crops fail. Farmers participating in the program are assured of recovering, at a minimum, the lost capital they must have in order to continue farming--to buy the seed, fuel, and fertilizer that are required to assure the next year's crop.

Currently the Alaska Revolving Loan Fund will cover operating costs, but not insurance. SB 336, helping the farmer with an additional premium subsidy, helps protect the farmer, and the state's investment in agriculture, against both area and individual disasters.

What Is The Cost To The State?

The Department of Natural Resources has projected a cost of $140,000.00 for the first two years of participation in the Federal Crop Insurance program. This amount appears in the Governor's budget for FY '85. For FY 86 and FY 87, the expenditures would be 80 and 90 thousand dollars respectively, and would come from the general fund.

The State contribution need not be seen totally as a subsidy. This form of insurance may partially replace other public safety nets by providing insurance premiums in lieu of reimbursement to farmers for damage by wildlife, etc.

The FCIC will work with the state of Alaska to minimize administrative expenses to the state. Those that are incurred will be low, and related only to the preparation and transmission of payments by the state to FCIC on the behalf of Alaska producers.

How Will The Program Work?

The FCIC is encouraging participation by Alaskan farmers. It has expanded its program for Alaska beyond barley, to include wheat and oats, and will soon include potatoes among the crops covered by this protection.

Each farmer may select the percent of average yield he would like to have guaranteed and the price he would like to be paid for his deficiency if he falls below the guaranteed level. Depending on his selection, a federally subsidized premium is established which he must pay. There are three different levels that a farmer may choose from in selecting a coverage rate (50, 65, and 75 %). There are also three different price election rates ($2.00, 2.25, and 2.60). Federal legislation now permits the State to pay a matching subsidy, up to 30%.

Justification

The Federal Crop Insurance Program will insure a farmer against low crop yields rather than low price. In Alaska, this program will help protect against mid-summer frosts, early rain during harvest, and bison damage to barley, which has occurred in the past. Even after a year without disaster, farmers face an everpresent concern for the next crop year. In this sense, FCIC and the State of Alaska can help to provide Alaskan agriculture with more than just business security.

The passage of SB 336 should lead to greater participation by Alaska producers in the Federal Crop Insurance program. The needs of producers for risk protection will be better met. This increased protection will have a beneficial impact on other segments of the economy whose viability depends on a healthy agriculture, helping to stabilize the economic activity of local communities and strengthen the surrounding rural economy, and, to a lesser degree, the urban economy.

Senator Vic Fischer (907) 465-4954
Alaska State Legislature
Pouch V • Juneau, Alaska 99811 • (907) 465-4954

MEMORANDUM

May 2, 1984

TO: Members, Senate Finance Committee
FROM: Senator Vic Fischer

RE: CSSB 336 (Res) An act relating to federal crop insurance; effective date.

The purpose of SB 336 is to support Alaska agriculture by subsidizing farmers' premiums paid to the Federal Crop Insurance Program. A secondary purpose is to protect the state's investment in agriculture by providing insurance coverage of crops supported by Agriculture Revolving Loan Fund loans.

The federal government now will pay 30% of a farmer's crop insurance. Under this program the state will pay an additional 30%, leaving 40% to be paid by the individual farmers.

Virtually all of the administrative costs of the program are paid by the federal government. All of the costs of working with the individual farmers are covered. The only expense left for the state is that of making one lump-sum payment to the Federal Crop Insurance Corporation.

Section 1 provides that the Ag Revolving Loan Fund may require crop insurance as a condition of a loan.

Section 2 establishes the program:
- Agreement with Federal Crop Insurance Corporation
- Amount of contributions (matches feds contribution)
- Limitations on state subsidy (30% of premiums)
- Provides for appropriations from general fund; allocation on first come basis
- Definitions

Section 3 provides an immediate effective date.

The fiscal note is zero for FY 85 and 80.0 per year starting in FY 86. Costs for this program were included in the Governor's FY 85 operating budget for DNR at 140.0, which provides funding for two crop years - 1984 and 1985. At this time, both Senate and House DNR budgets include crop insurance funding.

The bill is favored by the Administration. Sharon Barton of the DNR is expected to be here to answer questions from the Committee.

During Interim • 1024 W. 6th Avenue, Suite 204C • Anchorage, Alaska 99501 • (907) 279-2654

Alaska State Legislature

BETTYE FAHRENKAMP, Chairman
ROBERT H. ZIEGLER, SR., Vice Chairman
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PAUL FISCHER
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POUCH V
STATE CAPITAL
JUNEAU, ALASKA 99811
(907) 465-3834
(907) 465-3835

Senate

Committee on Resources

MEMORANDUM

DATE: January 9, 1984

TO: Senate Resources Committee Members

FROM: Senate Resources Committee Staff

RE: Federal Crop Insurance Program

On Wednesday, January 11, at 3:00pm in the House Resources Committee Room (Room 118, Capitol), the Senate and House Resources Committees will be briefed on the Federal Crop Insurance Program.

The Federal Crop Insurance Program provides risk protection for crop producers nationwide. In effect since 1939, the program initially provided coverage on wheat, cotton, and flax. In 1980, Federal Crop Insurance was overhauled by the Federal Crop Insurance Act, which expanded the scope of the program, both in terms of crops insurable and areas insured, and authorized state participation in the program.

The current program protects against losses from natural disasters, freeze, wind, disease, drought, excess moisture and animal damage, and covers barley, oats, potatoes, forage, and nearly 30 other major crops. It essentially guarantees the farmer a certain income despite his actual crop yield. A guaranteed yield is determined based on average historical yields. Insurance coverage is provided on this guaranteed yield, which is limited to 50, 60, or 75% of the farm's average yield. In the event of a poor crop year, indemnities are paid on the difference between the producer's actual yield and his guaranteed yield. The settlement price, which is the dollar amount that will be paid on each bushel or pound that is not harvestable, is limited to 90% of the estimated harvest price.

Coverage of Delta area farmers' barley crop began with the 1981 crop year. (Coverage of the Pt. MacKenzie area and of oats and wheat is expected to begin in 1984.) During 1983, approximately 75% of the 12,000 Delta barley acres were insured, at an average insurance cost of $12 per acre. Under the program, the federal government subsidizes 30% of each farmer's premium payment, on coverage of up to 65% of the farm's average yield. The 1980 Act authorized state participation in the program by allowing states to provide an additional subsidy (up to 30%) over and above the federal contribution.

Authorizing the State of Alaska to provide an additional 30% subsidy to Alaskan farmers would reduce the cost of crop insurance to the farmers, and since most farms are initially financed through the Agricultural Revolving Loan Fund, would conceivably help protect the state's collateral against natural disaster. The Division of Agriculture, Department of Natural Resources, estimates the cost to the state for its participation at $140,000 for FY 85 (for the 1984 and 1985 crop years), $80,000 for FY 86, and $90,000 for FY 87. These figures are based on a total premium of $12 per acre, with the state's share figured at $4 per acre.

To date, Texas is the only other state to have introduced legislation that would authorize state participation in the Federal Crop Insurance Program.

A CROP INSURANCE PRIMER

BACKGROUND

The Federal Crop Insurance Corporation (FCIC), some 45 years old, is the Federal agency charged with administering a nationwide crop insurance program which is the American producer's primary source of risk protection.

The program, initially very limited, was overhauled by the Federal Crop Insurance Act of 1980, which authorized crop insurance coverage of every commercially grown crop in the U.S., plus timber, livestock, and aquiculture. Today, crop insurance coverage is offered on over 30 major crops in 3,000 U.S. counties. Virtually all former "disaster crop" acreage is or soon will be covered.

HOW DOES IT WORK

A crop insurance policy can be designed to accommodate a producer's individual needs: more than 50 different coverage options are available.

YIELD GUARANTEES. The 1980 FCI Act limits crop insurance coverage to 75 percent of a producer's average yield. Crop insurance offers yield guarantees at 50, 65, or 75 percent of average yield.

Although the average yield on most crops is determined on an "area coverage" basis, FCIC's Board of Directors recently approved using a producer's actual production history as the sole basis for yield guarantees. Producers have often complained that area coverages are substantially lower than the production expectations on their farms, making crop insurance less desirable.

Actual production history will be used to determine guarantees on cotton and rice beginning in 1984; other insured crops will join the program by 1987.

PRICE SELECTIONS. A producer may select one of three different prices for his policy. Price selections are made for each crop by estimating the harvest price for the crop, and pegging the top value at 90 percent of that price. Price selections change annually and represent high, medium and low harvest price estimates.

PREMIUMS. Premiums are calculated to cover risk of loss and are adjusted periodically to account for changes in loss history. The FCI Act of 1980 requires that the crop insurance program be actuarially sound. To accomplish this, FCIC maintains a loss ratio (indemnities paid vs. premiums collected) goal of .90, with the remainder intended to cover catastrophic losses.

The Federal Government subsidizes producer premiums at 30 percent up to the 65 percent coverage level. The dollar subsidy at the 75 percent coverage level remains the same, but the percentage is understandably lower.

INDEMNITIES. Indemnities are paid whenever the producer's actual yield falls below his yield guarantee. The difference between the two yields is multiplied by the price election and the number of acres insured. The result is the indemnity due.

HAIL-FIRE OPT OUT. A producer carrying private hail-fire coverage may exclude such coverage from his policy and receive a commensurate premium reduction. Private hail-fire coverage, however, must be in an amount equal to or greater than that which would be provided under an FCIC policy.

CROP INSURANCE-POLICIES. Crop insurance policies are continuing contracts which renew automatically unless specifically cancelled in writing by the insured or insurer. Unpaid premiums may result in the cancellation of a policy if the account is not settled by a predetermined "termination date."

HOW IS IT DELIVERED

The FCI Act of 1980 established a dual delivery system for crop insurance, with each system utilizing the insurance resources of the private sector.

MASTER MARKETERS. General Sales and Service Agencies (known as Master Marketers) with at least 25 agents contract with FCIC to write policies on FCIC paper. Master Marketers provide management, supervision, contract servicing and quality control, and the Federal Government compensates the agencies on a commission basis.

Training for Master Marketing agents is provided by FCIC, and all such agents must be licensed and certified in the crops they intend to sell.

Additionally all loss adjustment functions on master marketer policies are carried out by FCIC.

REINSURED COMPANIES. Under this system, private Multi-Peril Crop Insurance Companies write crop insurance policies under their own brand names, but in identical terms and conditions as Master Marketers. The Federal Government reinsures the private companies against catastrophic loss and compensates them for sales and loss adjustment functions.

Reinsured companies provide marketing, distribution, servicing, training, quality control, premium collection and loss adjustment functions.

ASCS. In a small number of counties with marginal agricultural activity, ASCS will continue to provide crop insurance sales and service. As private delivery systems become available in these counties, it is anticipated that ASCS activity will be phased out.

SHARE OF BUSINESS. As more private companies handle the crop insurance line, the share of business written by reinsured companies will continue to grow. In crop year 1982, when relatively few MPCI companies were writing crop insurance, reinsured companies accounted for only 20 percent of FCIC's total book of business. Although final crop year 1983 figures are not yet in, it is estimated that the reinsured share will increase to approximately 35 percent. For 1984, we expect reinsurance to continue to grow and account for approximately 45 percent of all crop insurance business.

United States Department of Agriculture
Federal Crop Insurance Corporation
Office of the Manager
Washington, D. C. 20250

TO: Interested Parties

FROM: Manager

SUBJECT: State Participation in Federal Crop Insurance

Background:

The Federal Crop Insurance Act, as amended October 1, 1980, provides under Section 508(b) (5) that:

> "The Board (of Directors) may enter in to agreements with any State or agency of a State under which such State or agency may pay to the Corporation additional premium subsidy to further reduce the portion of the premium paid by farmers in each State."

Discussion:

There are presently four methods available to the Corporation to accommodate states desiring to participate in this program:

1. The State could make direct payments to the producers for a specified share of the farmer-paid portion of his premium which is paid to the Federal Crop Insurance Program. This would be in the form of a State "refund" for a pre-determined portion of that premium.

2. The State could provide tax credits for participating farmers on its State Income Tax returns. This would be regulated strictly within each State and would have no direct Federal connection other than added incentive.

3. The Federal government could bill each cooperating State for its share of the additional payment--to be determined initially by each State--at the time the acreage reports are processed and the extent of farmer participation in each State is determined for the crop year.

4. The State could offer the entire insurance plan and FCIC or a Federal agency could act as a reinsurer and share in the cost to a pre-determined extent.

Conclusion:

The Corporation will provide any information needed by states participating in this program in order to facilitate the process and will work directly with State officials to meet their particular needs. Following is an example of the Cooperation's work with officials to establish a program in their State:

> A State wished to explore the possibility of providing assistance to farmers. Officials contacted us and asked that we provide estimated premium volume in their State for the current and two succeeding years. They selected option 3 as their preferred method of compensating insured farmers. At their request, we met with budget personnel and the Comptroller of that State to assist them in arriving at dollar needs over the next two years and determining the mechanism and frequency of billing for amounts due the Corporation. We also offered suggestions concerning courses of action in the event that demand exceeded funds available. At this point in time a bill is now before the State Legislature for consideration.

United States Department of Agriculture

Federal Crop Insurance Corporation

Spokane Field Actuarial Office

N. 112 University Rd.
Suite 200
Spokane, Washington 99206

To: Merritt W. Sprague, Manager
FCIC, Washington, D. C.

August 25, 1983

Attention: Dennis Lynn, Comptroller

Subject: Alaska Proposed Legislation
(Conversation Knox -- J. W. Ellis)

With regards to the proposed Congressional Affairs and Legislation Division of FCI meeting with Alaskan agriculture officials to explain the advantages of Alaskan legislation subsidizing premiums paid by farmers, it has come to our attention that specific crop acreage, yields, and historical data is unavailable to your office as Alaska does not have a strong data bank of such information as it is "new" on the agriculture scene.

The attached information was put together using existing Alaska Statistical Reporting Service (SRS) data, present insurance premium rates, participation levels, and the following assumptions:

1. FCI Management will approve additional crops for insurance purposes in Alaska 1982-1990.

2. Alaska cropland eligible for insurance purposes will expand at the rate of 10 percent per year 1982-1990 inclusive.

3. Projected actuarial information, i.e. percent of participation, production guarantee's, settlement price election, and crop premium rates are based upon existing programs and projected risk rate levels as viewed by SFAO Director Knox.

With regards to data shown on attachment 5, base year of 1981 was used as it more closely fits the "norm" than 1982 due to extreme climatic conditions during 1982 crop year.

If Mr. Lynn, or one of his staff, has any questions with regards to this situation or wishes further verification, please contact Mr. Knox.

Leroy F. Knox
Director

Attachments (5)

The Federal Crop Insurance Corporation is an Agency of the Department of Agriculture

BARLEY - ALASKA 1975-1981
(Total State Acres through 1982)

District	Year	Area Planted Acres	Area Harvested for Grain Acres	Yield Bu.	Production Bu. (000)	Cwt.	Value (000)
Tanana Valley	1975	300	250	21.7	5.4	2,600	23.4
	1976	157	175	34.3	6.0	2,900	26.0
	1977	1,350	1,300	47.6	61.9	29,700	240.0
	1978	2,500	2,450	33.9	83.1	39,900	310.0
	1979	4,400	4,080	45.6	186.0	89,300	536.0
	1980	12,500	10,600	29.2	309.6	148,600	904.0
	1981	15,600	5,800	32.9	191.0	91,700	774.0
Matanuska Valley	1975	1,200	1,200	52.4	62.9	30,200	255.0
	1976	1,175	1,125	54.2	61.0	29,300	235.0
	1977	1,720	1,300	49.3	64.1	30,800	239.0
	1978	1,710	1,550	43.2	66.9	32,100	260.0
	1979	2,050	1,720	58.7	101.0	48,500	325.0
	1980	1,400	900	32.7	29.4	14,100	113.0
	1981	900	700	38.6	27.0	13,000	120.0
Kenai Peninsula	1975	100	50	33.3	1.7	800	8.6
	1976	50	-	-	-	-	-
	1977	30	-	-	-	-	-
	1978	90	-	-	-	-	-
	1979	50	-	-	-	-	-
	1980	100	-	-	-	-	-
	1981	-	-	-	-	-	-
State Total	1975	1,600	1,500	47.0	70.0	33,600	287.0
	1976	1,400	1,300	51.5	67.0	32,200	261.0
	1977	3,100	2,600	48.5	126.0	60,500	479.0
	1978	4,300	4,000	37.5	150.0	72,000	570.0
	1979	6,500	5,800	49.5	287.0	137,800	861.0
	1980	14,000	11,500	29.5	339.0	162,700	1,017.0
	1981	16,500	6,500	33.5	218.0	104,700	894.0
	1982	8,500					

OATS - ALASKA 1975-1981
(Total State Acres through 1982)

District	Year	Area Planted Acres	Area Harvested for Grain Acres	Yield Bu.	Production Bu. (000)	Cwt.	Value (000)
	1975	3,000	250	37.2	9.3	3,000	24.5
	1976	2,900	250	39.2	9.8	3,100	24.5
	1977	1,500	300	44.8	13.4	4,300	35.5
Tanana Valley	1978	2,000	450	48.6	21.9	7,000	57.5
	1979	400	150	54.2	8.1	2,600	19.0
	1980	2,100	450	42.9	19.3	6,200	52.0
	1981	5,100	300	47.7	14.3	4,600	39.0
	1975	900	150	50.0	7.5	2,400	19.5
	1976	700	50	43.8	2.2	700	5.5
	1977	800	100	62.0	6.2	2,000	15.5
Matanuska Valley	1978	600	150	45.8	6.9	2,200	21.5
	1979	500	150	50.0	7.5	2,400	22.0
	1980	600	150	45.3	6.8	2,200	29.0
	1981	600	200	37.0	7.4	2,400	26.0
	1975	400	-	-	-	-	-
	1976	400	-	-	-	-	-
	1977	500	-	-	-	-	-
Kenai Peninsula	1978	500	-	-	-	-	-
	1979	300	-	-	-	-	-
	1980	400	-	-	-	-	-
	1981	300	-	-	-	-	-
	1975	4,300	400	42.0	16.8	5,400	44.0
	1976	4,000	300	40.0	12.0	3,800	30.0
	1977	2,800	400	49.0	19.6	6,300	51.0
State Total	1978	3,100	600	48.0	28.8	9,200	79.0
	1979	1,200	300	52.0	15.6	5,000	41.0
	1980	3,100	600	43.5	26.1	8,400	81.0
	1981	6,000	500	43.5	21.7	7,000	65.0
	1982	3,200					

POTATOES - ALASKA 1975-1981
(Total State Acres through 1982)

District	Year	Area Harvested Acres	Yield Cwt.	Production Cwt.	Production Value (000)
Tanana Valley	1975	120	125	15,000	210.0
	1976	95	108	10,300	135.0
	1977	95	103	9,800	123.0
	1978	125	135	16,900	223.0
	1979	110	159	17,500	254.0
	1980	95	129	12,300	247.0
	1981	80	110	8,800	191.0
Matanuska Valley	1975	390	230	89,700	1,038.0
	1976	400	196	78,500	927.0
	1977	405	253	102,300	1,163.0
	1978	300	205	61,500	688.0
	1979	330	190	63,800	745.0
	1980	340	184	62,700	1,176.0
	1981	395	204	80,500	1,591.0
Kenai Peninsula	1975	20	200	4,000	56.0
	1976	15	147	2,200	30.0
	1977	20	145	2,900	37.0
	1978	25	105	2,600	21.0
	1979	20	185	3,700	47.0
	1980	25	80	2,000	40.0
	1981	25	228	5,700	118.0
State Total	1975	530	205	108,700	1,304.0
	1976	510	178	91,000	1,092.0
	1977	520	222	115,000	1,323.0
	1978	450	180	81,000	932.0
	1979	460	185	85,000	1,046.0
	1980	460	167	77,000	1,463.0
	1981	500	190	95,000	1,900.0
	1982	480			

FORAGE
ALL HAY - ALASKA 1975-1981
(Total State Acres through 1982)

District	Year	Area Harvested Acres	Yield Tons	Production Tons	Production Value (000)
Tanana Valley	1975	4,600	1.72	7,900	979.0
	1976	4,350	1.56	6,800	788.0
	1977	3,600	1.39	5,000	635.0
	1978	3,850	1.53	5,900	711.0
	1979	3,000	1.03	3,100	380.0
	1980	4,900	.86	4,200	580.0
	1981	6,200	1.39	8,600	1,317.0
Matanuska Valley	1975	7,600	1.45	11,000	1,420.0
	1976	7,350	1.33	9,800	1,268.0
	1977	6,570	1.92	12,600	1,670.0
	1978	6,600	1.80	11,900	1,578.0
	1979	6,200	1.73	10,700	1,420.0
	1980	6,250	1.34	8,400	1,160.0
	1981	6,200	1.55	9,600	1,595.0
Kenai Peninsula	1975	2,050	1.17	2,400	370.0
	1976	1,900	1.00	1,900	255.0
	1977	2,030	1.43	2,900	462.0
	1978	1,650	1.52	2,500	349.0
	1979	1,400	1.29	1,800	232.0
	1980	1,450	1.38	2,000	300.0
	1981	1,900	1.00	1,900	304.0
Southwest 1/	1975	150	.67	100	13.0
	1976	100	1.00	100	14.0
	1977	100	1.00	100	14.0
	1978	100	1.00	100	14.0
	1979	200	1.00	200	22.0
	1980	200	2.00	400	60.0
	1981	100	1.00	100	16.0
State Total	1975	14,400	1.49	21,000	2,782.0
	1976	13,700	1.36	18,600	2,325.0
	1977	12,300	1.67	20,600	2,781.0
	1978	12,200	1.67	20,400	2,652.0
	1979	10,800	1.46	15,800	2,054.0
	1980	12,800	1.17	15,000	2,100.0
	1981	14,400	1.40	20,200	3,232.0
	1982	13,100			

1/ Includes Southeast.

Cr/Yr	Acres	80% Insured	Bushel Guarantee	Settlement Price Election	Premium Rate	Projected Premium Subsidy	
Barley			30	$2.60	.20	.30	
1981	16,500	13,200	396,000	$1,029,600	Liability	$ 62,000	$12.50
1985	24,000	19,200	576,000	1,497,600	Liability	90,000	
1990	38,700	30,960	928,800	2,414,880	Liability	145,000	
Oats			50	$1.70	.20	.30	
1981	6,000	4,800	240,000	$ 408,000	Liability	$ 24,500	13.60
1985	8,800	7,000	352,000	598,400	Liability	35,900	
1990	14,200	11,400	568,000	965,600	Liability	58,000	
Potatoes			150 Sacks	$4.00	.25	.30	
1981	500	400	60,000	$ 240,000	Liability	$ 18,000	
1985	800	640	96,000	384,000	Liability	28,800	10.90
1990	1,300	1,040	156,000	624,000	Liability	46,800	
Forage (All Hay)			.8 Tons	$45.00	.25	.30	
1981	14,400	11,520	9,200	$ 414,000	Liability	$ 31,000	
1985	21,000	16,800	13,440	604,800	Liability	45,400	7.20
1990	33,800	27,040	21,600	972,000	Liability	72,900	

Total Acres -- all 4 crops		Total Projected Premium Subsidy - all 4 crops (based on our expandtion assumptions)	
1981	37,400	1981	$135,500
1985	54,600	1985	200,100
1990	88,000	1990	322,700

Declassified Formally by USDA 9/83

State Participation in Federal Crop Insurance

Unlike most other businesses, individual farmers have only limited control over the quantity of production or the prices received from their products. Farm income is more variable than any other national income category--six times more than non-farm proprietor's income. It takes only a 5 percent change in the aggregate quantity of production to cause a 25 percent change in net farm income.

The Federal Crop Insurance Act administered by USDA's Federal Crop Insurance Corporation (FCIC) complements provisions of the Farm Act which provides protection for farmers against price risk through its commodity loan and target price provisions. FCIC protects farmers against losses from natural disasters not provided for in the Farm Act. Farmers are assured of recovering, at a minimum, the lost capital they must have in order to continue farming--to buy the seed, fuel, and fertilizer that are the inputs of next year's food supply.

The Federal government through its system of ad hoc disaster assistance programs has accepted a role in providing assistance to farmers with the overriding purpose of stabilizing agriculture income which, in turn, benefits the entire economy by maintaining agricultural purchasing power for products produced by non-farmers which translates into increased food security for the American consumer.

The same logic can be applied to state governments which often provide programs and benefits to support various segments of the state economies.

This type of support in agriculture is not unprecedented. There are many combined local, state, and federal programs operating now involving research programs, informational programs, and direct aid programs all within the sphere of agriculture.

The insurance concept provided by FCIC provides a unique mechanism for such state-federal cooperation in the area of farm disaster and does not require exhaustive or expensive state systems of regulation.

Basically, the new law provides that state governments be given the opportunity to increase participation within their individual states in the comprehensive insurance program by providing additional subsidy incentive for farmers over and above the Federal contribution.

The Federal contribution is 30 percent of the premium cost up through the 65 percent of yield coverage level. An additional subsidy from a state for those farmers within that state would make the insurance more affordable and might encourage participation to be increased thus assuring a strong farm economy regardless of risk conditions.

This type of support could be accomplished by the states in a number of ways:

1. The state could make direct payments to the producers for a specified share of the farmer-paid portion of his premium which is paid to the Federal Crop Insurance Program. This would be in the form of a state "refund" for a pre-determined portion of that premium.

2. The state could provide tax credits for participating farmers on its State Income Tax returns. This would be regulated strictly within each state and would have no direct Federal connection other than added incentive.

3. The Federal government could bill each cooperating state for its share of the additional subsidy--to be determined initially by each state--at the time the acreage reports are processed and the extent of farmer participation in each state is determined for the crop year.

This would be similar to the Canadian plan, only the Federal Government bills the State, instead of the Province billing the Federal Government.

4. The State could offer the entire insurance plan, similar to the Canadian program, and FCIC or a Federal agency could act as a reinsurer and share in the cost to a pre-determined extent.

The side benefits beyond the farm sector to rural communities and urban areas would be enormous. The additional guarantees that farmers in the state would have to meet loan repayment obligations and to pay cash costs, even when crops fail, would stabilize the economic activity of local communities and strengthen the surrounding rural economy and, to a lesser degree, the urban economy.

****

8/20/82

Alaska State Legislature

BETTYE FAHRENKAMP, Chairman
ROBERT H. ZIEGLER, SR., Vice Chairman
DICK ELIASON
PAUL FISCHER
VIC FISCHER
BOB MULCAHY
ARLISS STURGULEWSKI

POUCH V
STATE CAPITAL
JUNEAU, ALASKA 99811
(907) 465-3834
(907) 465-3835

Senate

Committee on Resources

M E M O R A N D U M

TO: Senate Resources Committee Members

FROM: Senate Resources Committee Staff

RE: SB 336, An Act relating to state contributions toward the premium for federal crop insurance.

DATE: January 20, 1984

On Monday, January 23, 1984 the Senate Resources Committee will hear SB 336, An Act relating to state contributions toward the premium for federal crop insurance.

In effect in Alaska since 1982, the Federal Crop Insurance Program protects against losses from natural disasters. During 1983, approximately 75% of the 12,000 Delta barley acres were insured, at an average cost of $12 per acre. The federal government subsidizes 30% of each farmer's premium payment.

Under SB 336, the state would provide an additional 30% subsidy, which would reduce the insurance premium paid by the farmer. The corporation would calculate the state's premium share, and payments to the corporation would be through appropriations from the general fund.

The Division of Agriculture, Department of Natural Resources, estimates the cost to the state for its participation at $140,000 for FY 85 (for the 1984 and 1985 crop years), $80,000 for FY 86, and $90,000 for FY 87. These figures are based on a total premium of $12 per acre, with the state's share figured at $4 per acre.

The meeting will be held at 3:00 pm in the Beltz Room.

MEMORANDUM State of Alaska

TO: Senator Bettye Fahrenkamp

DATE: 1/19/84

FILE NO:

TELEPHONE NO:

FROM: Bill Heim, Director
Division of Agriculture
Department of Natural Resources

SUBJECT: S.B. 336

The administration requests that the following amendment be added to S.B. 336.

03.10.030 (c) An applicant for a short term loan may be required to purchase insurance through the Federal Crop Insurance program.

The Agricultural Revolving Loan Fund Board (ARLF) has been doing this on a selective basis during the past year. If this amendment was part of the statute it would give the ARLF Board a more solid base to require certain borrowers to participate in the Crop Insurance Program. Since the State is the major lender of operating funds to small grain farmers, the ARLF should make every effort to protect its collateral through the Crop Insurance Program.

cc: Sharon Barton, Special Assistant
Dean Brown, Deputy Director

Comments Concerning the Federal Crop Insurance Program

by William H. Beardsley, submitted to the

Senate Special Agriculture Committee in

Anchorage, Alaska on October 6, 1983

My name is William H. Beardsley. I am director of the Division of Finance and Economics, Department of Commerce and Economic Development, State of Alaska. I am not an expert on Federal Crop Insurance nor do I propose to take a position on the advisability of the State underwriting part of the premium. Rather, I would like to make a few observations.

It is my understanding that the Federal Crop Insurance Program (FCIP) is a program to insure a farmer against low crop yields rather than low price and that basically the Federal Government underwrites the program by about 30%. Stated another way, the program plans to pay out $1.00, 90¢ of which goes out on a recurring basis and 10¢ is set aside for catastrophy. For this, the farmer and/or the State pays 70¢. In fact, the federal subsidy is greater than 30% because the feds pick up administrative costs, such as the adjuster who is in Delta Junction right now.

If my understanding is correct, a region is classified as having a certain average yield per acre given certain minimal production practices. Ultimately, an individual farmer can receive his own average yield classification.

Next, each farmer may select the percent of average yield he would like to have guaranteed and the price he would like to be paid for his deficiency if he falls below the guaranteed level. Depending on his selection, a federally subsidized premium is established which he must pay. Federal legislation permits the State to pick up a share of that premium. In Alaska, talk of the State picking up 30% of the premium has been discussed.

While the following comments may include some inaccuracies, I believe they are issues deserving of further consideration.

First, where an average yield is established for an area, say Delta, there appears to be a greater incentive for low yield producers to participate in FCIP than high yield producers since they are statistically more likely to collect. This inequity can be addressed by developing different average yields for each farm.

Second, if FCIP production standards are not rigorous, a farmer might profit by reducing standards to maximize insurance in the short run. For FCIP to enhance farming practices, high standards must be strictly enforced.

Third, the State may opt to be reimbursed for its share of the investment when a failure occurs rather than have the total reimbursement go to the farmer. In essence, if this strategy is used, the State subsidizes success rather than failure and program costs are reduced. The pros and cons of State reimbursement should be studied carefully.

Fourth, it is my understanding that there is nothing sacred about a State contribution of 30% and that participation rates in other states are barely high. This suggests that a ceiling of, say, $100,000 and a variable State percentage contribution could be used, thereby fixing the State's annual outlay. At 30%, $100,000 would insure 27,000 acres. If more acres were insured the percentage State subsidy would fall and if fewer acres were insured 30% could become a ceiling and the State would not expend the entire amount. Methods for limiting State exposure might be worth investigating.

Fifth, the State contribution need not be seen totally as a subsidy. This form of insurance may partially replace other public safety nets and may provide insurance compensation in lieu of reimbursement to farmers for damange by bison. Pennsylvania has such a wildlife compensation clause in its insurance contribution. The benefits and costs other than direct assistance should be considered.

Finally, it is probable that subsidizing an insurance program in early years of agricultural development, when crop yields are likely to fluctuate most broadly and capitalization is generally weakest, is least likely to undermine free market forces than in a mature production region. A phase out or sunset provision for State subsidy might be considered.

Thank you.

WHB/wfs3/7

10583a

Statement of Merritt W. Sprague, Manager
Federal Crop Insurance Corporation
U..S. Department of Agriculture
before the
ALASKA HOUSE & SENATE COMMITTEE ON RESOURCES
Juneau, Alaska
January 11, 1984

The crop insurance program administered by the Federal Crop Insurance Corporation (FCIC), and agency of the U.S. Department of Agriculture, is the first line of defense against the adverse economic impact of severly reduced crop production due to natural disasters. Crop insurance replaces many of the disaster payment programs of the past. It is the kind of user-supported program, making maximum involvement of private sector participation, that is favored by many in today's society.

The crop insurance program is expected by Congress to be conducted as a business which follows sound insurance practices and principles. It is designed to provide farmers with dependable, equitable protection that utilizes taxpayer's support in the most cost-effective manner possible.

In keeping with the mandates of the 1980 Federal Insurance Act, much progress has been made toward expanding participation, increasing number and adequacy of insurance offers, building a professional, well-trained delivery system, and developing an effective agency which meets its reponsibilities in a timely and efficient manner.

Crop insurance premiums are almost entirely used to pay losses or build reserves to cover future catastrophic loss situations. The premiums are cost-shared by the U.S. Department of Agriculture to a maximum extent of 30 percent at the 65 percent coverage level. The administrative costs of the crop insurance program, including all expenses related to sales, loss adjustment, and operations of the FCIC, are paid from appropriated funds and in effect, are a further indirect subsidy to the program.

Even without state subsidy, the cost of crop insurance to the producer is often less that the cost of the seed planted. Crop insurance is a

high-value, reasonably-priced package of protection which each and every producer needs to fully consider.

The Federal Crop Insurance program seems particularly designed for and should be very useful to farmers in Alaska considering the known risks of crop production in the Alaskan areas presently producing field crops.

Mid-summer frosts, early fall rain during harvest, and the acquired taste for barley by Buffalo seems to occur with some regularity in at least the Delta Junction area where the major portion of our insurance experience has been. Federal Crop Insurance has, since the 1982 crop year, been able to help Alaskan farmers respond to these unavoidable risks to crop production in the Delta Junction and Matanuska Valley areas. Our 1983 program provided for protection from all of the natural risks on approximately 70 percent of the planted acres in the primary crop producing areas of the state. This was accomplished through a partnership between the Federal Crop Insurance Corporation and insured farmers -- both sharing in the premium costs.

As I indicated earlier, our current legislation provides for the Federal Government to participate in approximately 30 percent of the total premium payment. The intent of the proposed Alaska legislation is to provide this same premium partnership between the Alaska State Government and Alaskan farmers. This is a long range plan for a risk sharing partnership between Alaskan farmers and the legislative body which also created the legislation which provided for the development of cropland from forest ground. It is my understanding most of the area producing field crops (barley) has been developed from native forest land during recent years and much more cropland development is planned for the future.

It would be our intent that this long range partnership and risk management plan should not become a tax burden to the citizens in the great state of Alaska. Rather, this proposal would allow the Alaska State Government to make an annual investment in a three-way partnership along with Alaskan farmers and the Federal Government to help manage the considerable risks of growing field crops.

Today's crop insurance is greatly improved and can serve as a very important part of producer's risk management plan. Everyone would benefit from greater

participation; farmers most especially. Lenders are in greater numbers requiring crop insurance as a condition for farm operating loans because such insurance helps protect their investment in agriculture.

Crop insurance provides individual farmers significant help in resolving cash flow problems when production problems arise. This will further strengthen the local agricultural economies. For example, farmers will be able to meet financial obligations to the Alaska Revolving Loan Fund by insuring against crop loss due to natural hazards.

We in crop insurance have increased our level of committment to Alaskan farmers as we have expanded the areas and crops insurable in Alaska effective for the 1984 crop year. During 1984, for the first time Federal Crop Insurance may be obtained by any Alaskan farmer producing wheat or oats, wherever they are located in the state, simply by letting us know his need.

The ultimate result of this proposed legislation will be to provide Alaskan State Government support for the tremendous efforts of individual Alaskan farmers to produce field crops on a commercial basis to meet future needs.

The FCIC will work with the State of Alaska to minimize administrative expenses associated with state support for crop insurance. The only required administrative costs to the state should relate to the preparation and transmission of payments by the state to FCIC on the behalf of Alaska producers.

In summary, the bill being discussed today should lead to greater participation by Alaska producers in the crop insurance program. The reduced cost to the producer should make it far more attractive to individual farmers. It will be a higher value package in relation to its cost.

Increased participation will mean that the needs of producers for risk management protection will be better met. This is particularly significant in view of the absence of other disaster payment programs. Also, increased risk protection for more Alaskan farmers will have a beneficial impact on other segments of your economy whose viability depends on a healthy agriculture.

The recent improvements in crop insurance contracts and operational procedures make crop insurance more attractive than ever to producers. The need for financial protection in uncertain economic times is greater than ever. As a result, high levels of participation in crop insurance are vital to the protection and maintenance of the modern agricultural economy. The bill, which would provide additional incentives to participation in crop insurance, should benefit all segments of Alaska society.

We, at FCIC, are committed to working with you in any appropriate fashion in what we consider to be a major initiative to help Alaska producers. We commend you for your foresight and efforts. I thank you for this opportunity to appear before the committee.

SB

337

COMMITTEE REPORT

HOUSE

(9) FURTHER: FINANCE

1/30/84 Date: 02/20/84

The Committee on RESOURCES has had HB 551

"An Act relating to the Delta Junction bison range; and providing for an effective date."

under consideration and recommends:

[ ] do pass [ ] do not pass

[ ] do pass with attached amendments(s)

[X] replace with CS for HB 551 [X] same title [ ] new title

and recommends DO PASS

[ ] AND attaches a "Letter of Intent" [ ] New Fiscal Note [X] Zero Fiscal Note Attached

[ ] reports it back without recommendation

[ ] referred to the _____ Committee

MEMBERS SIGNING DO PASS		MEMBERS HAVING OTHER RECOMMENDATIONS:
	SHULTZ	
	LARSON	
	VASKA	
	BUSSELL	
	LISKA	
	LOWDERY	
	UEHLING	
	RINGSTAD	

CO-CHAIRMAN

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date:

REQUEST
Bill/Resolution No.: SB 337
Title: Delta Junction Bison Range

Sponsor: Moss
Requestor:
Date of Request: 1/9/84

FISCAL DETAIL
Agency Affected: Natural Resources
Program Category Affected: Presuppression / North central Small Timber Sale
BRU, Program or Subprogram(s) Affected: Forest Management / Forest Management

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING						
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

SB 338 appropriates $60,000 from the general fund to the Department of Natural Resources for administration of timber sales and fire suppression on the Delta Bison Range

ANALYSIS: Attach a separate page for analysis

Prepared By: Carol Wilson
Phone: 465-2400
Division: Commissioner's Office
Date: 2-16-84

Approved by Commissioner: [illegible]
Date: 2-16-84
Agency: Department of Natural Resources

Distribution (by Agency preparing fiscal note):
- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

12/1/83

Alaska State Legislature

House of Representatives

Pouch V
State Capitol
Juneau, Alaska 99811

Official Business

To: Committee members

From: Resource Committee Staff

Date: May 11, 1984

Re: Analysis of SB 337, The Delta Junction Bison Range

I. Legislative History.

The Delta Junction Bison Range Area was created by law, HB 31, during the 1979 legislative session. The purpose of the Range was to perpetuate the free-ranging of bison in the Delta Junction area. Its goal was to allow for adequate winter grazing for the bison on the range. Also, because of the damage caused to the herds by the agriculture projects, the range was to aid in altering the seasonal movements of bison herds.

Originally, the Delta Junction Bison Range area was to only be in existence for three years, starting August 1, 1979, and terminating on August 1, 1982. (see Sec. 3 of Chapter 39, SLA 1979) However, this date was extended to August 1, 1989. (see Sec. 1, Ch. 73, SLA 1980)

II. The Situation Today.

Apparently, there still exists problems with the Delta Bison herd. The agricultural project provides a threat to the bison, due the fact that bison are a grazing animal, and they like barley. Thus, they graze on or near the site of the farms. The problem really exists because the Bison Range has never really been completed. The intent of the 1979 legislation has never been enacted.

This year, a group of Delta area residents began meeting to attempt to find a solution to the problem. The group is composed of farmers, sportsmen, a representative from the Division of Game, representatives from the logging industry, and other concerned Delta area residents.

SB 337 is one product of this Delta area group.

III. Sectional Analysis of HCS CSSB 337(Res)

Section 1. Amends existing AS 16.05.346 by adding subsection (b) which raises the permitting fee for bison from $5 to $10.

Section 2. Returns AS16.05.346 to its original form. This section just deals with how the Department shall issue permits.

Section 3. This amends AS 16.20 by creating timber sales on the Delta Junction Bison Range. Requires that DNR, devision of Forestry, provide for the sale of timber on the range.

Section 4. Repeals the new section added to AS 16.20 which provides for the sale of timber on the bision range. (Does not get repealed until Aug, 1984, see sec. 6)

Section 5. Effective date for Sec.s 1. and 3. is July 1, 1984.

Section 6. Effective date for Sec.s 2. and 4. is August 1, 1989.

SB 337

SENATE SPECIAL COMMITTEE ON AGRICULTURE
Senator H. Pappy Moss, Chairman

SENATE BILL 337 AND ITS COMPANION BILL IN THE HOUSE, HOUSE BILL 552, OFFER THE SOLUTIONS WHICH WILL PUT AN END TO BISON TRESSPASSING IN THE AGRICULTURAL PROJECTS. THE EFFECTIVENESS OF DEVELOPING AN ALTERNATE GRAZING AREA FOR THE BISON HAS BEEN SHOWN. THE PLANTING ON THE DELTA JUNCTION BISON RANGE LAST YEAR WAS SUFFICIENT TO HOLD THE BISON IN THAT AREA FOR WEEKS BEYOND THEIR USUAL STAY.

SENATE BILL 337 & HOUSE BILL 552 PROVIDE FOR COMPLETING THE DEVELOPMENT OF THE BISON RANGE. THE DEPARTMENT OF FISH AND GAME FEELS THAT THIS WILL KEEP THE BISON HOME ON THE RANGE, SOLVING THE PROBLEM THAT HAS BEEN PLAGUING FARMERS WHOSE CROPS RIPEN IN THE FIELDS JUST AS THE BISON'S WINTER MIGRATION BRINGS THEM, HUNGRY, HOME FROM THE HILLS.

SENATE BILL 337 RAISES THE BISON HUNT PERMIT FEE FROM FIVE DOLLARS TO TEN DOLLARS. WITH OVER 10,000 PEOPLE APPLYING FOR THESE PERMITS EACH YEAR, WE BELIEVE THE BISON RANGE WILL BE GENERATING ENOUGH REVENUE TO MORE THAN COVER THE EXPENSE OF ITS MAINTAINCE. ADDITIONALY, THE INCREASE IN THE STATE'S FISH AND GAME BUDGET WILL GENERATE MATCHING FEDERAL MONIES FOR THAT DEPARTMENT'S OPERATIONS. THIS BILL ALSO ESTABLISHES A BISON RANGE ADVISORY COMMITTEE AND PROVIDES FOR D.N.R. TO MANAGE TIMBER SALES ON THE RANGE AREA.

HOUSE BILL 552 PROVIDES FUNDING FOR THE DEVELOPMENT OF THE RANGE AND FOR THE ADMINISTRATION OF TIMBER SALES AND FIRE SUPPRESSION.

FOR YEARS WE HAVE BEEN HEARING BUFFALO BILLS TESTIMONY IN THE HOUSE AND THE SENATE. SENATE BILL 337 TOGETHER WITH HOUSE BILL 552 WILL GO FURTHER TOWARD RESOLVING THE HUNGRY BISON/IRRATE FARMER CONFLICT THAN ANY WE HAVE SEEN BEFORE. BOTH LOVE THE LOOK OF A RIPE AND HEALTHY FIELD OF BARLEY. WHILE THE BISON DON'T SEEM TO BE ABLE TO SHARE WITH THE FARMER, THEY CAN SHARE THEIR EXPANDED RANGE WITH MOOSE, CARIBOU, BEAR, GROUSE, AND OTHER WILDLIFE IN THE AREA. THEY ALSO PEACEFULLY SHARE THEIR RANGE WITH THE PUBLIC, WHICH USES THE RANGE FOR CAMPING, FISHING, HUNTING, TRAPING, HIKING, DOG SLED RACING, ANS SO ON.

THE PASSAGE OF THESE BILLS SHOULD GO A LONG WAY TOWARD ENSURING THAT THE PROBLEMS OF THE DELTA JUNCTION BISON RANGE WILL FINALLY TAKEN CARE OF.

SENATE SPECIAL COMMITTEE ON AGRICULTURE
Senator H. Pappy Moss, Chairman

Sectional Analysis of HCS CSSB 337(Res)

Section 1. Amends the existing AS 16.05.346 by adding subsection (b) which raises the perming fee for bison from $5 to $10.

Section 2. Returns AS 16.05.346 to its original form.

Section 3. Adds a new section to AS 16.20 which provides for the sale of timber on the bison range.

Section 4. Repeals the new section added to AS 16.20 which provides for the sale of timber on the bison range.

Section 5. Effective date for Sec.s 1. and 3. is July 1, 1984.

Section 6. Effective date for Sec.s 2. and 4. is August 1, 1989.

SENATE SPECIAL COMMITTEE ON AGCRICULTURE
Senator H. Pappy Moss, Chairman

NOTES ON THE DELTA JUNCTION BISON RANGE

BACKGROUND

The Delta Junction Bison Range was established by the Alaska Legislature in 1979 to "provide an adequate winter range for the bison," and to "diminish the damage caused by the herds to agriculturally developed land." The 70,000 acre Range grew out of the Delta Land Use Plan, in which citizens and agencies involved in resource management recommended that the land north of the mountains and south of the Alaska Highway should be used for recreation and wildlife, especially bison, and the land north of the highway should be developed for agriculture.

THE PROBLEM

Shortly after their arrival in the Delta area in 1928, a pattern of annual bison movements began to emerge. During summer, the animals spent their time on the gravel bars along the Delta River, and in fall they gradually moved to the Delta area to take advantage of the open forests. Later in the winter, they slowly moved back toward Delta River. This basic movement pattern continues today.

When small farms were developed in the Delta area in the early 1950's, the grain fields in the farming area became, and will continue to be until some alternative has been provided, a major part of the bison's winter range. The development of the Bison Range will provide diversion feed areas, and as they are increased in size, they will become able to support the bison throughout the winter periods.

THE SOLUTION

The effectiveness of providing an alternate range to the agriculture fields has been shown. As land on the Range has been cleared and planted, bison use of the range has increased and agricultural damage has been reduced. Implementation of Senate Bills 337 and House Bill 552 would provide fall bison range to reduce or eliminate crop depredations; increase bison winter range; and also provide a variety of habitats for game and nongame species. Recreational opportunities including hunting, trapping, viewing, and photography would be enhanced. Timber resources would be harvested, offsetting the costs of development over time and boosting the local economy.

QUESTIONS AND THOUGHTS ON THE BISON HERD AND BISON RANGE DEVELOPMENT

***

Senator H. Pappy Moss
February, 1984

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1. How many bison are in the herd today?

According to Dave Johnson, Fish and Game Biologist at Delta Junction, there are between 300 and 325 bison now in the herd. His approximate figure is 321. By the spring, immediately prior to calving, this number will have been reduced by roadkills and hunting to approximately 300.

2. How many farms are actually impacted by the bison damage?

Before development of the Delta I & II projects, the bison roamed the Clearwater/Big Delta agricultural areas. Since the Delta I & II projects have been producing crops, most of the damage done has occurred there. In 1983, the winter bison range supported the bison herd through September, significantly reducing the amount of damage to crops. However, by September, having depleted the forage on the winter range, the bison moved across the highway to the Brehmer tract and up the Gerstle River to the Mitchell and Rutt tracts where they still caused considerable damage to the crops.

The damage to the crops is caused by the bison eating, trampling, and wallowing in the fields, and also by contamination of certified fields through the introduction of non-certified grains and weeds via the bison's droppings.

3. Is there any barrier currently in place and what exactly is a bison drift barrier?

There is currently no bison drift barrier in place. The proposed bison drift barrier is a training device more than a physical barrier. It is a type of fence that is commonly used in bison and other wildlife management. The barrier is constructed of four high tensile strength smooth steel wires, two of which are electrified.

The barrier will not contain the herd, but will deflect their movement away from the agricultural areas.

4. How important is the barrier to the effectiveness of this bill?

The main emphasis of the bill is the development of the winter range for the bison. The development of the range will largely control the bison herd by providing a diversionary planting which will be an attractive alternative to the agricultural fields. The barrier reinforces the use of the bison range by the herd by deflecting thier movement back into that area.

The conflict between the bison and the farmers develops between August and October. This harvesting time for the farmer coincides with the depletion of the bison's currently available winter forage.

5. Why is an Advisory Committee necessary?

There are few issues that an entire community can come to total agreement on. The City of Delta Junction, from a diversity of areas within the community, uniformly supports the bison herd. Input from Advisory Committee members representing the Delta agricultural project; nonconsumptive wildlife users; timber, mining and other consumptive natural resource industries; and tourism would offer local advice to the Department of Fish and Game, the Department of Commerce and Economic Development, and the Alaska Agricultural Action Council. Local participation in the development of a game management plan and the construction and maintenance of the bison drift barrier would help maintain the consolidated support for the bison projects within the community. The Advisory Committee, representing all concerned factions of the community would be of considerable help to the state departments in developing policies in a mood of compromise and single purpose, rather than in conflict.

Members of the Advisory Committee would not be entitled to per diem, travel, or other compensation from the state for their duties as committee members, so there would be no fiscal impact from this portion of the bill.

6. What tourist facilities exist at this time, and what type are being proposed?

There are currently no tourist facilites at the Bison Range. There is a general tourist information center in the City of Delta Junction about 13 miles to the northwest which is operated by the Chamber of Commerce. There is no special presentation there, or at the range, where the bison project and the bison range could be explained to the public at this time.

Simple viewing platforms are being proposed. There are two well sites on the range where pools would be developed and salt would be placed to attract the bison. In nearby groves of trees, elevated

platforms with slots or holes in plywood fronts facing the watering holes would be set up. These platforms would provide viewing and photography sites where tourists could observe the bison without disturbing them. These sites would be within reasonable walking distance from the highway. These facilities will be simple and relatively easy to build and maintain.

Future development of the tourist facilities at the range would be gradual and based upon the use and demand placed upon the existing facilities. A more elaborate facility might include an information station or an interpretation center at the range and special guided tours into the range. Any funds generated by offering these tours, or through sale of publications at the information center, could be fed back into the program to further develop walking trails or interpretive exhibits at the range.

7. What type of burning is required to clear the range?

Originally, naturally caused wildfires periodically swept the range, keeping it clear of brush and deciduous growth. The absense of brush allowed the winds to sweep the range clear of snow, enabling the bison to graze throughout the winter. When the area became populated, the wildfires were strictly controlled, and much of the grazing area became covered with dense brush. This allowed the snow to accumulate in drifts, burying what grazing range had been left available to the bison in their original winter range.

The burning which will be required to clear the range will duplicate the action of the natural wildfires by removing the brush thereby increasing light and moisture available to the natural grass seed. The natural grasses will be able to grow back and become re-established as a perennial. The low brush which does follow after such prescribed burning creates a browse for moose, which also inhabit the range area.

Prescribed burning takes place under strictly controlled conditions with extreme precautions against mishap. Only when wind and moisture conditions are exactly right for that operation, would the burning be allowed. Extensive measures are taken to insure safety during this operation which involves the use of a helicoptor and over 60 people to monitor the burn. The cost of providing a range by this method of burning and natural seeding is approximately $20/acre as compared to $100/acre for conventional clearing and seeding.

8. Why are the hunt permit fees being raised, and who administers the Bison Hunt Permits?

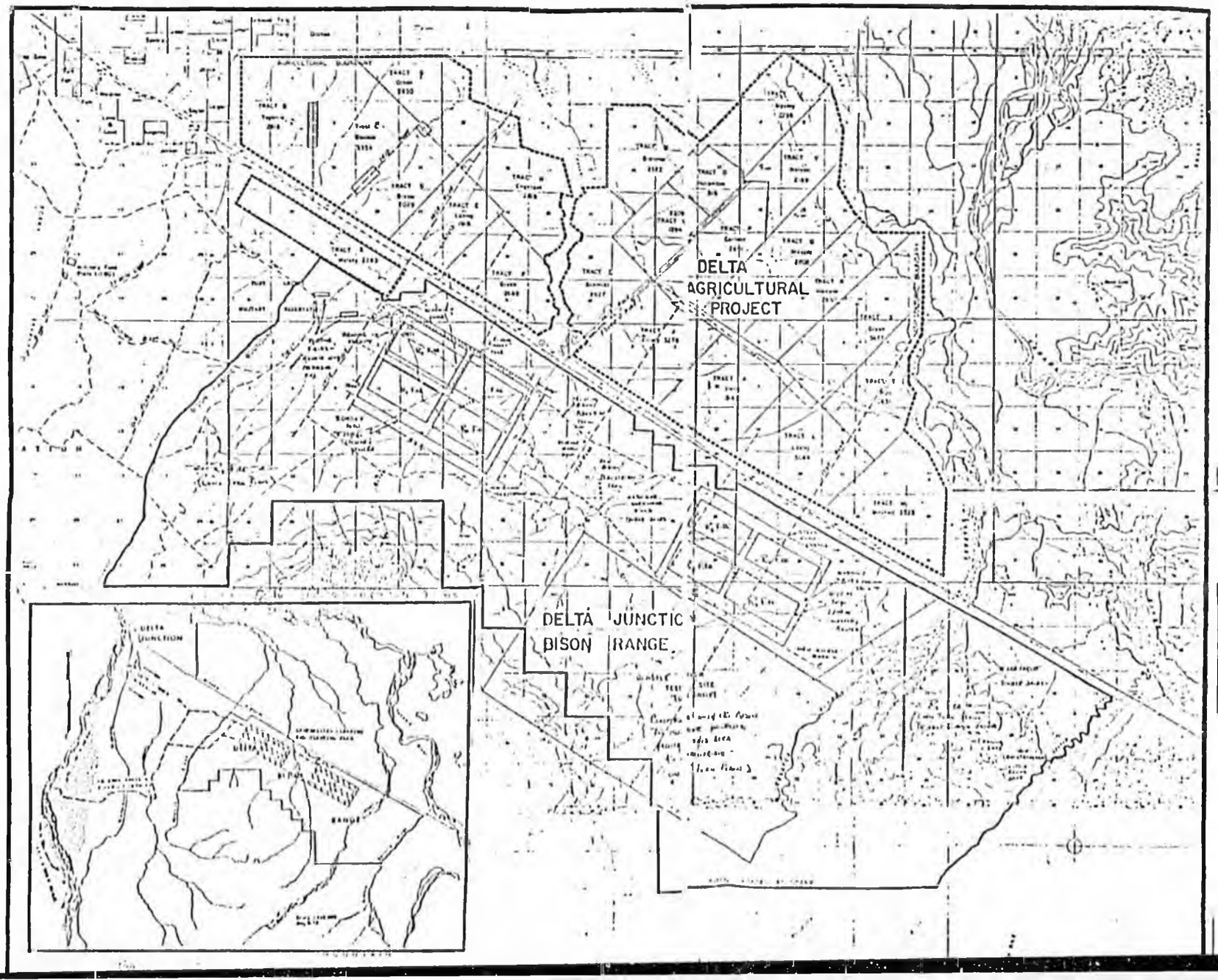
The Alaska Department of Fish and Game issues the Bison Hunt Permits. There were 75 permits issued last year among 10,000 applicants. The plan to raise the fee for application from five dollars to ten dollars will increase the revenue from that sale to about $100,000 to the state. The addition $50,000 obtained is approximately the same amount as would be required to maintain the larger bison range. The increase in permit application fees is supported by the Alaska Outdoors Council.

9. Is there currently any timber harvesting on the bison range?

Within the bison range there have already been some small scale timber sales. Some areas within the bison range have been marked for timber sales, and the sales would be administered by the Division of Forestry. Approximately $32,000 is expected to be derived from sales of firewood and pole cutting after burns. Increased revenues would be obtained by commercial sales. This combined personal use/commercial timber harvest sale would be managed by staff from the Delta area already employed by the Division of Forestry.

10. Is the range a bison reserve to be used exclusively by the bison?

No, in addition to serving as the bison's winter range, the area would also serve moose, caribou and other wildlife indigincus to the area. The Range would provide a new habitat for sharp-tailed grouse and additional hunting oportunities for bison, moose, bear, grouse, hares, and furbearers. The area is also used for recreational purposes as well as for timber and firewood sales, with the public being encouraged to use the area for camping, fishing, hunting, trapping, hiking, viewing, photography, dog sled racing and so forth.


DELTA
AGRICULTURAL
PROJECT
DELTA JUNCTIC
BISON RANGE

(b) the board shall require the person or governmental agency to obtain the written approval of the commissioner as to the sufficiency of the plans or specifications before construction is commenced. (§ 2 ch 140 1972; am § 28 ch 206 SLA 1975)

Sec. 16.20.270. Additional critical habitat areas. The commissioner shall submit a list of additional critical habitat areas to the legislature annually. (§ 2 ch 140 SLA 1972)

Article 6. State Range Areas.

Section

300. Delta Junction Bison Range Area
310. Game management plan
320. Activities on range area

Cross reference. — For legislative purpose, see sec. 1, ch. 39, SLA 1979 in the Temporary and Special Acts.

Editor's notes. — Section 3, ch. 39, SLA 1979, as amended by sec. 1, ch. 73, SLA 1980, provides that the provisions of AS 16.20.300 — 16.20.320 "terminate" on August 1, 1989.

Sec. 16.20.300. Delta Junction Bison Range Area. The following described areas, excluding valid existing rights, are established as the Delta Junction Bison Range Area:

(1) Township 11 South, Range 12 East, Fairbanks Meridian

Section 28: S 1/2 SW 1/4, SW 1/4 SE 1/4 and that portion of the NW 1/4 SW 1/4 east of the west bank of Granite Creek excluding A.S.L.S. 78-93, Tract A, Unit 1

Sections 29, 32: those lands east of the west bank of Granite Creek

Section 33: all, excluding A.S.L.S. 78-93, Tract A, Unit 1

Section 34: S 1/2 NW 1/4, excluding A.S.L.S. 78-93, Tract A, Unit 1, S 1/2

Section 35: S 1/2, S 1/2 NW 1/4, that portion of the NE 1/4 lying south of the Alaska Highway excluding a corridor extending 1320 feet from the centerline of the highway

Section 36: that portion lying south of the Alaska Highway excluding a corridor extending 1320 feet from the centerline of the highway

(2) Township 12 South, Range 11 East, Fairbanks Meridian

Sections 13, 24-26, 35, 36: all

Sections 1, 11, 12, 14, 22, 23, 27, 34: those lands east of the west bank of Granite Creek

(3) Township 12 South, Range 12 East, Fairbanks Meridian

Sections 1-4, 7-25, 30, 36: all

Sections 5, 6: those lands east of the west bank of Granite Creek

(4) Township 12 South, Range 13 East, Fairbanks Meridian

Sections 5, 6, 9: that portion lying south of the Alaska Highway excluding a corridor extending 1320 feet from the centerline of the highway

Section 7: all

Section 8: all, excluding a corridor extending 1320 feet from the centerline of the Alaska Highway

Section 10: that portion of the SW 1/4 lying south of the Alaska Highway excluding a corridor extending 1320 feet from the centerline of the highway

Section 14: S 1/2 S 1/2 SW 1/4

Section 15: S 1/2, NW 1/4, excluding a corridor extending 1320 feet from the centerline of the Alaska Highway

Sections 16-22: all

Section 23: S 1/2, NW 1/4, S 1/2 NE 1/4, S 1/2 N 1/2 NE 1/4

Section 24: SW 1/4, S 1/2 NW 1/4, excluding a corridor extending 1320 feet from the centerline of the Alaska Highway, S 1/2 S 1/2 SE 1/4

Sections 25-36: all

(5) Township 12 South, Range 14 East, Fairbanks Meridian

Sections 19, 28-30, 33-35: that portion lying south of the Alaska Highway excluding a corridor extending 1320 feet from the centerline of the highway

Sections 31, 32: all

(6) Township 13 South, Range 13 East, Fairbanks Meridian

Sections 1-5, 9-15, 23-25, 36: all

(7) Township 13 South, Range 14 East, Fairbanks Meridian

Section 1: that portion lying south of the Alaska Highway excluding a corridor extending 1320 feet from the centerline of the highway

Sections 2-36: all

(8) Township 13 South, Range 15 East, Fairbanks Meridian

Sections 5, 6, 8-10, 15: that portion lying south of the Alaska Highway excluding a corridor extending 1320 feet from the centerline of the highway

Sections 7, 16-20, 30: all

Sections 21, 22, 28, 29, 31, 32: that portion lying west of the east bank of the Little Gerstle River

(9) Township 14 South, Range 14 East, Fairbanks Meridian

Section 1: that portion lying west of the east bank of the Little Gerstle River

Sections 2-6: all

(10) Township 14 South, Range 13 East, Fairbanks Meridian

Section 1: all

(11) Township 14 South, Range 15 East, Fairbanks Meridian

Section 6: that portion lying west of the east bank of the Little Gerstle River. (§ 2 ch 39 SLA 1979)

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Sec. 16.20.310. Game management plan. (a) The commissioner of fish and game shall develop and may amend a game management plan for bison in the area described in AS 16.20.300. After holding public hearings in accordance with AS 44.62.310 and 44.62.312, the commissioner shall implement the game management plan.

(b) The game management plan shall include, but is not limited to

(1) planting grains for bison and planting other wildlife forage;

(2) altering existing plant cover to create additional range and year-round habitat for bison and other animal species in the area;

(3) tilling to produce forage.

(c) The commissioner of fish and game shall develop and amend the game management plan to coordinate, as closely as possible, the game management plan with the activities of the Agricultural Development Authority, Department of Natural Resources, relating to the Big Delta agricultural development project. (§ 2 ch 39 SLA 1979)

Sec. 16.20.320. Activities on range are . Nothing in AS 16.20.300 — 16.20.320 shall be construed as prohibiting activities on land described in AS 16.20.300 which are otherwise permitted in accordance with the laws and regulations of this state, including, but not limited to, hunting, trapping, engaging in recreational activities, using the land for access to adjacent areas and a 300-foot Alaska Railroad right-of-way. (§ 2 ch 39 SLA 1979)

Chapter 25. Stocking of Public Lands.

Section
10. Program adopted

Sec. 16.25.010. Program adopted. There is adopted a program of stocking land in the state with valuable game and fur-bearing animals which do not at present occur on the land. The department is responsible for establishing priorities on the species of animals to be stocked and the area of the stocking. Priorities shall be based on the habitat requirements of the species, the population of native game animals present, and other factors that will effect the successful establishment of the species. (§ 39-7-1 ACLA 1949; am § 1 ch 97 SLA 1970)

Secs. 16.25.020 — 16.25.060. Projects enumerated: duties of department: stock and offspring property of state: unlawful taking: penalty. [Repealed, § 2 ch 97 SLA 1970.]

Chapter 30. Destruction of Big Game Animals and Wild Fowl.

Section
10. Wanton waste of big game animals and wild fowl
12. Possession of horns or antlers
15. Surrender of salvaged portions, license forfeiture
17. Defenses

Salcha - Big Delta Soil Conservation Subdistrict
Box 547 - Delta Junction, AK 99737 - Phone (907) 895-4241

February 3, 1984

Beltye M. Fahrenkamp, Chairperson
Senate Resources Committee
Alaska State Legislature
Pouch V
Juneau, AK 99811

Dear Senator Fahrenkamp:

We would like to express our support for SB-337 and SB-338, dealing with the accelerated development of the Delta Bison Range. We have always supported the concept of the Bison Range, and were among the earliest supporters of it, during the Delta Land Management Planning Study, in the late 1970's.

We do however, have some reservations concerning the placement of the drift fence. We would prefer it totally south of the Alaska Highway, and one continuous piece with only gates and no cattle guards. We do feel that the present proposal is the next best choice.

Please read the attached policy statement entitled "Delta Bison Herd," dated Jan. 5, 1984. It more clearly explains our position concerning bison.

To sum up, the rapid development of the Bison Range is needed urgently, to forestall a serious conflict between farmers, bison, and pro-bison people

Sincerely,

Richard S. Roberts
Chairman

Encl: Policy Statement: Delta Bison Herd

cc: Senator H. Pappy Moss
Delta Bison Management Ad Hoc Committee

Salcha - Big Delta Soil Conservation Subdistrict
Box 547 - Delta Junction, AK 99737 - Phone (907) 895-4241

January 5, 1984

DELTA BISON HERD

Resolution to Update Policy Position
(Motion by Forck, seconded by Carlson, passed unanimously at the regular monthly supervisor's meeting on 1/5/84)

The Supervisors of this District wish to reaffirm their support for the Delta Bison Herd and the Delta Bison Management Area as expressed in the Delta Land Management Planning Study. We also affirm our support of the Delta Bison Management Plan as subsequently developed by the Department of Fish and Game. This support extends to the clearing of land and planting of grain and/or forage on parts of the management area, on the Fort Greely Military Reservation, and the summer range development plans for the area west of the Delta River. We also support continuation of permit hunts as a good management tool for maintaining herd size and herd health, and to help to keep the animals from damaging or destroying private property and becoming a public nuisance.

In conjunction with these positive reactions, the Supervisors also wish to make note that herd size has increased well beyond that proposed in the Delta Study. Until such time as range is provided within the Bison Management Area to replace that which has disappeared due to natural vegetative progression and pre-emption for other uses (military, residential and commercial, agricultural), we feel the herd size should be cut back to that originally envisioned and maintained at that level unless additional range is provided.

The current proposal to construct a line or drift fence to keep the bison from foraging on newly-developed farm lands which have never before been a part of their natural range, has great merit and we support this concept. However, we consider the proposed location for this fence -- primarily along the north side of the Alaska Highway -- a drastic misconception. The "north side" fence has a gap in it through which not only the highway and traffic, but also bison, can flow; there are necessary accessways to the farms on the north side which cannot be rendered bison-proof. The bison are to be contained along the highway right-of-way area, increasing the possibilities for accidents involving highway traffic; the private lands just to the south of the highway will receive greatly increased pressure from the northern containment; the proposed Alaska Railroad extension is planned south of these properties south of the highway -- leaving the bison open to the same "iron horse" depredation currently suffered by the moose between Fairbanks and Anchorage. Gradually, the

"north side" fence will be incorporated by the various farmers there into their own perimeter fence systems. Finally, no "bison fence" will exist. The bison will move through the many gaps, on to the farm-to-market roads, on to the farm lands, on to the highway, the lands south of the highway, the railroad tracks.

And nothing delineates the north boundary of the bison range. Nothing "says"..."this is the bison's area; they feed here; you can see them here; you can hunt them here; and no damage is done to others by them or to them by others".

We feel that without such delineation -- not exclusively, but most logically, by a fence -- the bison range is subject to pre-emption for other uses. A "south side" fence will not only better protect the separate interests of the human residents and the bison, but the very bison management area itself. To all concerned, we urge a "south side" fence as the best next addition to the Bison Management Plan.

City of Delta Junction

Box 229

Delta Junction, Alaska 99737

907 - 895 - 4656

The North End of the Alaska Highway

RESOLUTION 84-23

WHEREAS, the Delta Bison herd has always been an important feature in the Delta Junction community, and;

WHEREAS, agriculture is rapidly increasing in importance to the Delta Junction community and the state, and;

WHEREAS, the Delta Bison herd each year without fail causes serious crop depredations and resulting financial losses for farmers, and;

WHEREAS, this continued conflict degrades the long term outlook for both the bison herd and agriculture, and;

WHEREAS, Senate Bills 337 and 338 and House Bills 551 and 552 would solve this problem by developing fall and winter range for bison on the Delta Junction Bison Range, and a drift barrier to keep bison out of the farming area.

NOW, THEREFORE, BE IT RESOLVED that the Council for the City of Delta Junction requests that the Alaska Legislature and the Governor of Alaska pass into state law the provisions of the aforementioned legislation so that this problem may finally be resolved.

THIS RESOLUTION HAS BEEN PROPERLY ADOPTED this 7th day of February, 1984, by the authorized membership of the City Council of Delta Junction, in Delta Junction, Alaska.

FRANK W. GEIGER, MAYOR Frank W. Geiger

LOUIS E. HEINBOCKEL, MAYOR PRO TEM Louis E. Heinbockel

LEONARD LEMON, COUNCILMEMBER _____

MARY LEITH DOWLING, COUNCILMEMBER Mary Leith Dowling

MARVIN HINSLEY, COUNCILMEMBER _____

GLEN WRIGHT, COUNCILMEMBER Glen E. Wright

FREDERIC READY, COUNCILMEMBER Frederic T. Ready

ATTEST:

Laura L. Woolford

Laura L. Woolford
City Clerk/Treasurer

Bison, farmers share home on the range

Trial shows conflict between herds, farms

By BRUCE BARTLEY
The Associated Press

DELTA JUNCTION — Bison, tons of trouble for some and brown-bearded remnants of the frontier's wide open spaces for others, have made themselves at home on the doorstep of the Alaska Range. Unfortunately, their dining area also includes the barley fields of the Delta Agricultural Project.

Their presence is a source of constant conflict between game managers trying to preserve one of the last free-roaming buffalo herds and farmers trying to make ends meet.

Attention will be focused on the conflict in the coming week when state prosecutors bring to trial a Delta farmer accused of killing three bison illegally last fall.

The bison have ranged the Delta area since about two dozen were transplanted from Montana more than 50 years ago.

The herd, now 300-400 strong, prospered. In the 1960s, Delta bison were used to start herds near McGrath, and along the Copper and Chitina rivers.

In the 1970s former Gov. Jay Hammond's administration selected Delta as the springboard for an ambitious state-sponsored agricultural development program. And a successful game management story became the source of a bitter local dispute.

Already coping with extreme weather and climate, and operating under intense public scrutiny, farmers didn't need bison roaming newly cleared fields and eating hard-won crops.

And with grim regularity, the sight of burly buffalo trampling already stunted profits was enough to send a farmer over the edge — and a bison to his final home on the range.

On Sept. 21, Earl Mitchell summoned Alaska State Troopers to his farm on the west bank of the Gerstle River. He told them he'd shot three bison, and invoked a state regulation which permits killing game animals "in defense of life or property."

When investigators arrived, Mitchell was salvaging the animals as required by the "defense" regulation. The meat was donated to churches.

But the regulation lists several criteria to be met before a game animal can be dispatched legally. Investigators cited Mitchell, alleging he had failed to fulfill them all.

It wasn't the first time bison had run afoul of Mitchell, or Mitchell had run afoul of the law. A year earlier, Mitchell shot a buffalo on his farm. He pleaded guilty to the illegal killing, was fined $1,000 with $500 suspended, and given a suspended 10-day jail sentence.

Mitchell worked off his fine on a bulldozer on the state's 70,000-acre bison range across the Alaska Highway, the dividing line between the farms and a look-alike development offering bison an alternative to farmers fields.

The shooting of bison by farmers didn't sit well in a community originally named Buffalo Center. Also fuming were thousands of hunters who make the state's 75 annual Delta bison permits among Alaska's most coveted.

Farmers argued they couldn't and wouldn't stand by and watch their life's work ground under the bison's massive hooves.

ALASKA NEWS

But Delta residents are looking hard for a way to have their buffalo and barley too.

Since Mitchell was cited, farmers, businessmen, sportsmen and others have been meeting to devise a solution. And last week state Sen. Pappy Moss asked for $1.75 million to pay for it.

Dave Johnson, the Alaska Department of Fish and Game biologist most frequently cast as the villain in the controversy, says it's the closest thing to a consensus he's seen since he's been in Delta.

Responsible for protecting both the bison and the farmers' fields, Johnson has been catching it from all sides since he took the job in 1981.

"It's been a really tense situation," he says softly.

But Johnson sees hope.

"If we can just convince the people who make the decisions that there are real, live people out here who are being hurt by this, we can solve this problem. We can have both free-roaming bison and agricultural development."

Johnson and the others agree the key is further development of the alternative bison range. By clearing more black spruce, planting more barley and grass and fencing the north side of the highway, they think the bison can be pretty well contained.

That was the plan when the barley project first was conceived, but Johnson says it "fell through the cracks." There's never been enough money to develop the alternative range effectively, he says. That's what Moss' legislation is designed to do.

From April or May until August, most of the bison hang out west of the Delta River, Johnson says. But forage is limited, and about the time it runs out, the animals' migration instincts push them toward their winter range.

Unfortunately, that coincides with the ripening of the barley and hay crops in the 60,000-acre agricultural project. With a short growing season, everything has to go right for farmers to harvest their crops anyway. The presence of voracious buffalo doesn't help.

By developing the state range, which lies along the migration route, Johnson and the others hope to keep the bison south of the highway during the critical harvest weeks.

Hamstrung by a lack of money, game managers cleared and planted only 75 acres in 1980. Johnson says the bison ignored the offer. In 1981, the acreage doubled, and a few bison took advantage of it. In 1982, they spent perhaps a third of the critical period there. By last fall, the range had grown to 600 acres — about half of it cultivated — and most of the herd lingered until forage dwindled in late September.

Feds can award oil, gas leases in reserve: court

The Associated Press

ANCHORAGE — The 9th U.S. Circuit Court of Appeals said Friday the federal government can award oil and gas leases in the National Petroleum Reserve-Alaska, but must make sure no oil company activities disturb subsistence lifestyles until the case can be considered further.

Oil companies paid $16.7 million last summer for 18 tracts in the 24-million-acre reserve. Two North Slope residents sued, claiming lease stipulations did not protect adequately the caribou calving grounds and waterfowl habitat in the area.

U.S. District Judge James Fitzgerald of Anchorage held up lease awards until Dec. 20 while he studied the case. He finally concluded the lease sale regulations were adequate and said he would lift his injunction. But he gave the villagers sufficient time to appeal.

"There's no doubt that the ruling was a two-edged sword," George Gurr, a spokesman for the Bureau of Land Management, said Friday. "Until we can see the actual wording of the order we don't know how we feel. But at least we didn't lose."

Jim Bamberger, a staff attorney for Alaska Legal Services who represented Sara Kunaknana of Nuiqsut and Jean Numnik of Barrow, said they were pleased.

"My feeling is that the court felt that our arguments on subsistence were substantive and that's why they enjoined the oil companies from any activities that might affect subsistence until they could make full ruling," Bamberger said.

He said the appellate court probably will hear additional arguments in the case this spring.

Bamberger said the ruling will prevent oil companies from drilling any exploratory wells until a final decision is reached. He said he also would consider seismic testing as a danger to subsistence hunting patterns.

"We will have to meet and see if there is some middle ground," Gurr said.

Briefly

Alaska

Teacher accused of sexual assault

PALMER — Matanuska-Susitna school officials have suspended the principal of the Iditarod Elementary School, where a teacher has been accused of sexually assaulting his students.

Ray Carter, principal of the school since 1978, will be suspended with pay beginning Wednesday, school Superintendent Gordon Tope said Saturday.

"I have nothing to say on anything to do with that case," Carter said. "I'll see what happens."

Music teacher George Koenig has been indicted by a Palmer grand jury on 13 counts of sexual assault or attempted sexual assault involving seven girls.

Tope said he will ask the school board to fire the 33-year old teacher when the board meets Jan. 23. Koenig has been suspended with pay since Jan. 7.

"Based on our investigation to this point, the administration is recommending the dismissal of George Koenig," Tope said.

The decision to suspend Carter came after consultations with the school district's lawyer, he said. He would not explain why the principal has been suspended.

"I'm really not at liberty to release any further information," Tope said. "We're still investigating."

Alaska State Troopers Sgt. Rollie Port said investigators have received reports from parents and others that officials may have been slow in responding to complaints concerning Koenig.

Elementary school roof collapses

ANCHORAGE — Structural engineers Saturday were studying the debris in the library of the Airport Heights Elementary School to try to determine why the roof collapsed.

Assistant Superintendent Bill Tanner said no one was injured when the roof gave way about 10:30 Friday night. He said the only people in the building were a few carpenters and custodians.

"It's almost the floor, it's to within a couple of feet of the floor," Tanner said of the roof. A rubber barrier in the ceiling was the only thing separating shelves of books from the freezing rain and wet snow that have blanketed Anchorage in the past several days.

Surprisingly, Tanner said none of the books, computer equipment or other equipment and books were damaged. He said one table was bent badly.

Tanner said there was an estimated 15 inches of snow on the slightly sloped roof, an amount he termed "not that unusual." He said the library is part of a wing that was added to the school 14 years ago. The original school was built in 1952, he said.

A demolition crew is expected to have the debris cleared away and the library sealed off from the rest of the building so classes for the 325 students can resume as normal Monday morning, Tanner said.

He said he anticipates it will be several days before the cause of the problem and the cost of damage are determined.

—The Associated Press

Court approves changes to 1935

NASA gets 'Golden Fleece' award

The Associated Press

WASHINGTON — Sen. William Proxmire, D-Wis., [illegible] defended the practice on grounds that most of the people transported were "U.S. government officials from the executive or legislative branches [illegible] astronauts also were transported," it added. The flights of the nation's first Black and woman astronauts, Guion Bluford and Sally K. Ride, at [illegible] individuals, 55 were foreign officials, five were judges and [illegible] could not be classified.

"The problem with the VIP trips to the space shuttle [illegible]

SENATE SPECIAL COMMITTEE ON AGRICULTURE
Senator H. Pappy Moss, Chairman

HOUSE BILL 552 "An Act making special appropriations for development of the Delta Junction bison range; and providing for an effective date."

House Bill 552 is an appropriation bill and a companion bill to Senate Bill 337 which passed the Senate on May 7th this year. Together these bills provide for the completion of development of the Delta Junction bison range.

In Section 1. of House Bill 552 $1,544,000 is appropriated for that purpose. This figure reflects a reduction of $216,000 in the cost that was originally projected. The Department of Fish and Game OK'd this reduction. The $216,000 had funded some project administration costs and tourist facilities expansion.

House Bill 552 bill drops an additional $270,000 that had been placed in Senate Bill 338 for the construction of the bison herd drift barrier. (Funding for the barrier has been requested in Senate Bill 94.)

Section 2. of House Bill 552 provides $60,000 for administration of timber sales on the bison range, and for fire suppression activities.

Through the increase in permit fees provided for in Senate Bill 337, the state should realize a gain in revenue of about $50,000 per year. That income, plus income from the timber sales on the range, is expected to be more than adequate to cover the maintenance of the range.

House Bill 552, working together with Senate Bill 337 and HCR 51, is expected to resolve the problems between the bison herd and the agricultural projects. The alternate range concept has been proven successful in preventing the bison from trespassing into the farmers fields and causing crop damage.

Development of the range benefits other more than the bison in the area. Moose, caribou, bear, grouse and other wildlife habitats will be improved as the range is developed. The public, which currently uses the range for camping, fishing, hunting, trapping, hiking, and so on, will also benefit.

ORIGINAL SENATE BILL	LOCATION IN HOUSE BILL
Senate Bill 338	House Bill 552
Sec.1. $1,750,000 for completion of the development of the Bison Range.	Sec.1. $1,544,000 for same purpose. Drops $206,000 for project administration, OK'd by F&G.
Sec.2. $10,000 for tourist facilities	Dropped, F&G states it is treated in Section 1.
Sec.3. $270,000 for construction of the drift barrier	Dropped, funded in SB 94
Sec.4. $60,000 for timber sales and fire suppression	Sec.2. $60,000 for timber sales and fire suppression
Sec.5. Effective date, July 1, 1984	Sec.3. Effective date, July 1, 1984

SB

342

Alaska State Legislature

House of Representatives

Official Business

Pouch V
State Capitol
Juneau, Alaska 99811

M E M O R A N D U M

TO: House Resources Committee Members

FROM: Committee Staff

DATE: April 18, 1984

RE: Sectional Analysis of CS SB 342(finance), Alaska Agricultural Loan Act

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Section 1. Establishes two new catigories which can reveive loans under this act; horticultural businesses and fur farming businesses. The bill also reorganizes AS 03.10.010(1).

Section 2. Defines exactly in the definition section of this act "horticultural products". "Horticultural products" means vegetables, fruit plants, grass seed, sod, tree seedings, ornamental plants, foliage, or flowering plants, grown in a greenhouse or nursery.

Section 3. Allows for an extention to a short term loan made under this act. A loan may be extended for up to three years by the agricultural revolving loan fund board.

Section 4. Redefines the qualifications for a loan for clearing land. Allows loans to be made for all land having agricultural potential for the production of annual crops, hay, or for pasture. Current statutes allow loans for clearing land classified only as class III or better.

Alaska State Legislature

HOUSE OF REPRESENTATIVES

COMMITTEE ON RESOURCES

JOHN RINGSTAD, CO-CHAIRMA
RICHARD SHULTZ, CO-CHAIRM
POUCH V
JUNEAU, ALASKA 99811
(907) 465-3715

TO: SENATOR BETTYE FAHRENKAMP, CHAIRMAN/ SENATE RES.

FROM: REP. JOHN RINGSTAD, CHAIRMAN/ HOUSE RES.

DATE: JANUARY 27, 1984

RE: FUR FARMING

THE SITUATION WITH THE FUR FARMERS IN THE STATE IS AS FOLLOWS:

1. PRESENTLY DEC AND F&G REGULATE THE INDUSTRY.

   A. DEC HAS AUTHORITY TO PERMIT THE FARMS AND INSPECT FOR HEALTH AND SANITARY STANDARDS.

   B. F&G PERMITS FOR THE CAPTURE OF WILD FUR BEARERS TO MIX WITH THE DOMESTIC ANIMALS TO ENHANCE GENETIC STOCK.

   C. (U.S. DEPT. OF AGRICULTURE INSPECTS ALL IMPORTED ANIMALS THAT ARE SHIPPED TO ALASKA)

2. I HAVE BEEN WORKING WITH DEC AND DNR TO MOVE FUR FARMING BACK INTO DNR WHERE IT HAD BEEN ORIGINALLY PLACED BEFORE AN EXECUTIVE ORDER BY GOVERNOR HAMMOND DEALING WITH DEC INSPECTION AUTHORITY ARBITRARILY SWEPT THAT INDUSTRY INTO DEC.

3. I FEEL THAT THE FUR FARMERS, OF WHICH THERE IS A GROWING NUMBER, HAVE BEEN OVERLOOKED AND AS A RESULT LOST IN A MAZE OF MEANINGLESS REGULATIONS AND DEPARTMENTAL SHUFFLING. LAST YEARS HB 187 TOOK CARE OF A LOT OF THE REGULATORY PROBLEMS, BUT THERE REMAINS THE TRANSFER TO DNR IN HELPING TO HAVE FUR FARMING RECOGNIZED AS THE BONAFIDE AGRICULTURAL ACTIVITY THAT IT IS.

4. MANY OF US ARE UNAWARE THAT THIS INDUSTRY, SO WELL SUITED TO THE RURAL AREAS OF OUR STATE WAS ONCE A THRIVING ENTITY HERE IN ALASKA. WITH THE ADVENT OF BARLEY AND LARGE QUANTITIES OF FISH WASTE THE PROSPECTS FOR FUR FARMING AGAIN LOOK PLAUSIBLE FOR MANY ALASKANS. IT TRULY IS A UNIQUE PART OF AGRICULTURE AND MAY BY THAT VERY NATURE PROVIDE OPPORTUNITIES FOR ALASKANS THAT OTHERWISE WOULD NEVER HAVE THE CHANCE TO PARTICIPATE IN OUR GROWING AGRICULTURAL FUTURE.

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date:

REQUEST
Bill/Resolution No.: SB 342
Title: Amending the Ak. Ag. Loan Act
Sponsor: Faiks et al
Requestor:
Date of Request: 1-10-84

FISCAL DETAIL
Agency Affected: Natural Resources
Program Category Affected:
Agricultural Revolving Loan Fund
BRU, Program or Subprogram(s) Affected:
ARLF

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING		-0-	-0-	-0-		
CAPITAL		-0-	-0-	-0-		
REVENUE		-0-	-0-	-0-		

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: Sharon L. Barton Phone: 465-2400
Division: Commissioner's Office Date: 1-24-84

Approved by Commissioner: Norm D Smith, Deputy Date: 1-24-84
Agency: Natural Resources

Distribution (by Agency preparing fiscal note):
- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

12/1/83

Alaska State Legislature

BETTYE FAHRENKAMP, Chairman
ROBERT H. ZIEGLER, SR., Vice Chairman
DICK ELIASON
PAUL FISCHER
VIC FISCHER
BOB MULCAHY
ARLISS STURGULEWSKI

POUCH V
STATE CAPITAL
JUNEAU, ALASKA 99811
(907) 465-3834
(907) 465-3835

Senate

Committee on Resources

MINUTES

January 25, 1984
3:03 pm

Beltz Room
Room 211, Capitol

MEMBERS PRESENT

Senator Fahrenkamp, Chairman
Senator Ziegler, Vice Chair
Senator V. Fischer
Senator Paul Fischer
Senator Mulcahy
Senator Sturgulewski

CALENDAR

SB 322 An Act relating to the Alaska Agricultural Loan Board; and providing for an effective date.

SB 342 An Act amending the Alaska Agricultural Loan Act.

SB 339 An Act repealing the expiration date of the Agricultural Action Council; and providing for an effective date.

SB 358 An Act amending the expiration date of the Alaska Agricultural Action Council.

TELECONFERENCED TO:

Fairbanks	Anchorage
Delta	Homer
Palmer/Wasilla	Soldotna

Senator Kerttula testified in support of SB 322. He said the geographic areas where agricultural development exists have expanded and suggested the Governor appoint two more members to represent farmers from those areas.

Senator Faiks testified in favor of SB 342. She answered questions about the bill and also supported the Kerttula amendment regarding soil classification.

Bob Arnold, Deputy Commissioner, Department of Natural Resources, acknowledged that SB 342 would create a greater demand on the Agricultural Revolving Loan Fund and asked for clarification from the Legislature on granting loans for non-food products.

Steve Shropshire, Alaska Horticulture Association, spoke in support of SB 342. He felt the definition of "agriculture" should include horticulture.

Mayor Bill Allen, Fairbanks North Star Borough, supported all the bills before the Committee. He urged the continuation of the Alaska Agricultural Action Council and the expansion of the agricultural loan program.

Frank Geiger, Mayor, Delta Junction, spoke in support of all four bills. He recommended that two Boards be established, one for the Interior and one for the rest of the state.

Richard Ramsey, Aide to Senator Kerttula, testified in support of Kerttula's proposed amendment to SB 342. This amendment would allow more lands to be eligible for clearing loans.

Edna Anderson, Homer, recommended passage of SB 339 and SB 358 and said she agreed with Mayor Allen's comments.

Pete Roberts, Homer, supported Kerttula's proposed amendment to SB 342.

Ed Merdes, Fairbanks, supported all the bills being heard. He introduced the idea of "production incentives" to lower costs of production and make our crops more competitively priced.

Pat Mulligan, President, Alaska Farmers and Stock Growers, spoke in support of SB 342 and horticulture.

Bill Heim, Director, Division of Agriculture, DNR, wanted legislative guidance, through SB 342, on the expansion of the loan program. He supported Kerttula's proposed amendment to SB 342. Regarding SB 322, he recommended that the two new members be from Delta and Fairbanks.

Ken Ulz, Kobuk Fuel and Feed, spoke in support of all the bills being heard. He felt fur ranching was just as valid as any other ranching enterprise.

Bruce Willard, Homer, supported the continuation of the Alaska Agricultural Action Council.

Harry Wassink, Anchorage, proposed raising the cap on ARLF loans, particularly for dairy farmers.

Sig Restad, Agricultural Experimental Station, Palmer, testified in support of the four bills before the Committee.

Burton L. Clifford, U.S Department of Agriculture (USDA), spoke in support of all of the bills.

Carrol Martin, Soldotna, testified in support of all the bills heard today.

Jerry Giaucue, Palmer, spoke in support of all the bills.

Terry Weiland, Palmer, supported SB 339 and SB 358 and also wanted the cap raised on ARLF loans.

Jerry Brehmer, Delta, was in favor of all of the bills.

Vincent O'Reilly, Deputy Commissioner, Department of Commerce and Economic Development, testified that the Administration supports agricultural development. They are currently reexamining the program, trying to focus on in-state market needs. He felt that coordinating that effort should be done by the line agencies, specifically the Department of Natural Resources and the Department of Commerce and Economic Development, rather than the Alaska Agricultural Action Council.

Annely Girard, Palmer, testified that farmers need to diversify. She felt the passage of SB 342 would allow them to do that. She spoke of growing shrubs and fast growing trees such as poplars in greenhouses for use as windbreaks.

Bob Arnold, Deputy Commissioner, Department of Natural Resources, spoke again to concur with Vincent O'Reilly, Deputy Commissioner, Department of Commerce and Economic Development, that the functions of the Alaska Agricultural Action Council can be better carried out by the line agencies, particularly the Department of Natural Resources.

The meeting adjourned at 4:42 pm.

SB 342

Chapter 10. Alaska Agricultural Loan Act.

Section	Section
10. Declaration of policy	40. Creation of fund
20. Powers of the department	50. Administration of fund
30. Limitations on loans	52. Limitation on board members
35. Use or disposal of mortgaged farm land	58. Farm disaster area
	60. Short title

Collateral references. — 3 Am. Jur. 2d, Agriculture, § 19 et seq.; 55 Am. Jur. 2d, Mortgages, § 1 et seq.; 63 Am. Jur. 2d, Public Funds, § 1 et seq.

3 C.J.S., Agriculture, § 57 et seq.; 81A C.J.S., States, § 208.

Power, under statute for stabilization of market for agricultural crops, in respect of crop loans by public agency and the security therefor, 157 ALR 338.

Sec. 03.10.010. Declaration of policy. It is the policy of this chapter to promote the more rapid development of agriculture as an industry throughout the state by means of long-term low-interest loans. (§ 2 ch 122 SLA 1953)

Sec. 03.10.020. Powers of the department. The department may

(1) make loans to individual resident farmers, homesteaders, and partnerships or corporations composed of farmers and homesteaders, for clearing land for agricultural purposes, development of farms, storage and processing of farm produce, livestock and machinery and to individuals, partnerships or corporations, for storage and processing plants for agricultural products;

(2) designate agents and delegate its powers to them as necessary;

(3) adopt rules and regulations necessary to carry out its functions;

(4) establish amortization plans for repayment of loans, which may include delayed payments of principal and interest for not to exceed five years;

(5) enter into agreements with private lending institutions, other state agencies or agencies of the federal government, to carry out the purposes of this chapter. (§ 4 ch 122 SLA 1953; am § 1 ch 156 SLA 1955; am § 1 ch 41 SLA 1961; am § 1 ch 113 SLA 1982)

Effect of amendments. — The 1982 amendment inserted "clearing land for agricultural purposes" in paragraph (1).

Sec. 03.10.030. Limitations on loans. (a) A farm development, chattel, or irrigation loan made under this chapter

(1) may not exceed a term of 30 years, except that a chattel loan may not exceed a term of seven years;

(2) may not, when added to the outstanding balance of other loans made under this chapter, exceed a total outstanding balance of $1,000,000;

(3) shall be secured by a real estate or chattel mortgage of any priority, except that the portion of a loan that exceeds $500,000, when added to prior indebtedness that is secured by the same property, must be secured by a first mortgage;

(4) shall bear interest at a rate that may not be less than eight percent or more than the commercial rate, unless the commercial rate is eight percent or less; in this paragraph "commercial rate" means the prevailing rate of interest at private lending institutions in the state for loans similar to those referred to in this subsection.

(b) *[Repealed, § 72 ch 113 SLA 1982.]*

(c) A short term loan, to be amortized within one year, not to exceed $350,000 to any one borrower may be made for operating purposes, except that a loan made under this subsection may not exceed $200,000 unless the loan is made to a borrower in a farm disaster area declared under AS 03.10.058.

(d) *[Repealed, § 72 ch 113 SLA 1982.]*

(e) An installment payment is delinquent unless it is mailed by the borrower on or before the 30th day after the date specified for payment in the loan agreement or unless it is received by the department on or before the 30th day after the date specified for payment in the loan agreement. If an installment payment is delinquent, the director may assess a delinquency penalty. The delinquency penalty shall be an amount equal to seven percent of the delinquent payment, but the combined delinquency penalty and loan interest may not exceed 15 percent.

(f) A farm product processing loan may not exceed $250,000. A mortgage which secures a farm product processing loan may be of any priority if the total indebtedness on the real estate, including the secured farm product processing loan, does not exceed $250,000. A farm product processing loan which, if made, would raise the existing indebtedness on the real estate securing the loan above $250,000, or a farm product processing loan on real estate which has a prior indebtedness of $250,000 or more, may be made only if all prior mortgagees agree to subordinate their mortgages to that of the state for the amount of the farm product processing loan which exceeds the $250,000 indebtedness limit on the real estate. A farm product processing loan may not exceed a term of 30 years or bear interest that is less than eight percent a year and shall be secured by a real estate or chattel mortgage or both.

(g) A loan for clearing land may not

(1) exceed $250,000;

(2) bear interest that is less than eight percent;

(3) have a term in excess of 20 years; or

(4) be made for clearing land that is not classified as class III or better by the United States Soil Conservation Service under the land classification system used by the United States Soil Conservation Service.

(h) The commissioner shall adopt regulations to establish other terms for loans made under this chapter, consistent with the provisions of this section, and may establish interest rates for loans under (a)(4) of this section that

(1) encourage agricultural development;

(2) do not subsidize nonviable agricultural enterprises; and

(3) do not discriminate against viable existing agricultural enterprises. (§ 4 ch 122 SLA 1953; am § 1 ch 156 SLA 1955; am § 1 ch 41 SLA 1961; am § 1 ch 144 SLA 1966; am § 1 ch 78 SLA 1967; am § 1 ch 135 SLA 1970; am § 1 ch 22 SLA 1974; am § 1 ch 18 SLA 1975; am §§ 1-4 ch 50 SLA 1979; am § 74 ch 106 SLA 1980; am §§ 1-3 ch 7 SLA 1982; §§ 2-5, 72 ch 113 SLA 1982; am §§ 1, 2 ch 38 SLA 1983)

Revisor's notes. — The director referred to in the second sentence of (e) of this section is the director of the division of agriculture, Department of Natural Resources.

Effect of amendments. — The 1979 amendment increased the farm development loan and indebtedness limit in subsection (a) from $200,000 to $500,000, increased the loan limit for chattel loans from $100,000 to $300,000 in former subsection (b), substituted "$250,000" for "$25,000" in subsection (c), and added subsection (e).

The 1980 amendment added subsection (f).

The first 1982 amendment raised the interest rate limit from six to eight percent in subsections (a) and (f) and in former subsection (b).

The second 1982 amendment rewrote subsection (a); repealed subsections (b) and (d), which read, respectively, "Except for loans for irrigation systems as provided in this subsection, a chattel loan may not exceed $300,000 for each farm unit and may not run longer than seven years or the useful life of the chattel if more than seven years. It may not bear interest exceeding six per cent. It shall be secured by real estate or chattel mortgage, or both. Loans and the real estate and chattel mortgage security on them for irrigation systems may be in amounts and for terms as determined by the commissioner" and "Farm development and chattel loans for irrigation systems may be for terms as determined by the commissioner"; substituted "30th day" for "15th day" in two places in the first sentence and "may assess" for "shall assess" in the second sentence, both in subsection (e); added the language beginning "but the combined delinquency penalty" to the end of the third sentence of subsection (e); substituted "$250,000" for "$2,500,000" throughout subsection (f); substituted "that is less than eight percent" for "exceeding eight percent" in the last sentence of subsection (f); and added subsections (g) and (h).

The 1983 amendment in paragraph (a)(1) added the language beginning with "except that" and in subsection (c) substituted "$350,000" for "$200,000" and added the language beginning with "except that."

Legislative history reports. — For report on ch. 78, SLA 1967 (HB 274), see 1967 Senate Journal, pp. 513-514.

Sec. 03.10.035. Use or disposal of mortgaged farm land. (a) A borrower may not use farm land for a non-farm use or sell, lease or otherwise dispose of farm land if that land is encumbered by a mortgage given to secure the payment of a farm development, chattel, or irrigation system loan under this chapter unless the borrower either

(1) pays the outstanding balance of the loan in a lump sum or under other terms agreed to by the commissioner which accelerate payment of the loan; or

(2) pays the outstanding principal balance for the remaining term of the loan at the prevailing rate of interest which is charged by commercial banks in the state during the calendar quarter in which the department receives notice of the change of use, sale, lease or other disposal of the farm land.

(b) In this section, "non-farm use" means a use of land other than for the production of domesticated plants and animals useful to humans, including forage and sod crops, grain and feed crops, fruits, vegetables and livestock. (§ 5 ch 50 SLA 1979)

Sec. 03.10.040. Creation of fund. There is an agricultural revolving loan fund which shall not exceed $75,000,000 to carry out the purpose of this chapter. (§ 5 ch 122 SLA 1953; am § 2 ch 41 SLA 1961; am § 1 ch 81 SLA 1970; am § 6 ch 50 SLA 1979; am § 4 ch 7 SLA 1982)

Effect of amendments. — The 1979 amendment substituted "$20,000,000" for "$5,000,000." The 1982 amendment substituted "$75,000,000" for "$20,000,000."

Sec. 03.10.050. Administration of fund. (a) The commissioner shall administer the loan fund in conjunction with the agricultural revolving loan fund board. No loan in excess of $25,000 may be made by the commissioner without the approval of a majority of the board.

(b) The board is composed of five members appointed by the governor and confirmed by the legislature in joint session. Three members shall be persons with background and experience in Alaska agriculture. Members of the board serve for overlapping three-year terms. Members of the board are not entitled to receive compensation for their services, but shall receive the same travel pay and per diem as provided by law for boards and commissions.

(c) A meeting of the agricultural revolving loan fund board to act on applications for loans is exempt from the public meeting requirements of AS 44.62.310. (§ 6 ch 122 SLA 1953; am § 1 ch 119 SLA 1976; am § 6 ch 113 SLA 1982)

Revisor's notes. — Section 5, ch. 7, SLA 1982 added a subsection (c) to this section but the provisions of that subsection have been transferred to AS 03.10.052. Consequently, the subsection added by § 6, ch. 113, SLA 1982, has been redesignated "(c)."

Effect of amendments. — The 1982 amendment added subsection (c).

Sec. 03.10.052. Limitation on board members. A member of the agricultural revolving loan fund board may not, during the member's term of office or within one year after ceasing to be a member of the board, obtain a loan under this chapter other than a short-term loan under AS 03.10.030(c). (§ 5 ch 7 SLA 1982)

Revisor's notes. — Enacted as AS 03.10.050(c). Renumbered in 1982.

Sec. 03.10.054. Sale or transfer of mortgages and notes. [Repealed, § 14 ch 122 SLA 1980.]

Sec. 03.10.058. Farm disaster area. The governor may declare a farm disaster in an area of the state if a natural disaster causes a crop failure. (§ 3 ch 38 SLA 1983)

Sec. 03.10.060. Short title. This chapter may be cited as the Alaska Agricultural Loan Act. (§ 1 ch 122 SLA 1953)

Chapter 12. Alaska Grain Reserve Program.

Section
10. Alaska grain reserve program established
20. Duties of the department
30. Conditions on loans
40. Alaska grain reserve loan fund
50. Administration of fund
60. Regulations
70. Administrative Procedure Act
200. Definitions

Repeal of chapter. — Sections 4 and 5, ch. 100, SLA 1983 provide that this chapter is repealed effective January 1, 1988. For termination and transition provisions, see § 3, ch. 100, SLA 1983, in the Temporary and Special Acts.

Sec. 03.12.010. Alaska grain reserve program established [Repealed effective January 1, 1988]. The Alaska grain reserve program is established in the Department of Natural Resources for the purpose of assisting state grain producers to develop markets for their products by making loans secured by grain reserves. (§ 1 ch 100 SLA 1983)

Sec. 03.12.020. Duties of the department [Repealed effective January 1, 1988]. In carrying out the purposes of this chapter the department shall

(1) make loans to state grain producers under the conditions set out in this chapter;

(2) administer and inspect stored grain held as collateral for loans made under this chapter; and

(3) administer the Alaska grain reserve loan fund (AS 03.12.040). (§ 1 ch 100 SLA 1983)

Sec. 03.12.030. Conditions on loans [Repealed effective January 1, 1988]. (a) The department may make a loan to a state grain producer secured by grain grown by that producer in 1983 or 1984. Grain that is used as collateral for a loan made under this chapter must be graded number four or better.

SB

349

ANIMALS IN PARKS

Alaska State Legislature

House Resources Committee

SB 349

Official Business

SIGN-IN

FEB. 27, '84

NAME	ADDRESS	PHONE	REPRESENTING
Senator Jan Faiks	Pouch V Juneau 99811	465-3770	

Alaska State Legislature

OFFICIAL BUSINESS

CHAIRMAN
RULES COMMITTEE

JAN FAIKS
POUCH V
CAPITOL BUILDING
JUNEAU, ALASKA 99811

Senate

MEMORANDUM

TO: Representative John Ringstad
Chairman, House Resources Committee

FROM: Senator Jan Faiks

DATE: February 15, 1984

RE: Senate Bill 349-An Act Relating to the Use of Animals for Pecreational Activities in State Parks

Senate Bill 349 has been referred to the House Resources Committee. I would very much appreciate a hearing for the bill as soon as your schedule permits.

SB 349 came about as a result of concern by horse owners in my district about being allowed access to state parks with their animals. The Department of Natural Resources is in the process of amending regulations relating to the use of state parks. Equestrians have been riding in Chugach State Park for sometime. The horse owners recognize that some areas of the park are very sensitive, such as the tundra area. They are only concerned that they retain the right to ride their horses in some area of the park.

11 AAC 12.010 (Limitation on use of park land and water)as proposed establishes a procedure for special use areas within a state park. Application can be made to the director for the designation of a particular area within a park as a special use area. Emergency designations can be made for a 90 day period. Those seeking access in a state park could petition the director for such once these regulations are adopted.

This revision provides a simple mechanism that will accommodate multiple use of the state park system. While the management, regulation, and designation of the park system remains under the division's authority, a structured procedure is created for the application of special use areas.

This bill does not require the Department to permit horses and other pack animals in state parks. It only requires that in establishing the criteria for the opening and closing of areas, the Department will have to consider whether these animals are compatible for use within a state park. By establishing the horse owners as a users group in statute, they will have more

leverage when making their case with the Department. One of the biggest problems has been the indecision that occurs every time the Division of Parks gets a new director. Because their is no statutory direction given, the horse owners are required to make their case anew every time there is a personnel change at DNR.

This bill does not give animal owners the absolute privilege of using any state park. It only makes them a users group to be given some consideration when the Department establishes criteria for designating special use areas in state parks. The Department has assured me that they have no problem with this change, and in fact testified in favor of the bill in the Senate Resources Committee.

Should you or your staff have any questions, please let me know.

Thank you. I look forward to working on this legislation with your committee.

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: 2/27/84

REQUEST
Bill/Resolution No.: CS SB 349
Title: Activities in State parks
Sponsor: Faiks
Requestor: Resources
Date of Request:

FISCAL DETAIL
Agency Affected: Natural Resources
Program Category Affected: Div. of Parks
BRU, Program or Subprogram(s) Affected: Park Management/Operations

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY	-0-	-0-	-0-	-0-	-0-	-0-

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: Jim Price
Phone: 265-4526
Division: Parks
Date: 1/26/84

Approved by Commissioner: Norman D Arnold, Deputy
Date: 2/27/84
Agency: Department of Natural Resources

Distribution (by Agency preparing fiscal note):
- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

12/1/83

11 AAC 12.120. HORSES. Horses and pack stock shall not be ridden, driven, led, or otherwise used in a state park except in an area or on a roadway or trail of the state park designated by the director for the use of horses. (Eff. 1/12/73, Reg. 44)

Authority: AS 41.20.020
AS 41.20.040

11 AAC 12.130. PETS. Dogs and other pets, while in a building, campground or other developed area of a state park, shall be on a leash not exceeding nine feet in length at all times. The director may prohibit dogs and other pets from areas or buildings in a state park. Seeing-eye dogs are exempt from prohibitions against pets in a building, campground, or other area of a state park. A dog or other pet running at large in a state park may be destroyed by a state park official. (Eff. 8/1/68, Reg. 27; am 1/13/73, Reg. 44)

Authority: AS 03.55.010 AS 41.20.020
AS 03.55.020 AS 41.20.040
AS 18.75.020

11 AAC 12.140. CONSTRUCTION OF STRUCTURES. No dock, cabin, home, building, or other structure may be constructed or maintained on state park lands or waters unless authorized by the director. (Eff. 8/1/68, Reg. 27; am 1/13/73, Reg. 44)

Authority: AS 41.20.020
AS 41.20.040

11 AAC 12.150. CONSTRUCTION OF SIGNS. Construction or display of signs in a state park is prohibited unless authorized by the director. (Eff. 8/1/68, Reg. 27; am 1/13/73, Reg. 44)

Authority: AS 41.20.020
AS 41.20.040

11 AAC 12.160. ASSEMBLY. (a) An assembly of more than 20 people in a state park is prohibited without a permit. A permit may be obtained by applying to the director. Where more than one application for the same period of time is received by the director, a permit shall be issued to the applicant filing the first application.

(b) The permit may provide

(1) restrictions as to facilities or area;

(2) the maximum number of people to occupy a facility or area; and

(3) any other provision the director deems necessary to protect the health and welfare of

MEMORANDUM

DEPARTMENT OF NATURAL RESOURCES

State of Alaska

DIVISION OF PARKS

TO: Neil C. Johannsen
Director

THRU: Skip Harding
Deputy Director

FROM: Pete Panuccio, Superintendent
Chugach/Southwest District

DATE: January 12, 1984

FILE NO: 6210-12-9

TELEPHONE NO: 279-3413

SUBJECT: Horses in Chugach

On January 11, 1984, I met with the Anchorage Horse Trails and Facilities Committee, which is the primary organization representing the interests of the equestrian community in the Anchorage area. The goal of the meeting was to identify how the use of horses in State Parks could be recognized as a legal recreational pursuit and to come to agreement on which trails in Chugach State Park would be open to horses.

After a lengthy and often heated discussion on why the Division could not simply do away with the current regulation, 11AAC 12.120 HORSES, and open all parks to horses, we knuckled down and proceeded to explore the various options available to open trails in Chugach State Park. Those methods being the formulation of a Division Order under the existing 11AAC 12.120, the application of the revised 11AAC 12.010 LIMITATION ON USE OF PARK LAND AND WATER, when adopted, or the inclusion of Horses in 11AAC 20 when those regulations are promulgated.

Prior to attending the meeting, I consulted the Deputy Director to ascertain which method would best apply to this particular situation. We agreed that due to the length of time required to promulgate Chapter 20 and the uncertainty as to when the proposed 11AAC 12.010 would be in effect, the best direction at this time would be to issue a Division Order opening trails to horses.

I integrated this rationale into the meeting and those in attendance were concerned about the possibility of this Division Order being repealed at a later date. I explained that the likelihood of that occuring was remote, without a similar order or regulation being in place or in the process of being promulgated.

To summarize, the issuance of a Division Order opening trails in Chugach State Park will serve to depolitize the issue and recognize the use of horses as a legal activity on designated trails. The wording of the Division Order (draft attached) will be such that it can be used under the procedure outlined in the proposed 11AAC. 12.010 or to be promulgated at a later date in Chapter 20.

PJP/lk

DELIVER TO: Carol Wilson	LOCATION SOR - DNR
FROM: Parks	LOCATION Anch.
TELEPHONE/TELECOPIER #	TOTAL NUMBER OF PAGES 3

STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

DEPARTMENT OF NATURAL RESOURCES

DIVISION OF PARKS

619 WAREHOUSE AVE., SUITE 210
ANCHORAGE, ALASKA 99501
PHONE: (907) 276-2653

January 12, 1984

Division Order No. 55

SUBJECT: Use of Horses in Chugach State Park

AUTHORITY: AS 41.21.020
AS 41.21.040
11AAC 12.120

1. All areas of Chugach State Park are open to the use of horses and pack stock with the exception of the following areas:

   A. Campgrounds, swim beaches and picnic areas;

   B. The Eagle River Valley from Crow Pass to the Eagle River Visitor Center;

   C. The Old Johnson Trail from Potter to Indian;

   D. All trails in the Hillside Trail System (North Fork of Campbell Creek to Rabbit Creek) from April 1 to June 1 annually;

   E. Designated trails in the Hillside Trail System;

      1) Glen Alps access trails to the Powerline;

      2) Trails and roads above (southeast of) the gas-line and powerline junction from Nov. 1 to June 1 annually;

      3) All trails east of the powerline from Nov. 1 to June 1 annually;

      4) The Wolverine Peak Trail from Nov. 1 to June 1 annually;

      5) Middle Fork Loop Trail;

      6) Flattop Mountain Trail;

2. Groups consisting of ten or more animals must obtain a Park Use Permit prior to entering the park;

3. Quartering of horses and packstock within 100' of fresh water is prohibited.

Neil C. Schannsen, Director
Division of Parks and Outdoor Recreation

CHAPTER 12. PUBLIC USE.

Article
1. State Park Land and Water Restrictions (11 AAC 12.010 -- 11 AAC 12.050)
2. Trails, Roads and Campsites (11 AAC 12.100 -- 11 AAC 12.230)
3. General Provisions (11 AAC 12.300 -- 11 AAC 12.340)

ARTICLE 1. STATE PARK LAND AND WATER RESTRICTIONS.

Section
10. Limitation on use of park land[S] and water[S]
20. Speed limits in parks
30. Park land or water[S CLOSED] open to aircraft [OR BOATS]
35. Park water open to boats
40. (Repealed)
50. Refuse and waste

1. AAC 12.010 is repealed and readopted to read:

11 AAC 12.010. LIMITATION ON USE OF PARK LAND AND WATER. (a) Subject to those use designations, if any, established by statute or 11 AAC 20 for an individual park, the director may designate special use areas within a park as:

(1) open to a particular activity but subject to specific conditions of use not required of other activities in the area;

(2) open to a particular activity only if authorized by a park land use permit obtained under 11 AAC 18.010; or

(3) closed to a particular activity which would otherwise be allowed either with or without a park land use permit obtained under 11 AAC 18.010.

(b) Subject to those use designations established by statute or 11 AAC 20, the director may designate an area within a park as a special use area. Any person may petition the director in writing to designate a specific area as a special use area. Except as otherwise provided in this section, designation of a special use area may not be made unless the department publishes notice of the designation once each week for four consecutive weeks in a newspaper of general circulation in the vicinity of the park and provides opportunity for hearing. When the director declares an emergency situation, a special use designation is effective immediately, and the department will publish notice of the designation within ten days of the declaration. An emergency designation is effective for not longer than 90 days, and terminates unless a notice of intent to designate the area permanently for a special use is made by the department by publishing notice in the manner prescribed for other special use designations, including an opportunity for a hearing. An emergency special use designation may not be renewed for the same emergency

REGULATIONS DRAFT # HEARING

7. Trails, Footpaths and Campsites (§§ 41.21.850 — 41.21.872)
8. Miscellaneous Provisions (§§ 41.21.900 — 41.21.918)
9. General Provisions (§§ 41.21.950 — 41.21.990)

Article 1. Administration.

Section
10. Purpose
20. Duties of Department of Natural Resources
25. Zoning of private land within state parks
30. Disposition of funds
40. Division within department

Collateral references. — 59 Am. Jur. 2d, Parks, Squares and Playgrounds, §§ 1 — 15; 63 Am. Jur. 2d, Public Lands, § 17. 81A C.J.S., States, §§ 138, 145 — 150.

Statutes relating to establishment or administration of parks as encroachment on right of local self-government, 88 ALR 228.

Sec. 41.21.010. Purpose. It is the purpose of AS 41.21.010 — 41.21.040 to foster the growth and development of a system of parks and recreational facilities and opportunities in the state, for the general health, welfare, education, and enjoyment of its citizens and for the attraction of visitors to the state. (§ 1 ch 158 SLA 1959)

Revisor's notes. — Formerly AS 41.20.010. Renumbered in 1983.

Sec. 41.21.020. Duties of Department of Natural Resources. The Department of Natural Resources shall

(1) develop a continuing plan for the conservation and maximum use in the public interest of the scenic, historic, archaeologic, scientific, biological, and recreational resources of the state;

(2) plan for and develop a system of state parks and recreational facilities, to be established as the legislature authorizes and directs;

(3) acquire by gift, purchase, or transfer from state or federal agencies, or from individuals, corporations, partnerships or associations, land necessary, suitable and proper for roadside, picnic, recreational or park purposes;

(4) control, develop and maintain state parks and recreational areas;

(5) provide for the acquisition, care, control, supervision, improvement, development, extension and maintenance of public recreational land, and make necessary arrangements, contracts or commitments for the improvement and development of land acquired under AS 41.21.010 — 41.21.040;

(6) adopt, in accordance with this section and the Administrative Procedure Act (AS 44.62), regulations governing the use and

designating incompatible uses within the boundaries of state park and recreational areas to protect the property and to preserve the peace;

(7) cooperate with the United States and its agencies and local subdivisions of the state to secure the effective supervision, improvement, development, extension, and maintenance of state parks, state monuments, state historical areas, and state recreational areas, and secure agreements or contracts for the purpose of AS 41.21.010 — 41.21.040;

(8) encourage the organization of state public park and recreational activities in the local political subdivisions of the state;

(9) provide for consulting service designed to develop local park and recreation facilities and programs;

(10) provide clearing-house services for other state agencies concerned with park and recreation matters; and

(11) perform other duties as are prescribed by executive order or by law;

(12) maintain memorials to Alaska veterans located in state parks;

(13) adopt, in accordance with the Administrative Procedure Act (AS 44.62), regulations governing the use of the Chena River State Recreation Area and designating incompatible uses within the boundaries of the Chena River State Recreation Area in accordance with AS 41.21.490. (§ 2 ch 158 SLA 1959; am § 1 ch 233 SLA 1970; am § 3 ch 30 SLA 1981; am §§ 1, 2 ch 78 SLA 1981)

Revisor's notes. — Formerly AS 41.20.020. Renumbered in 1983.

The present second sentence of AS 41.21.490 was originally enacted as part of (13) of this section and was transferred, with appropriate minor word changes in (13) of this section in 1981. Two paragraphs (12) were added by the 1981 amendments. The paragraph added by the second amendment was renumbered as (13).

Cross references. — For power of the department of military affairs to construct memorials to veterans, see AS 44.35.030.

Effect of amendments. — The first 1981 amendment added paragraph (12).

The second 1981 amendment made minor word changes in paragraph (6) and added paragraph (13).

Collateral references. — Grant of licenses or special privileges in parks, 18 ALR 1263; 63 ALR 484; 144 ALR 486.

Use to which park property may be devoted; power of legislature or state officers, 18 ALR 1266; 63 ALR 484; 144 ALR 486.

Sec. 41.21.025. Zoning of private land within state parks. (a) The department may adopt, under the Administrative Procedure Act (AS 44.62), zoning regulations governing private property within the boundaries of state parks established under this chapter.

(b) Land patented to or under interim conveyance to a regional or village native corporation under 43 U.S.C. 1601-1628 (P.L. 92-203, Alaska Native Claims Settlement Act) which falls within a state park boundary is subject to the zoning regulations provided for under (a) of this section only if the affected regional or village native corporation consents to or fails to reject the zoning regulations within 60 days from the date they are submitted to the effected corporation.

SB

366

Offered: 3.28/84
Referred: Community and Regional Affairs

Original sponsor: Rules/Governor

1 IN THE SENATE BY THE RESOURCES COMMITTEE

2 CS FOR SENATE BILL NO. 366 (Resources)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to protection of forested land."

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

8 * Section 1. AS 41.15.010 is amended to read:

9 Sec. 41.15.010. INTENT. It is the intent of AS 41.15.010 -

10 41.15.170 to provide protection, commensurate with the value of the

11 resources at risk, for the natural [TIMBER] resources and watersheds

12 on land that is owned privately, by the state, or by a municipality

13 [ALL LAND IN THE STATE].

14 * Sec. 2. AS 41.15.030(b) is amended to read:

15 (b) The commissioner may hire emergency fire-fighting personnel

16 [UP TO A TOTAL OF 30,000 MAN-HOURS EACH YEAR], and shall establish

17 classifications and rates of pay for the emergency fire-fighting

18 personnel consistent with the compensation paid by other fire-fighting

19 agencies. The commissioner may adjust the classifications and rates

20 based on findings of the federal Bureau of Land Management for Alaska.

CSSB 366 (RES) RELATING TO PROTECTION OF FORESTED LAND

NEGOTIATIONS WITH: D.N.R. (BILL SPONSORED BY GOVERNOR)

ALASKA MUNICIPAL LEAGUE

FIRE CHIEFS ASSOCIATION

FEATURES:

1. CLARIFIES THAT STATE NEED NOT PROTECT ALL LAND IN STATE BUT ONLY LAND THAT IS OWNED PRIVATELY, BY THE STATE, OR BY A MUNICIPALITY.
2. PROTECTION PROVIDED BY STATE IS TO BE COMMENSURATE WITH THE VALUE OF THE RESOURCES AT RISK.
3. REMOVES THE LIMITATION ON THE NUMBER OF MANHOURS OF EMERGENCY FIREFIGHTING SERVICE THAT DNR MAY USE YEARLY.

CHANGE FROM ORIGINAL: ORIGINAL BILL WOULD HAVE TRANSFERRED FIRE SUPPRESSION RESPONSIBILITY FROM STATE TO MUNICIPALITY. OPPOSED BY MUNICIPAL LEAGUE (CONCERNED ABOUT MUNICIPALITIES' CAPABILITIES AND THE COSTS AND LIABILITY THEY WOULD INCUR).

NOTES:

CURRENT LIMITATION IS 30,000 MAN-HOURS PER YEAR. THIS IS EQUIVALENT TO 8 DAYS OF A FULL FIRE FORCE. THE ROSIE CREEK FIRE IN FAIRBANKS (SPRING 1983) TOTALED OVER 30,000 MAN-HOURS.

PROTECTION CATEGORIES WHICH HAVE BEEN CATEGORIZED BY LAND USE COUNCIL:

1. CRITICAL (INVOLVING LIFE AND PROPERTY)
2. HIGH VALUE (VALUABLE NATURAL RESOURCES - TIMBER, WILDLIFE)
3. MODIFIED SUPPRESSION (RESOURCE VALUE DOESN'T MERIT CONSIDERABLE COMMITMENT)
4. LIMITED SUPPRESSION ("LET BURN", MONITORED)

IN THE SENATE DNR RECOMMENDED SUBSTITUTE BILL

CS SENATE BILL NO. 366 (RCS)

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTEENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act relating to protection of forested land."

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

* Section 1. AS 41.15.010 is amended to read:

Sec. 41.15.010. INTENT. It is the intent of AS 41.15.010 -- 41.15.170 to provide protection, commensurate with the value of the resources at risk, for the natural [TIMBER] resources and watersheds on land that is owned privately, by the state, or by a municipality. [ALL LAND IN THE STATE].

* Sec. 2. AS 41.15.030(b) is amended to read:

(b) The commissioner may hire emergency fire-fighting personnel [UP TO A TOTAL OF 30,000 MAN-HOURS EACH YEAR], and shall establish classifications and rates of pay for the emergency fire-fighting personnel consistent with the compensation paid by other fire-fighting agencies. The commissioner may adjust the classifications and rates based on findings of the federal Bureau of Land Management for Alaska.

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: 3/20/84

REQUEST
Bill/Resolution No.: CS for SB 366
Title: Protection of Forested Land

Sponsor: Rules Committee
Requestor: Governor
Date of Request: 1/20/84

FISCAL DETAIL
Agency Affected: Dept. Natural Resources
Program Category Affected: Forestry

BRU, Program or Subprogram(s) Affected:
Fire Suppression

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-			
CAPITAL	-0-	-0-	-0-			
REVENUE	-0-	-0-	-0-			

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-			

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: Sharon Barton
Phone: 465-2400
Division: Commissioners' Office
Date: 3/20/84

Approved by Commissioner: [illegible] Deputy
Date: 1/30/84
Agency: Department of Natural Resources

Distribution (by Agency preparing fiscal note):
- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

12/1/83

Analysis: Although this legislation neither requires an appropriation nor generates revenue, it is expected to reduce future fire fighting costs to the State by defining the lands for which the State is responsible.

Alaska State Legislature

BETTYE FAHRENKAMP, Chairman
ROBERT D. ZIEGLER, SR., Vice Chairman
DICK ELIASON
PAUL FISCHER
VIC FISCHER
BOB MULCAHY
ARLISS STURGULEWSKI

POUCH V
STATE CAPITAL
JUNEAU, ALASKA 99811
(907) 465-3834
(907) 465-3835

Senate

Committee on Resources

MINUTES

March 5, 1984
3:11 pm

Beltz Room
Room 211, Capitol

MEMBERS PRESENT

Senator Fahrenkamp, Chairman
Senator Ziegler, Vice Chair
Senator Eliason
Senator Mulcahy
Senator Sturgulewski

CALENDAR

SB 278, An Act establishing a waterfowl conservation stamp.

SB 366, An Act relating to protection of forested land.

SJR 31, Relating to the capture of orcas in Alaska waters.

SB 278

Senator Rodey, sponsor of the bill, explained that proceeds from the sale of stamps would be used for the conservation and enhancement of waterfowl and said the bill has the support of conservation and sport hunting groups. He supported the Committee Substitute, as it clears up any questions over dedication of funds.

Dan Timm, Regional Management Coordinator, Game Division, and Tom Rothe, Waterfowl Coordinator, Game Division, Alaska Department of Fish and Game, testified in support of the Committee Substitute, which would make the purchase of the stamps mandatory and specify that the stamp would not be required of hunters until September 1, 1985. They answered questions from members of the committee regarding the Department's administrative costs, the process of requesting proposals for design and publishing of stamps, and how the Department plans to use the revenues generated.

Jay Nelson, Executive Director, Alaska Environmental Lobby, spoke in support of the Committee Substitute, and urged the state to become more actively involved in waterfowl management.

Ron Sommerville, Alaska Outdoor Council, testified in support of the Committee Substitute.

Jim King spoke in support of the bill, urging the state to take more control over the management of its waterfowl.

Senator Sturgulewski moved to adopt the Committee Substitute. There was no objection.

Senator Mulcahy moved CS SB 278 with individual recommendations. There was no objection.

SB 366

John Sturgeon, State Forester, Department of Natural Resources, testified in support of the bill, explaining that transferring responsibility for firefighting to local service areas would remove the duplication of effort by the state and municipalities.

Ginny Chitwood, Alaska Municipal League, testified in opposition to those sections of the bill that would give municipalities primary responsibility for fire suppression within service areas, expressing concern over municipalities' capabilities and the costs they would incur.

Senator Fahrenkamp asked that Sturgeon and Chitwood work with Committee staff to prepare a Committee Substitute that would address the needs and concerns of both the state and the municipalities.

SJR 31

Senator Vic Fischer spoke in support of the Committee Substitute and moved it be adopted and moved from Committee with individual recommendations. There was no objection.

The meeting adjourned at 4:27 pm.

Alaska State Legislature

BETTYE FAHRENKAMP, Chairman
ROBERT H. ZIEGLER, SR., Vice Chairman
DICK ELIASON
PAUL FISCHER
VIC FISCHER
BOB MULCAHY
ARLISS STURGULEWSKI

POUCH V
STATE CAPITAL
JUNEAU, ALASKA 99811
(907) 465-3834
(907) 465-3835

Senate

Committee on Resources

MINUTES

March 26, 1984
3:04 pm

Beltz Room
Room 211, Capitol

MEMBERS PRESENT

Senator Fahrenkamp, Chairman
Senator Ziegler, Vice Chairman
Senator Eliason
Senator Paul Fischer
Senator Vic Fischer
Senator Mulcahy
Senator Sturgulewski

CALENDAR

SB 366, An Act relating to protection of forested land.

SB 480, An Act relating to the establishment of certain commodity marketing commissions.

SB 461, An Act relating to the management and use of water in mining; and providing for an effective date.

SB 462, An Act making a special appropriation to the Mining Water Use Board for loans and grants concerned with the management and use of water in mining; and providing for an effective date.

SB 366

Sandra Schubert, Aide to Senator Fahrenkamp, explained that the Committee Substitute leaves fire suppression responsibility with the State, and clarifies which lands the State must protect and how much protection must be provided.

Senator Mulcahy moved to adopt the Committee Substitute for SB 366. There was no objection.

Carole Wilson, Special Assistant to the Commissioner of the Department of Natural Resources, testified that the Department supported the Committee Substitute.

Senator Sturgulewski moved CS SB 366 from committee with individual recommendations. There was no objection.

SB 480

Richard Ramsey, Aide to Senator Kerttula, explained that commodity marketing commissions, common in the lower 48, are intended to function as self-help institutions to further agricultural potential through marketing research, education, and promotion.

Sharon Barton, Special Assistant to the Commissioner of the Department of Natural Resources, testified that the Department supported the bill as an important step for Alaskan farmers. The Department would be involved in the organization of the commissions but not in their ongoing operations. She proposed an amendment that would clarify that DNR would perform "shell egg" inspections.

Senator Mulcahy moved to adopt DNR's proposed amendment and to move CS SB 480 from Committee. There was no objection.

SB 461
SB 462

Jim Palmer, Aide to Senator Fahrenkamp, explained that these bills would set up a program for researching the problems of placer mining and the pollution of streams. He spoke in support of the Department of Natural Resources' proposed amendments.

Pedro Denton, Division of Mining, Department of Natural Resources, spoke in support of the bill as the programs will provide a source of needed information for making management decisions. He offered specific amendments to clarify the intent of the bill.

Senator Vic Fischer suggested language be added to the Committee Substitute that would clarify that the intent of the innovative gold recovery grant program is to reduce water usage and pollution.

Randy Bayliss, Water Quality Section, Department of Environmental Conservation spoke in support of the bills urging the development of new methods and procedures for gold recovery as the best long range solution to placer mining problems.

Phil Holdsworth, Alaska Miners Association, spoke in support of the bills, and the need for more data from miners on new recovery techniques.

Senator Ziegler moved to adopt the added language suggested by Senator Vic Fischer. There was no objection.

Senator Sturgulewski moved to adopt the amendments proposed by the Department of Natural Resources. There was no objection.
Senator Ziegler moved CS SB 461 and SB 462 from Committee with individual recommendations. There was no objection.

The meeting adjourned at 4:04 pm.

Chapter 15. Forests.

Article
1. Protection of Forested Land (§§ 41.15.010 — 41.15.170)
2. Forest Reserve Fund (§ 41.15.180)
3. Fire Suppression Fund (§§ 41.15.200 — 41.15.240)
4. Haines State Forest Resource Management Area (§§ 41.15.300 — 41.15.330)
5. Miscellaneous Provisions (§ 41.15.900)
6. General Provisions (§ 41.15.950)

Article 1. Protection of Forested Land.

Section
10. Intent
20. Regulations
30. Contracts for forest protection
40. Right of entry to control and suppress fires
50. Fire season
60. Permits
70. Disposal of burning materials
80. Equipment and notice required
90. Building or leaving fires
100. Setting fires without consent
110. Uncontrolled spread of fire; leaving fire unattended
120. Failure to assist in preventing or suppressing fires
130. Backfires excluded
140. Penalty for misdemeanor
150. Malicious or wanton setting of fires
160. Double damages in civil actions
170. Definitions

Collateral references. — 52 Am. Jur. 2d, Logs and Timber, §§ 64 — 65; 63 Am. Jur. 2d, Public Lands, § 18.

98 C.J.S., Woods and Forests, § 1 et seq.

Constitutionality of reforestation or forest conservation legislation, 13 ALR2d 1095.

Constitutionality of fire prevention provisions of forest conservation legislation, 13 ALR2d 1129.

Liability for spread of fire purposely and lawfully kindled, 24 ALR2d 241.

Res ipsa loquitur in actions against owner or occupant of premises for personal injury, death, or property damage caused by fire, 8 ALR3d 974.

Measure of damages for destruction of or injury to fruit, nut, or other productive trees, 90 ALR3d 800.

Sec. 41.15.010. Intent. It is the intent of AS 41.15.010 — 41.15.170 to provide protection for the timber resources and watersheds on all land in the state. (§ 1 ch 138 SLA 1961)

Sec. 41.15.020. Regulations. The commissioner shall, by regulation, make provision for the protection of forested land in the state from fire and other destructive agents. (§ 2 ch 138 SLA 1961)

Sec. 41.15.030. Contracts for forest protection. (a) The commissioner may enter into necessary protection contracts.

(b) The commissioner may hire emergency fire-fighting personnel up to a total of 30,000 man-hours each year, and shall establish classifications and rates of pay for the emergency fire-fighting personnel consistent with the compensation paid by other fire fighting [illegible]

commissioner may adjust the classifications and rates based on findings of the federal Bureau of Land Management for Alaska. (§ 2 ch 138 SLA 1961; am § 1 ch 100 SLA 1976)

Sec. 41.15.040. Right of entry to control and suppress fires. Upon approval by the commissioner or an authorized agent, employees of the division of lands, or of any organization authorized to prevent, control or suppress fires or destructive agents, and others assisting in the control or suppression of fires upon request of an officer or employee of the United States or the state may at any time enter upon any land, whether publicly or privately owned, for the purpose of preventing, suppressing or controlling forest fires and destructive agents. (§ 2 ch 138 SLA 1961)

Collateral references. — 22 Am. Jur., 2d Fires, § 2.

Constitutionality of fire prevention provisions of forest conservation legislation, 13 ALR2d 1129.

Sec. 41.15.050. Fire season. The period from May 1 to September 30, inclusive, of each year is designated the fire season. The commissioner may designate other periods as fire season. The commissioner may proclaim an additional period for all or any portion of the state when weather or other conditions require action for the protection of forested land. The commissioner may also, during the fire season, prohibit, or allow only by permit, the setting of fires, smoking, entry or other use on the land, when, in the judgment of the commissioner, the activities would unduly increase the fire danger. (§ 3 ch 138 SLA 1961; am § 1 ch 27 SLA 1973)

Sec. 41.15.060. Permits. The commissioner shall, by regulation, prescribe the conditions of and the manner for obtaining a permit. Failure to obtain the required permit, or violation of a condition of the permit is a misdemeanor. (§ 3 ch 138 SLA 1961; am § 1 ch 179 SLA 1970)

Sec. 41.15.070. Disposal of burning materials. A person who, during the fire season, throws away lighted tobacco, cigar, cigarette, match, firecracker or other burning material on forested land, whether public or private, is guilty of a misdemeanor. (§ 4 ch 138 SLA 1961)

Sec. 41.15.080. Equipment and notice required. Every conveyance operated through or above forested land shall be equipped at all times in each compartment with a suitable receptacle for the disposition or reception of burning material mentioned in AS 41.15.070. Every owner or operator of a public conveyance operated through or above forested land shall post and keep displayed at all times a copy of AS 41.15.050 — 41.15.080 and 41.15.140 in a conspicuous place within the [illegible] compartment of the conveyance. Every person operating or

COMMITTEE REPORT

SENATE

FURTHER:

1/20/84

Date: 3-26-84

Mr. President:

The Committee on RESOURCES has had SB 366

relating to protection of forested land

under consideration and (a majority of the committee) (the committee) reports it back with the following recommendations:

[X] do pass [ ] do not pass

[ ] do pass with attached amendments(s)

[X] replace with CS for SB 366 [X] same title [ ] new title

and recommends

[ ] AND attaches a "Letter of Intent" [ ] New Fiscal Note

[ ] reports it back without recommendation

[ ] referred to the Committee

MEMBERS SIGNING DO PASS

Paul Fischer

Siegler

Augustus

MEMBERS HAVING OTHER RECOMMENDATIONS:

CHAIRMAN

S 60 (Rev. 12/78)

BILL SHEFFIELD
GOVERNOR

SB 366

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

January 20, 1984

The Honorable Jalmar Kerttula
President of the Senate
Pouch V
Juneau, AK 99811

Dear Senator Kerttula:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to the protection of forested land. This bill clarifies the extent of the state's duty to protect forested land, and removes the limitation on the number of man-hours of emergency fire-fighting service that the Department of Natural Resources may use each year.

AS 41.15.010 currently provides that "[i]t is the intent of AS 41.15.010 -- 41.15.170 to provide protection for the timber resources and watersheds on all land in the state." The bill first clarifies that the protection provided by the state is to be commensurate with the value of the resources at risk. The state is not obligated to provide more protection to forested land than is reasonable, based on the value of the resources at risk.

This bill next clarifies that the state need not protect all forested land located within the state, but only state land (as defined in AS 38.05.365(16)) or land owned privately or by a municipality. The U.S. Departments of Agriculture, Interior, and Defense are obligated to protect federal land located within the state, and there is no reason for the state to provide duplicate protection.

This bill also clarifies that the primary responsibility for suppressing fires on forested land located within a tax-supported fire service area rests with the municipality in which that service area is located. The state's duty with regard to fires in these areas is to provide assistance to the municipality if the fire exceeds its capabilities.

Finally, this bill removes the limitation placed on the number of man-hours of emergency fire-fighting service that may be used each year by the Department of Natural Resources. In an average or worse-than-average year, the state cannot adequately suppress forest fires occurring in the areas for which it is responsible using only the 30,000 man-hours permitted by AS 41.15.030.

Sincerely,

Bill Sheffield

Bill Sheffield
Governor

SB

371

Alaska State Legislature
HOUSE OF REPRESENTATIVES
COMMITTEE ON RESOURCES

JOHN RINGSTAD, CO-CHAIRMAN
RICHARD SHULTZ, CO-CHAIRMAN
POUCH V
JUNEAU, ALASKA 99811
(907) 465-3715

MEMORANDUM

TO: House Resources Committee members

From: Committee staff

Date: April 11, 1984

Re: HCSCSSB 371 (Res.)

****

There are four amendments that have been incorporated into the new CS.

1. The first amendment clarifies the bill to make sure that joint ventures between corporations for the purposes of developing mining claims are permitted. (page 2, line 19, (1) - (4) is changed to (1) - (6) to include corporations.)

2. The second amendment will reduce the rental fee due on the second anniversary from $6 per acre to $3 per acre.

3. The third will increase the term of lease to 20 years instead of 10 years to provide additional security for financing and development of mining leases.(page 7, line 28)

4. The fourth will add language back in that was taken out in Senate Resources to provide a remedy when mining claims are staked in error, that is if a miner uses federal staking methods on state land he will now be able to correct the error without being penalized. (page 9, lines 10 & 22-26)

STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

DEPARTMENT OF NATURAL RESOURCES

POUCH M
JUNEAU, ALASKA 99811
PHONE: 907-465-2400

OFFICE OF THE COMMISSIONER

February 17, 1984

The Honorable Bettye Fahrenkamp
Chairperson
Senate Resources Committee
Pouch V
Juneau, AK 99811

Dear Senator Fahrenkamp:

The Department of Natural Resources appreciates the opportunity to comment on the amendments to SB 371 that were proposed on behalf of the Alaska Miners Association last week. The proposed amendments would substantially weaken statutory requirements imposed by the Legislature only two years ago, at the request of the Department of Natural Resources. The 1982 amendments struck a fair balance between offshore prospecting permit applicants' desires for exclusive, long-term exploration rights over large acreages, and the department's mandate for diligent development of the State's mineral resources.

Perhaps the following background information on the offshore mining program will be useful to your committee's deliberations. There have been two previous revisions to AS 38.05.250. The 1961 version was quite restrictive: Prospecting permits were issued for only two years with a possible two-year extension, and the amount of land each person could hold was limited to 5,120 acres. In 1966 the statute was greatly liberalized, with the term of a prospecting permit increased to ten years, the acreage limit dropped entirely, and no rental due until two years after the prospecting permit's issuance. Approximately 8,000 offshore prospecting permits were issued in all, but only eight were converted to lease after discoveries of workable mineral deposits, and only one ever went into commercial production. Although diligent exploration took place on some of the prospecting permits, up to 80% of them were relinquished at the end of their second year when the first rental payment fell due. The generous terms of the 1966 statute may have drawn many people into the program who were not ready to undertake mineral exploration.

When the disposal and public notice laws were rewritten after the Supreme Court decision on the Kachemak Bay oil and gas lease sale, the program had to be suspended. In preparation for reopening under the new, much more expensive and time-consuming disposal procedures, the department asked the Legislature to consider tightening the terms of AS 38.05.250 somewhat to stress diligence and ensure that permits would not be issued only to result in large acreages being held for speculation. It responded in 1982 by reducing the duration of prospecting permits to

seven years, setting the primary term of the lease at ten years (with extension upon production), requiring rent to be paid at the end of each year (with the permittee's or lessee's expenses credited against the rental), and limiting permittees to 100,000 acres each and lessees to 46,080 acres. The department considered these statutory revisions to be a workable compromise between the two previous extremes and promptly amended its regulations to implement them. A large disposal under these new procedures is currently underway in Cook Inlet.

Making further substantive amendments at this time could seriously disrupt the Cook Inlet disposal. If you decide to proceed with such amendments, we would ask that the effective date be deferred until the first of January, 1985. As an example of the difficulties that would arise if the statute were amended in the midst of the disposal, prospecting permit forms must be drafted and printed within the next several weeks (permit issuance is to begin May 15, with another round beginning in early fall). Permit duration must be known with certainty before the forms are printed. And well before May 15, applicants must fill out qualification statements, including an official statement of conformance with acreage limitations. Thus, the acreage limits must also remain stable throughout the Cook Inlet disposal to avoid confusion. In addition, if the statute is amended we would need time to amend our regulations accordingly.

Increasing the prospecting permit acreage limit to 300,000 acres is of particular concern. If that change took place without a delayed effective date, by November of this year it would result in 120 tracts in Cook Inlet - representing three-fourths of all prospecting permits statewide - being held by an outside corporation. There could be public concern about concentrating exclusive exploration rights under one company's control.

Other specific concerns are outlined below:

Proposed amendment 1 (Change term of prospecting permit from 7 to 10 years).	In our view, seven years is a sufficiently long time for a diligent applicant to discover workable deposits on an offshore tract.
Proposed amendment 2 (Change rental from $3 per year from issuance to $3 for the first 2 years, then $3 per year thereafter).	Concern that delays in obtaining necessary federal permits might effectively prohibit performance of labor in lieu of the payment of the $3 per acre annual rental in the first year of a permit's term is valid. However, the diligence requirement for an offshore prospecting permit should not be lessened during the initial years. We suggest a compromise of $6 per acre for the first two years, payable at the end of the second year, and then $3 per acre per year thereafter.

Proposed amendment 3 (Change acreage limitation for OPPs from 100,000 acres to 300,000 acres and for leases from 46,080 to 100,000).	We are not aware of an actual need for this amendment. See also above.
Proposed amendment 4 (Change term of lease from 10 to 20 years).	The term of an offshore mining lease in the present statute is "for a period of up to 10 years, and for so long as there is production in paying quantities from the leased area." This language obligates a lessee to initiate production within 10 years of issuance of his lease. Our view is that 20-year lease terms without any diligence requirements beyond a nominal $3 per acre rental (against which expenditures on the lease can be credited) are excessive. As mentioned by Dave Hedderly-Smith at your hearing last week, we believe there should be authority to extend the lease of a diligent lessee who, despite good faith efforts, is very close to production at the end of ten years (although not quite there) or who has failed to reach production or has needed to suspend production in the tenth year due to force majeure causes or adverse market conditions. If the committee would like us to propose wording to achieve this authority, we would be happy to oblige.
Proposed amendment 5 (Change rent adjustment period from 10 to 20 years).	Adjustment of the rental at 10-year periods is reasonable and appropriate, while adjustment at 20-year periods is excessive.
Proposed amendment 6 (Change "carry-forward" of expenditures against rentals from 2 years to 4 years).	With a 2-year carry-forward, the holder of an OPP is required to perform labor on his OPP at least once every three years (or pay rental). We believe this is reasonable, and that this term should not be extended.

Sincerely,

Bob Arnold, Deputy

for Esther C. Wunnicke
Commissioner

Alaska State Legislature

BETTYE FAHRENKAMP, Chairman
ROBERT H. ZIEGLER, SR., Vice Chairman
DICK ELIASON
PAUL FISCHER
VIC FISCHER
BOB MULCAHY
ARLISS STURGULEWSKI

POUCH V
STATE CAPITAL
JUNEAU, ALASKA 99811
(907) 465-3834
(907) 465-3835

Senate

Committee on Resources

March 22, 1984

Representative Richard Shultz
Co-Chairman, House Resources Committee
Pouch V
Juneau, Alaska 99802

Dear Dick:

On March 22 the Senate Resources Committee Substitute for SB 371, An Act relating to mining, passed the Senate by a 19-0 margin.

Over the last several months the Senate Resources Committee has undertaken a comprehensive review of Title 38, the State's land statutes. SB 371, which clarifies and revises current law governing mining, is the product of a thorough public comment process including public hearings in Fairbanks, Anchorage and Juneau. The changes proposed will allow for more efficient implementation of mining law.

I would appreciate your scheduling a hearing on SB 371, and am willing to discuss the bill with you at your convenience. A sectional summary and other information on the bill is enclosed.

Sincerely,

Bettye

Bettye Fahrenkamp
Chairman

BF:ss

Enclosure

Alaska State Legislature

BETTYE FAHRENKAMP, Chairman
ROBERT H. ZIEGLER, SR., Vice Chairman
DICK ELIASON
PAUL FISCHER
VIC FISCHER
BOB MULCAHY
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(907) 465-3834
(907) 465-3835

Senate

Committee on Resources

March 1, 1984

AN ACT RELATING TO MINING CSSB 371 (Res)

Sec. 1 Because of the lengthy time involved for coal exploration, extends the coal prospecting permit term from 2 years with one 2-year extension to 3 years with three 2-year extensions.

Sec. 2 Lowers the minimum age of eligibility for acquiring exploratory and mining rights from 19 to 18 to be consistent with the current age of majority for most activities in Alaska.

Sec. 3 Amends the requirement that mining claims be staked in the four cardinal directions to not apply to fractional claims or where the commissioner determines such staking is impractical.

Sec. 4 Allows affidavits of annual labor to be corrected by amendment, thus providing a legal mechanism for correcting errors.

Sec. 5 Deletes the provision that basic survey finds be filed with DNR as it can result in the "leaking" of proprietary information, and the information is often of mixed quality.

Sec. 6 Deletes the requirement to file a certificate of mining location with DNR. This is duplicative language, as the certificate must be filed with the District Recorder's Office, which is within DNR.

Sec. 7 Increases the number of prospecting sites allowed from "six located in one calendar year in one recording district" to "eight held in one township at one time". This will encourage the use of prospecting sites where discovery hasn't been made, and address a loophole whereby employees of large companies locate sites and quitclaim deed them to the company.

C.S. Sec. 8 Provides for a delay in acreage rental payments for the 1st year to allow time to become operational; the 1st 2 years rental is due at the end of the 2nd year. Increases the time during which excess expenditures may be applied against rentals from 2 to 4 years. Clarifies that the rental year for a prospecting permit on tide or submerged lands expires on the anniversary of issuance, not the end of the calendar year.

C.S. Sec. 9 Effective 1/1/85, increases the acreage that may be held under an offshore prospecting permit from 100,000 to 300,000 acres, and under a lease from 46,080 to 100,000 acres.

Sec. 10 Clarifies that a prospecting permit is required before a noncompetitive lease can be issued for mineral extraction on submerged lands.

C.S. Sec. 11 Authorizes the Commissioner to assent to the suspension of operations and production on submerged lands without affecting the integrity of the lease if certain conditions are present.

Sec. 12 Changes the length of time following the abandonment of a prospecting site that the former owner must wait before acquiring any beneficial interest in the site from 2 years to 1. This is consistent with the waiting period for claims that have been staked or located.

Sec. 13 Deletes the requirement to file a certificate of mining location on shorelands, tidelands, or submerged lands with the DNR. This is duplicative language (see Sec. 6).

Sec. 14 The state maintains only one assay lab (on the U.A.F. campus). Deletes the requirement that a public assay office be located in each of the 4 judicial districts, to reflect the reality of the situation.

Sec. 15 Repeals the mineral prospecting equipment loan program. DNR no longer conducts such a program. Repeals the requirement that "grubstaking" contracts be in writing. This is the only provision in Title 27 dealing specifically with mining on state-owned lands, and is not necessary as most people realize that contracts should be in writing.

C.S. Sec. 16 Effective dates are intended to lessen disruption of field operations and DNR's ongoing offshore prospecting permitting process.

Alaska State Legislature

BETTYE FAHRENKAMP, Chairman
ROBERT H. ZIEGLER, SR., Vice Chairman
DICK ELIASON
PAUL FISCHER
VIC FISCHER
BOB MULCAHY
ARLISS STURGULEWSKI

POUCH V
STATE CAPITAL
JUNEAU, ALASKA 99811
(907) 465-3834
(907) 465-3835

Senate

Committee on Resources

March 1, 1984

SUMMARY OF MAJOR PROVISIONS OF SB 371

CURRENT STATUTE	SB 371
<u>Coal Prospecting Permits</u>	
AS 38.05.150(c) establishes the term of a coal prospecting permit as 2 years with one 2-year extension. (An extension is granted if the Commissioner determines that diligent exploration activities have been conducted. Prior to expiration of a permit, a lease will be granted if the permitee shows that the land contains coal in commercial quantities and submits a mining plan.)	Section 1 would extend the coal prospecting permit term to 3 years with three 2-year extensions.
<u>Statements of Annual Labor</u>	
AS 38.05.210-.240 governs the performance of annual labor on mining claims on State land. A report of labor performed must be filed annually with DNR.	Section 4 would allow affidavits of annual labor to be corrected by amendment.

Survey Finds

Under AS 38.05.240, to satisfy annual labor requirements, geological, geochemical, geophysical, and airborne surveys conducted on mining claims are reported to DNR. Basic survey finds must also be filed with DNR, and are kept confidential and released only if the claim lapses.

Section 5 would delete the provision that basic survey finds be filed with DNR.

Prospecting Sites

Under AS 38.05.245, the locator of a prospecting site has the exclusive right to stake mining claims of leasehold locations within the boundaries of his site. No person may locate more than 6 proxpecting sites in one calendar year in one recording district.

Section 7 amends the number of prospecting sites allowed to 8 held in one township at one time.

AS 38.05.265 establishes the waiting period for relocation of mining locations and prospecting sites following abandonment as one year for mining locations and two years for prospecting sites. (Abandonment is defined as failure to pay rental; to file a certificate of location, a statement of annual labor, or a prospecting site certificate; or to keep boundaries marked.)

Section 10 would shorten the waiting period following abandonment of a prospecting site from 2 years to 1 year.

Offshore Prospecting

The exclusive right to prospect for minerals in or on tide and submerged lands may be granted under AS 38.05.250. .250(a) governs offshore prospecting permits. The permit term is set at 7 years; the annual rental is set at $3/acre, with expenditures applying against rentals for the following 2 years. The acreage limitation is established at 100,000 acres.	Section 8 increases the permit term to ten years, delays rental payments for the first year, and allows expenditures to be applied against the following 4 years. The acreage limitation is increased to 300,000 acres.
Upon discovery, a non-competitive lease may be acquired under AS 38.05.250(b). The acreage limitation under lease is established at 46,080 acres.	Section 8 increases the acreage limitation to 100,000 acres.
AS 38.05.250(c) specifies that a submerged land mining lease is valid only as long as there is production in paying quantities from the leased area.	Section 11 authorizes the commissioner to assent to suspension of operations and production without affecting the validity of the lease if certain conditions are present.

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: 2/9/84

REQUEST
Bill/Resolution No.: SB 371
Title: relating to mining

Sponsor: Fahrenkamp
Requestor: Senate Resources Committee
Date of Request: 2/7/84

FISCAL DETAIL
Agency Affected: Natural Resources
Program Category Affected: NRMEC

BRU, Program or Subprogram(s) Affected:
Minerals and Energy Management

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: Ned Farquhar
Phone: 465-2400
Division: Commissioner's Office
Date: 2/9/84

Approved by Commissioner: [illegible] Deputy
Date: 2/9/84
Agency: Department of Natural Resources

Distribution (by Agency preparing fiscal note):
- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

12/1/83

STATEMENT OF ESTHER C. WUNNICKE,
COMMISSIONER OF THE DEPARTMENT OF NATURAL RESOURCES
REGARDING SB 371, RELATING TO MINING
BEFORE THE SENATE COMMITTEE ON RESOURCES
FEBRUARY 10, 1984

Senator Fahrenkamp, members of the Committee, I appreciate this opportunity to offer comments on the proposed legislation affecting our mining statutes. This Administration, under Governor Sheffield, has made a special new effort to improve our administration of Alaska's mineral estate.

The bill's major effect will be to ease the administrative burden on miners and the Department. Paperwork and conditions for filing and keeping up a mining claim will be reduced. I do not believe that any of the changes will cause harm to any other interest.

Earlier this week I recommended some changes to the bill, which my staff are available to comment on. These changes were largely to clarify wording rather than to change the intent of the legislation.

Thank you for your attention to the issues of mining. I commend the Committee for its important effort in improving the situation of mining in Alaska today. I look forward to working with you on SB 375 as well, affecting Title 38.

Alaska State Legislature

BETTYE FAHRENKAMP, Chairman
ROBERT H. ZIEGLER, SR., Vice Chairman
DICK ELIASON
PAUL FISCHER
VIC FISCHER
BOB MULCAHY
ARLISS STURGULEWSKI

POUCH V
STATE CAPITAL
JUNEAU, ALASKA 99811
(907) 465-3834
(907) 465-3835

Senate

Committee on Resources

MINUTES

February 22, 1984
3:08 pm

Beltz Room
Room 211, Capitol

MEMBERS PRESENT

Senator Fahrenkamp, Chairman
Senator Ziegler, Vice Chair
Senator Vic Fischer
Senator Mulcahy
Senator Sturgulewski

CALENDAR

SB 335, An Act amending the Alaska Grain Reserve Program; and providing for an effective date.

SB 337, An Act relating to the Delta Junction bison range; and providing for an effective date.

SB 338, An Act making special appropriations for the development of the Delta Junction bison range and construction of a bison herd drift barrier; and providing for an effective date.

SB 371, An Act relating to mining; and providing for an effective date.

SB 378, An Act relating to agricultural and industrial fairs.

SB 335

Dean Brown, Deputy Director, Division of Agriculture, Department of Natural Resources, testified in support of the bill and discussed DNR's proposed amendments that would convert the Alaska grain reserve loan fund to a revolving fund.

Senator Mulcahy moved to amend SB 335 to include DNR's amendments. There was no objection.

SB 337
SB 338

Dave Johnson, Area Game Biologist, Alaska Department of Fish and Game, testified in support of the bill that would continue a program of providing forage for bison, expand tourist facilities, create a Bison Range Advisory Committee, and construct a drift barrier to help resolve conflicts between farmers and bison.

Senator Bettye Fahrenkamp discussed a proposed amendment by Senator Pappy Moss that would change the location of the drift barrier.

Senator Sturgulewski moved to include Senator Moss's amendment in SB 337. There was no objection.

Senator Bettye Fahrenkamp recommended that the committee staff prepare an amendment clarifying the increased fee for bison hunting permits.

SB 378

Dean Brown, Deputy Director, Division of Agriculture, Department of Natural Resources, testified in support of the bill stating it would give the Department needed guidelines for defining agricultural and industrial fairs.

Senator Mulcahy moved to adopt SB 378 and move it from committee with individual recommendations. There was no objection.

SB 371

Pedro Denton, Director, Division of Mining, Department of Natural Resources, testified in support of the Committee Substitute and recommended an amendment that would establish the rental fee for the first two years of an offshore prospecting permit at $6/acre.

Senator Ziegler moved adoption of the amendment. There was no objection.

Senator Mulcahy moved the bill from committee with individual recommendations. There was no objection.

The meeting was adjourned at 3:32 pm.

STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

DEPARTMENT OF NATURAL RESOURCES

POUCH M
JUNEAU, ALASKA 99811
PHONE: 907-465-2400

OFFICE OF THE COMMISSIONER

APR 24 1984

April 23, 1984

The Honorable Al Adams
Chairman
House Committee on Finance
Pouch V
Juneau, AK 99811

Dear Representative Adams:

I am writing about HCS CSSB 371 (Res), the Title 38 mining bill that has recently been passed out by the House Committee on Resources. Although we have worked closely with legislative staff in the drafting of this bill and generally support it, the Department has two concerns with the bill in its present form.

The bill was drafted to clean up the mining statutes, but amendments along the way have had a more substantive character. I urge the consideration of two amendments that would restore the bill's original character.

Our first concern is with Section 12 of the House CS. The Senate Resources Committee added this section to allow the Commissioner to suspend mining leases under some conditions. However, some critical wording that had been agreed to by the Department and the Alaska Miners Association was left out of the amendment. This wording, shown in the proposed amendment to Section 12 on the attached page, would set certain guidelines for the Commissioner's consideration of an application for a mining lease suspension. Similar language is found in our other leasing statutes and should be incorporated here. I have been assured that this wording is not controversial.

Our second concern is that the Resources Committee eliminated the first year's rental on offshore prospecting permits. At this time, expenses are chargeable against the annual rental anyway, and it is my belief that removal of the first year's rental will do nothing to encourage diligence on the part of the prospector. The fiscal impact on the state will be practically nil because prospectors almost uniformly either prospect their permits and charge their costs against the rental or drop the permit prior to the second anniversary date, when rental for the first two years would fall due under this bill. We are not sure what rental charge would be most equitable to the prospector and the

resource, but we are convinced that the already existing rental charge of $6/acre in the first two years is much more likely to encourage diligence than the new $3/acre rental adopted in the House Resources Committee Substitute. Our proposed amendment to Section 8 is also attached.

Please contact me if you have any questions about the Department's position on this bill.

Sincerely,

RJ Arnold, Deputy

Esther C. Wunnicke
Commissioner

cc: Senator Bettye Fahrenkamp
Representative John Ringstad

DNR AMENDMENT 1:

compact in form as possible taking into consideration the area involved. The term of the permit shall be 10 [SEVEN] years. Prospecting permits shall be conditioned upon payment of rental against which credit shall be given for useful expenditures on land covered by the permit or group of contiguous permits under common ownership or assignment. Excess expenditures may be applied against rentals due for the following four [TWO] years. The rental shall be [$3] $6 per acre for the first two-year period of the permit, payable on the second anniversary of the permit and $3 per acre for each following year, payable annually on the anniversary date of the permit [AT THE END OF EACH YEAR]. No minerals from land [LANDS] under a prospecting permit may be mined and marketed or used, except for limited amounts necessary for sampling or testing. No person may take or hold prospecting permits for minerals on state land under this section exceeding in the aggregate 100,000 acres. No person may take or hold leases for minerals on state land under this section exceeding in the aggregate 46,080 acres.

Sec. 9. AS 38.05.250(a) is amended to read:

(a) The exclusive right to prospect for deposits of minerals subject to AS 38.05.185 - 38.05.275 in or on tide and submerged state land may be granted by a permit issued by the director. Permits shall be granted to the first qualified applicant. No permit may include an area larger than 2,560 acres, subject to the rule of approximation. Lands subject to a prospecting permit shall be as compact in form as possible taking into consideration the area involved. The term of the permit shall be 10 years. Prospecting permits shall be conditioned upon payment of rental against which credit shall be given for useful expenditures on land covered by the permit or group of contiguous permits under common ownership or assignment. Excess expenditures may

DNR AMENDMENT 2:

1 The commissioner may make reasonable adjustments of the rental rate at
2 the end of each 10-year period, based upon changed conditions in
3 production costs and market.
4 * Sec. 12. AS 38.05.250 is amended by adding a new subsection to read:
5 (d) The commissioner may,

for the purpose of encouraging the greatest ultimate recovery of minerals under this section and in the interest of conservation,

on the request of the lessee, assent
6 to the suspension of operation and production under a lease whenever
7 in the judgment of the commissioner the suspension is necessary to
8 promote development of the lease or the lease cannot be successfully
9 operated under its terms. The payment of acreage rental may be sus-
10 pended during the period of suspension of operation and production.
11 The suspension of the lease shall extend the term of the lease by
12 adding the period of suspension to the lease. The commissioner may
13 extend the term of a nonproducing lease on an application by the
14 lessee accompanied by a showing that the lessee is reasonably close to
15 attaining production and that, despite diligent good faith efforts by
16 the lessee, the lessee is not able to produce due to force majeure,
17 depressed market conditions, or other situations beyond the reasonable
18 control of the lessee.

Alaska State Legislature
HOUSE OF REPRESENTATIVES
COMMITTEE ON RESOURCES

JOHN RINGSTAD, CO-CHAIRMAN
RICHARD SHULTZ, CO-CHAIRMAN
POUCH V
JUNEAU, ALASKA 99811
(907) 465-3715

MEMORANDUM

TO: House Resources Committee members

From: Committee staff

Date: April 11, 1984

Re: HCSCSSB 371 (Res.)

****

There are four amendments that have been incorporated into the new CS.

1. The first amendment clarifies the bill to make sure that joint ventures between corporations for the purposes of developing mining claims are permitted. (page 2, line 19, (1) - (4) is changed to (1) - (6) to include corporations.)

2. The second amendment will reduce the rental fee due on the second anniversary from $6 per acre to $3 per acre.

3. The third will increase the term of lease to 20 years instead of 10 years to provide additional security for financing and development of mining leases.(page 7, line 28)

4. The fourth will add language back in that was taken out in Senate Resources to provide a remedy when mining claims are staked in error, that is if a miner uses federal staking methods on state land he will now be able to correct the error without being penalized. (page 9, lines 10 & 22-26)

SB

375

Bradley
5/4/84

Original Sponsors: Fahrenkamp and Ziegler

IN THE SENATE BY THE RESOURCES COMMITTEE

HOUSE CS FOR CS FOR SENATE BILL NO. 375 (Resources)

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTEENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act relating to land disposal and management; and providing for an effective date."

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

* Section 1. AS 38.04.005(b) is amended to read:

(b) In classifying <u>and making</u> state land <u>available</u> for private use and settlement purposes, the director shall <u>consider the natural resources and conditions present on the land and shall seek to minimize the adverse effect of private settlement on wildlife, fishery, mineral, timber, and other significant resources of the land; the director shall also</u> make adequate provision for public open space which is accessible to communities so that natural areas are easily reached from all communities and settled areas. The amount of that land shall be sufficient to meet existing and projected needs for accessible public recreation land. Special care shall be taken to preserve public access to public water and to retain state ownership of sufficient land which combine high value for recreation and other public purposes with accessibility to settled areas. This classification for public purposes does not constitute dedication to open space, but the division's management of land so classified shall be in a manner to preserve the identified values.

* Sec. 2. AS 38.04.005(e) is repealed and reenacted to read:

(e) The involvement of a proximately located municipality and of local residents is essential in classifying and making state land available for private use and settlement. The director shall, when

appropriate, hold public meetings in the communities most affected by the disposal to solicit the views of the residents of the communities affected.

* Sec. 3. AS 38.04.005 is amended by adding a new subsection to read:

(f) Land owned by the Board of Regents of the University of Alaska is not subject to the provisions of this chapter.

* Sec. 4. AS 38.04.010(b) is amended to read:

(b) State land which is located beyond the range of existing schools and other necessary public services, or which is located where development of sources of employment is improbable, may be made available for seasonal recreational purposes or for low density settlement. The seasonal recreation use or low density settlement shall have [, WITH] sufficient separation between residences so that public services will not be necessary or expected. The availability of timber, firewood, and water resources shall be considered in determining separation between residences.

* Sec. 5. AS 38.04.020(e) as amended by sec. 3, ch. 103, SLA 1983 is amended to read:

(e) The commissioner shall annually submit to the governor an appropriation request for funding estimated to be necessary for the next two years to allow [NECESSARY FOR THE DISPOSAL OF STATE LAND IN THE LAND DISPOSAL BANK THAT SHALL BE INCLUDED IN THE BUDGET SUBMITTED TO THE LEGISLATURE BY THE GOVERNOR. FOR EACH FISCAL YEAR, THE REQUEST SHALL INCLUDE AN ESTIMATE OF THE AMOUNT NECESSARY]

(1) [FOR] survey and disposal of land proposed to be made available for homestead staking, with the general location of the land;

(2) [FOR] survey and disposal of land to be offered as agricultural, commercial, industrial, or other uses under AS 38.05.055

or 38.05.057, with the general location of the land;

(3) [FOR] the survey and disposal of land proposed to be offered as subdivisions, with the general location of the land;

(4) [FOR] preliminary feasibility studies, engineering design work, right-of-way acquisition, and construction of access roads and capital improvements required by municipal subdivision ordinance or regulation of the platting board under AS 29.33.150; [IF AN ACCURATE DETERMINATION OF THE AMOUNTS NECESSARY FOR ACCESS ROADS OR CAPITAL IMPROVEMENTS CANNOT BE MADE AT THE TIME THE ESTIMATE IS SUBMITTED, A SCHEDULE FOR OBTAINING THE ESTIMATES, CONSTRUCTING THE ACCESS ROADS OR CAPITAL IMPROVEMENTS, AND DISPOSING OF THE LAND SHALL BE SUBMITTED;]

(5) [FOR] identification of land that will be proposed for disposal under this subsection in future fiscal years.

* Sec. 6. AS 38.04.020(f) is amended to read:

(f) The request of the commissioner under (e) of this section shall include an analysis and an assessment of the market demand for the land proposed for disposal [BE BASED ON AN ANNUAL WRITTEN ASSESSMENT BY THE COMMISSIONER OF THE MARKET FOR STATE LAND IN THE DIFFERENT REGIONS OF THE STATE. IF THE STATE LAND IS IN OR ADJACENT TO MUNICIPALITIES OR UNINCORPORATED COMMUNITIES, THE ASSESSMENT SHALL BE DEVELOPED IN CONSULTATION WITH THE MUNICIPALITIES OR UNINCORPORATED COMMUNITIES. THE ASSESSMENT MUST INCLUDE A SURVEY OF THE SUPPLY OF PRIVATELY OWNED LAND OFFERED FOR SALE, MUNICIPAL LAND FOR WHICH A DISPOSAL PLAN HAS BEEN COMPLETED, AND FEDERAL LAND AVAILABLE FOR SALE, LEASE, OR PERMIT FOR SPECIFIC ACTIVITIES. THE ASSESSMENT OF THE MARKET FOR STATE LAND SHALL BE BASED ON AN ANALYSIS OF THE AMOUNT OF PRIVATE, MUNICIPAL, AND FEDERAL LAND AVAILABLE FOR DISPOSAL ON TERMS EQUIVALENT TO THOSE USED IN COMPARABLE STATE LAND DISPOSAL PROGRAMS

AND SHALL INCLUDE THE LENGTH OF TIME LAND REMAINS ON THE MARKET BEFORE IT IS SOLD. THE ASSESSMENT MUST INCLUDE FINDINGS REGARDING THE AMOUNT AND GENERAL LOCATION OF STATE LAND, IN ADDITION TO LAND OFFERED BY PRIVATE LANDOWNERS OR AVAILABLE FROM A MUNICIPAL GOVERNMENT OR THE FEDERAL GOVERNMENT, THAT IS NECESSARY TO MEET THE STATEWIDE DEMAND FOR AT LEAST FIVE FISCAL YEARS IMMEDIATELY AFTER THE YEAR IN WHICH THE ASSESSMENT IS MADE. THE ASSESSMENT MUST ALSO STATE THE GENERAL LOCATION OF LAND PROPOSED FOR DISPOSAL IN THE NEXT FISCAL YEAR AND RECOMMENDATIONS FOR THE METHOD OF DISPOSAL UNDER WHICH THE LAND WILL BE OFFERED TO THE PUBLIC].

* Sec. 7. AS 38.04.020(g)(2) is amended to read:

(2) Land designated as suitable for subdivision <u>and homesite</u> disposal shall be surveyed, subdivided, classified, and disposed of <u>under this chapter, AS 38.05, and AS 38.08</u> [AS FOLLOWS:

(A) UP TO 80 PERCENT OF THE PARCELS SHALL BE SOLD UNDER THE LOTTERY SALE PROCEDURES ESTABLISHED IN AS 38.05.057 AND 38.05.065;

(B) AT LEAST 10 PERCENT OF THE PARCELS SHALL BE DISPOSED OF AS HOMESITES UNDER AS 38.08.010 - 38.08.120; AND

(C) AT LEAST AN ADDITIONAL 10 PERCENT OF THE PARCELS SHALL BE DISPOSED OF AS HOMESITES UNDER AS 38.08.010 - 38.08.120 EXCEPT THAT, NOTWITHSTANDING AS 38.08.040(b), PARCELS OFFERED UNDER THIS SUBPARAGRAPH SHALL BE OFFERED BY LOTTERY UNDER AS 38.-05.057].

* Sec. 8. AS 38.04.020(h) is amended to read:

(h) Individual parcels disposed of in subdivisions may not exceed five acres unless the commissioner determines that a larger size is necessary to comply with <u>municipal</u> [ZONING] ordinances<u>,</u> [OR] to permit the design of a viable subdivision because of topographical

features, soil conditions, on-site sewage disposal requirements, or water drainage or supply considerations that are unique to the subdivision, to minimize adverse effect on wildlife, fishery, timber, or other significant resources in the area, or to minimize adverse effect on other residential uses in the area.

* Sec. 9. AS 38.04 is amended by adding a new section to read:

Sec. 38.04.022. FUNDS FOR LAND DISPOSAL. (a) The revenue from the sale of state land shall be deposited in a special state land disposal income account in the state general fund. The legislature may appropriate money from the special state land disposal income account for expenditure by the Department of Natural Resources for necessary costs incurred by the commissioner in the implementation of state land disposal programs authorized under this title and for implementation of AS 38.04.021.

(b) Within 30 days after the legislature convenes in regular session the Department of Natural Resources shall submit a report reflecting all money deposited in the fund established under (a) of this section during the prior fiscal year.

* Sec. 10. AS 38.04.035(4) is amended to read:

(4) For enabling isolated cabin development in remote locations where survey and conveyance is impractical, or where potential conflicts with other resources and uses require additional conditions, or where a long-range interest in public ownership and use exist, a system for cabin permits on public land may be used.

* Sec. 11. AS 38.04.045(b) is amended to read:

(b) Before the conveyance of surface rights to state land, an official cadastral survey shall be accomplished, unless a comparable, acceptable survey exists that has been conducted by the federal Bureau of Land Management. The rectangular survey section corner positions

shall be monumented and shown on a cadastral survey plat approved by the state. However, for those areas where the state may wish to convey surface estate outside of an official cadastral survey grid, the director may waive monumentation of all individual section corner positions and substitute an official control survey with control points being monumented [AT APPROXIMATELY TWO-MILE INTERVALS] and shown on control survey plats approved by the state. No portion of land to be conveyed may be located more than two miles from such a survey control monument <u>except that the commissioner may waive this requirement on a determination that topographic features, diffuse settlement, or the public interest do not justify the requirement</u>. The lots and tracts in state subdivisions shall be monumented and the cadastral survey and plats for the subdivision shall be approved by the state. Where land is located within a municipality with planning, platting, and zoning powers, plats for state subdivisions shall comply with local ordinances and regulations in the same manner and to the same extent as plats for subdivisions by other landowners. State subdivisions shall be filed in the district recorder's office. The requirements of this section do not apply to land made available through a cabin permit system, material sales, or short-term leases; however, for short-term leases the lessee must comply with local subdivision ordinances unless waived by the municipality under procedures specified by ordinance.

* Sec. 12. AS 38.04.050 is amended to read:

Sec. 38.04.050. ACCESS TO PRIVATE USE AREAS. Wherever state land is surveyed for purposes of private use, <u>legal</u> [ADEQUATE] rights-of-way and easements shall be reserved [AS NECESSARY] for access and, where appropriate, for <u>utility services</u> [POWER AND TELEPHONE SERVICE] to each parcel of land. <u>A right-of-way or easement shall be located</u>

to assure adequate and feasible access for the purposes for which the right-of-way or easement was intended. Where necessary and appropriate for the use intended or where required by local subdivision ordinances, the director shall arrange for the development of surface access as part of the land availability program. The direct cost of local access development shall be borne by the recipient of the land unless otherwise provided by state statutes or regulations.

* Sec. 13. AS 38.04.055 is amended to read:

Sec. 38.04.055. ACCESS THROUGH PRIVATE USE AREAS. The director shall reserve easements and rights-of-way on and across land which is made available for private use as necessary to reach or use public water and public and private land. An easement or right-of-way reserved under this section may include [ESTABLISHED] trails that have an established history of use [TRADITIONALLY USED] for commerce, recreation, or transportation.

* Sec. 14. AS 38.04 is amended by adding a new section to Article 2 to read:

Sec. 38.04.058. RESTRICTIONS ON EASEMENT OR RIGHT-OF-WAY USE. The director may, under terms agreed to in writing by a grantee, lessee, or interest holder of state land, restrict the use of an easement or right-of-way reserved under AS 38.04.050 - 38.04.055 or other law in order to protect public safety or property.

* Sec. 15. AS 38.05.020(b) is amended to read:

(b) The commissioner may

(1) establish reasonable procedures and adopt reasonable [RULES AND] regulations necessary to carry out this chapter and [MAY], whenever necessary, issue directives or orders to the director to carry out specific functions and duties; [ALL RULES AND] regulations adopted by the commissioner shall be adopted under the Administrative

Procedure Act (AS 44.62); orders by the commissioner classifying land, [LANDS] issued after January 3, 1959, are not required to be adopted under the Administrative Procedure Act (AS 44.62);

(2) enter into agreements considered [WHICH HE CONSIDERS] necessary to carry out the purposes of this chapter, including agreements with federal and state agencies;

(3) review any order or action of the director;

(4) exercise the powers and do the acts necessary to carry out the provisions and objectives of this chapter;

(5) notwithstanding the provisions of any other section of this chapter, grant an extension of the time within which payments due on any lease or sale of state land, minerals, or materials may be made, including payment of rental and royalties, on a finding [IF HE FINDS] that compliance with the requirements is or was prevented by reason of war, riots, or acts of God; [.]

(6) classify tracts for agricultural uses and require the prequalification, including the submission of conservation plans, development plans, or other plans, schedules, or programs, of persons who apply to participate in an agricultural development project under AS 44.33.475;

(7) waive, postpone, or otherwise modify the development requirements of a contract for the sale of agricultural land if

(A) the land is located in an area of the state without access by road to other areas of the state; and

(B) transportation, marketing, and development costs render the required development uneconomic.

* Sec. 16. AS 38.05.030(c) is amended to read:

(c) In addition to the requirements specified in AS 38.50.090, the agencies referred to in [(a) AND] (b) of this section and other

state agencies with authority to acquire or dispose of land shall give written notification of the fact of acquisition, lease, disposal, or exchange to the commissioner [DIVISION OF LANDS] within three months after the date that they make the acquisition, lease, disposal, or exchange.

* Sec. 17. AS 38.05.030(d) is amended to read:

(d) Real property acquired by [,] and under the management of [,] the agencies referred to in [(a) AND] (b) of this section that [, WHICH] is no longer needed for its intended use [,] shall be transferred [RETURNED] to the commissioner [JURISDICTION OF THE DIVISION OF LANDS], except that the Department of Transportation and Public Facilities [HIGHWAYS] may dispose of real property acquired by it under AS 19.05.040(2) and AS 19.05.080 - 19.05.120.

* Sec. 18. AS 38.05.030 is amended by adding a new subsection to read:

(f) Land owned by the Board of Regents of the University of Alaska is not subject to this chapter.

* Sec. 19. AS 38.05.035(b) is amended to read:

(b) The director may

(1) delegate the administrative duties, functions or powers imposed upon the director [HIM] to a responsible employee in the division;

(2) grant preference rights for the lease or purchase of state land without competitive bid in order to correct [THE PAST OR FUTURE] errors or omissions of a state or federal administrative agency when inequitable detriment would otherwise result to a diligent claimant or applicant due to situations over which the claimant or applicant had no control; the exercise of this discretionary power operates only to divest the state of its title to or interests in land and may be exercised only

(A) with the express approval of the commissioner; and

(B) if the application for the preference right is filed with the director within five years from

(i) the occurrence of the error or omission;

(ii) the date of acquisition by the state of the land; or

(iii) the date of a court decision or settlement nullifying a disposal of state land;

(3) grant a preference right to a claimant who shows bona fide improvement of state land [,] or of federal land subsequently acquired by the state [,] and who has in good faith sought to obtain title to the land but who, through error or omission of others occurring within the three years before the application for the preference right, has been denied title to it; upon a showing satisfactory to the commissioner, the claimant may lease or purchase the land at the price set on the date of original entry on the land or, if a price was not set at that time at a price determined by the director [DIVISION] to fairly represent the value of unimproved land at the time the claim was established, but in no event less than the cost of administration including survey; the error or omission of a predecessor in interest or an agent, administrator, or executor which has clearly prejudiced the claimant may be the basis for granting a preference right;

(4) sell land [LANDS] by lottery for less than the [THEIR] appraised value when, in the [HIS] judgment of the director, past scarcity of land suitable for private ownership in any particular area has resulted in unrealistic land values;

(5) when the director [HE] determines it is in the best interest of the state and will avoid injustice to a person or the [HIS] heirs or devisees of a person, dispose of land, by direct

negotiation to that person who presently uses and who used and made improvements to that land before January 3, 1959 or to the [HIS] heirs or devisees of the person; the amount paid for the land shall be its fair market value on the date that the person first entered the land, as determined by the director; a parcel of land disposed of under this paragraph shall be of a size consistent with the person's prior use, but may not exceed five acres;

(6) dispose of [AN INTEREST IN] land limited to use for agricultural purposes by lottery;

(7) convey to an adjoining landowner a remnant of land that the director considers unmanageable or a parcel of land created by a highway right-of-way alignment or realignment, or a parcel created by the vacation of a state-owned right-of-way if

(A) the director [HE] determines that it is in the best interests of the state;

(B) the parcel does not exceed the minimum lot size under an applicable zoning code; and

(C) the director and the platting authority having land use planning jurisdiction agree that conveyance of the parcel to the adjoining landowner will result in boundaries that are convenient for the use of the land by the landowner and compatible with municipal land use plans;

(8) for good cause extend for up to 90 days the time for rental or installment payments by a lessee or purchaser of state land under this chapter if reasonable penalties and interest set by the director are paid;

(9) quitclaim land or an interest in land to the federal government on a determination that the land or the interest in land was wrongfully or erroneously conveyed by the federal government to

1 the state.
2 * Sec. 20. AS 38.05.035 is amended by adding new subsections to read:
3 (e) Upon a written finding that the interests of the state will
4 be best served, the director may, with the consent of the commis-
5 sioner, approve contracts for the sale, lease, or other disposal of
6 available land, resources, property or interests in them, and, in
7 addition to the conditions and limitations imposed by law, may impose
8 additional conditions or limitations in the contracts as the director
9 determines, with the consent of the commissioner, will best serve the
10 interests of the state. A contract for the sale, lease, or other
11 disposal of available land or an interest in land is not legally
12 binding on the state until the commissioner approves the contract but
13 if the appraised value is not greater than $50,000 in the case of the
14 sale of land or an interest in land, or $5,000 in the case of the
15 annual rental of land or interest in land, the director may execute
16 the contract without the approval of the commissioner. Before a
17 public hearing, if held, or in any case no less than 21 days before
18 the sale, lease, or other disposal of available land, property, re-
19 sources, or interests in them, the director shall make available to
20 the public a written finding that sets out the facts and applicable
21 law upon which the determination that the sale, lease, or other dis-
22 posal will best serve the interests of the state was based. A written
23 finding is not required before the approval of
24 (1) a contract for a negotiated sale authorized under
25 AS 38.05.115;
26 (2) a lease of land for a shore fishery site under AS 38.-
27 05.082; or
28 (3) a permit or other authorization revocable by the com-
29 missioner.

(f) The director shall grant a preference right to the purchase or lease without competitive bid of up to five acres of state land to an individual who has erected a building on the land and used the land for bona fide business purposes for five or more years under a federal permit or without the need for a permit and, after selection by the state, under a state use permit or lease, if the business produced no less than 25 percent of the total income of the applicant for the five years preceding the application to purchase or lease the land. The director shall sell or lease the land at a price determined by the director to represent the current fair market value of the unimproved land but in no event less than the cost of administration including survey if required. If the director determines in a written finding that the purchase or lease of the land would interfere with public use by residents of the area, the director may condition the purchase or lease to mitigate the adverse effects on the public use or may reject the application for the preference right. A lease granted under this subsection may not be for a period in excess of 50 years. In this subsection, "business purposes" means a purpose permitted under the classification of the land at the time the land was entered.

* Sec. 21. AS 38.05.050 is amended to read:

Sec. 38.05.050. DISPOSAL OF LAND FOR PRIVATE OWNERSHIP. The commissioner [, UPON THE RECOMMENDATION OF THE DIRECTOR,] shall determine the land to be disposed of for private use. The commissioner [DIRECTOR] shall determine the time and place of disposal. An auction sale, a lottery sale, or a disposal of land for homesites shall [UNDER AS 38.04.020(g)(2)(C) MUST] be held in a community [THE MUNICIPALITY] that is near [CLOSEST TO] the land to be sold or disposed of [AND IN WHICH REGULAR SESSIONS OF A COURT OF THE STATE ARE HELD].

* Sec. 22. AS 38.05.055 is amended to read:

1 Sec. 38.05.055. AUCTION SALE PROCEDURES. Unless another method
2 of sale is required under this chapter, [UNDER] AS 38.07, or [UNDER]
3 AS 38.08 the sale of state land shall be made at public auction to
4 the highest qualified bidder as determined by the director. The dir-
5 ector may accept bids and sell state land under this section at no
6 less than 70 percent of the appraised fair market value of the land.
7 A bidder must appear in person at the auction unless medical reasons,
8 attendance at school, or military service outside the state prevent
9 attendance. A bidder may be represented by an attorney or agent at
10 the auction if the land offered for disposal is commercial, industri-
11 al, or agricultural land. An aggrieved bidder may appeal to the com-
12 missioner within five days after the sale for a review of the direc-
13 tor's determination. The sale shall be conducted by the director [OR
14 HIS REPRESENTATIVE,] and at the time of sale the successful bidder
15 shall deposit an amount equal to five percent of the purchase price [,
16 OR IF THE PURCHASER ELECTS TO USE LAND DISCOUNTS GRANTED UNDER AS 38.-
17 05.058, FIVE PERCENT OF THE AMOUNT BID AFTER DEDUCTION OF THE DIS-
18 COUNT]. The director [OR HIS REPRESENTATIVE] shall immediately issue
19 a receipt containing a description of the land or property purchased,
20 the price bid, and the amount deposited [, AND THE AMOUNT OF ANY DIS-
21 COUNT ALLOWED]. The receipt shall be acknowledged in writing by the
22 bidder.
23 * Sec. 23. AS 38.05.059 is repealed and reenacted to read:
24 Sec. 38.05.059. LIMITATIONS AND CONDITIONS ON SALE OR LEASE OF
25 AGRICULTURAL LAND. (a) During any eight-year period, a person may
26 purchase from the state not more than one parcel of land that is part
27 of an agricultural development project under AS 44.33.475.
28 (b) In a sale or other disposal of state land classified as
29 agricultural land, the use of the land shall be restricted. The

1 commissioner shall convey a fee simple conditional title to the sur-
2 face estate subject to a condition subsequent that the land be used
3 only for agricultural purposes. The commissioner shall reserve a
4 right of reentry after notice and an opportunity for a hearing if the
5 land is used for other than agricultural purposes. A reversion of
6 title upon reentry does not affect the validity of a prior lien or
7 security interest on the land.
8 (c) The lessee of state agricultural land shall receive a lease-
9 hold interest in the surface estate subject to the condition that the
10 land leased be used only for agricultural purposes.
11 (d) As a condition to the issuance of a lease or a contract of
12 sale of state land classified as agricultural land, the commissioner
13 may require a farm development agreement and the submission of a
14 conservation plan that establish reasonable requirements based on the
15 economic feasibility of development and sound agricultural principles.
16 (e) The commissioner may not convey title under (b) of this
17 section to a person who
18 (1) is in arrears on the purchase or lease of agricultural
19 land; or
20 (2) has not complied with a farm development agreement or
21 conservation plan required by the commissioner.
22 (f) In this section, "agricultural purposes" includes farming,
23 ranching, grazing, and storage or control of agricultural crops or
24 livestock, and the construction of the farm residence of the grantee
25 or lessee and other buildings commonly needed for agricultural pur-
26 poses on not more than 20 acres of the land transferred under this
27 section.
28 * Sec. 24. AS 38.05.065(c) is amended to read:
29 (c) The director shall, for contracts under (a) or (b) of this

1 section, set out in the contract for each sale the period for the
2 payment of installments and the total purchase price plus interest.
3 The director, with the consent of the commissioner, may also include
4 in contracts under this section conditions, limitations and terms
5 considered [WHICH HE CONSIDERS] necessary and proper to protect the
6 interest of the state. Violations of any provision of AS 38.05.005 -
7 38.05.370 or the terms of the contract of sale subject the purchaser
8 to appropriate administrative and legal action, including but not
9 limited to the provisions of (d) - (f) of this section [SPECIFIC
10 PERFORMANCE, FORECLOSURE, EJECTMENT, OR OTHER LEGAL REMEDIES IN ACCOR-
11 DANCE WITH APPLICABLE STATE LAW].
12 * Sec. 25. AS 38.05.065 is amended by adding new subsections to read:
13 (d) If a contract for a sale of state land has been breached,
14 the director may exercise a right retained in the contract to fore-
15 close the contract on terms stated in the contract if the director has
16 complied with the notice requirements of (e) of this section.
17 (e) Not less than 30 days after the breach and not less than
18 three months before a sale the director shall record in the office of
19 the recorder of the recording district in which the state land is
20 located a notice of breach setting out (1) the book and page where the
21 contract of sale is recorded, (2) a description of the state land, (3)
22 a statement that a breach of the contract of sale has occurred, (4)
23 the nature of the breach, (5) the sum owing on the contract, (6) the
24 election of the director to sell the property to satisfy the contract,
25 (7) and the date, time and place of the sale. At any time before the
26 sale, if the breach has arisen by failure to make payments required by
27 the contract, the breach may be cured by payment of the sum in default
28 other than the principal that would not then be due if no breach had
29 occurred, plus costs actually incurred by the director due to the

breach. If under the same contract notice of breach under this subsection has been recorded two or more times previously and the breach has been cured under this subsection, the director may elect to refuse payment.

(f) Within 10 days after recording the notice of breach, the director shall mail a copy of the notice by certified mail to the last known address of each of the following persons or their legal representatives (1) the purchaser under the contract of sale; (2) any person in possession of or occupying the property; (3) any person having a lien or interest subsequent to the interest of the state in the state land, where the lien or interest appears of record or where the state has actual notice of the lien or interest. The notice may be delivered personally instead of by mail.

* Sec. 26. AS 38.05.069(a) is amended to read:

(a) On a determination [IF THE DIRECTOR DETERMINES] that the highest and best use of unoccupied land is for agricultural purposes [,] and [IF HE DETERMINES] that it is in the best interests of the state to sell or lease the land, the commissioner [HE] shall grant to an Alaskan resident owning and using or leasing and using land for agricultural purposes a [60-DAY] first option at [AFTER THE DATE OF] the auction to purchase or lease the unoccupied land situated adjacent to land presently held by the Alaskan resident [OR IN THE APPROXIMATE VICINITY OF HIS PRESENTLY HELD LAND] for the amount of the high bid received at public auction. If more than one Alaskan resident qualifies for a first option under this section, eligibility for the first option shall be determined by lot and the option must be exercised on the conclusion of the public auction. A parcel of agricultural land sold under this section may not be less than 20 acres and a parcel of agricultural land that [WHICH] is acquired by exercise of the option

granted in this subsection may not exceed 320 acres. Agricultural land that [WHICH] is acquired under this section must be used for agricultural purposes as required by law.

* Sec. 27. AS 38.05.069(c) is amended to read:

(c) Under this section

(1) the director may transfer state land classified for agriculture [CONVEY OR LEASE AN INTEREST IN THE LAND] only for agricultural purposes [, AND ALL OTHER INTERESTS IN THE LAND REMAIN IN THE STATE];

(2) the sale or lease shall be at public auction [;

(2) THE REMAINING INTERESTS MAY SUBSEQUENTLY BE CONVEYED OR LEASED BY THE DIRECTOR ONLY UPON THE REQUEST OF THE GRANTEE OR LESSEE OR HIS ASSIGNS AND THE DETERMINATION OF THE DIRECTOR, WITH THE WRITTEN CONCURRENCE OF THE COMMISSIONER, THAT THE CONVEYANCE OR LEASE IS IN THE PUBLIC INTEREST;

(3) THE CONVEYANCE OR LEASE OF THE REMAINING INTERESTS SHALL BE AT PUBLIC AUCTION; THE ORIGINAL GRANTEE OR LESSEE OR HIS ASSIGNS HAVE A PREFERENCE RIGHT TO MEET THE HIGH BID WITHIN 30 DAYS AFTER THE DAY OF THE AUCTION; IF THE RIGHT IS EXERCISED, THE VALUE OF IMPROVEMENTS OWNED BY THE HOLDER OF THE PREFERENCE RIGHT, INCLUDED WITH THE REMAINING INTERESTS SOLD, SHALL BE DEDUCTED FROM THE PURCHASE PRICE;

(4) BY REQUESTING THE CONVEYANCE OR LEASE OF THE REMAINING INTEREST, THE ORIGINAL GRANTEE OR LESSEE OR HIS ASSIGNS

(A) CONSENTS TO THE SALE OR LEASE, AND

(B) IF THE PREFERENCE RIGHT PROVIDED BY (3) OF THIS SUBSECTION IS NOT EXERCISED, CONSENTS TO SELL AT FAIR MARKET VALUE THE IMPROVEMENTS RELATED TO THE REMAINING INTEREST, AS APPRAISED BY THE DIRECTOR;

(5) THE REMAINING INTERESTS IN THE LAND MAY NOT BE CONVEYED OR LEASED FOR LESS THAN THEIR APPRAISED VALUE TOGETHER WITH IMPROVEMENTS EXCEPT FOR THE DEDUCTION ALLOWED BY (3) OF THIS SUBSECTION].

* Sec. 28. AS 38.05.070(b) is amended to read:

(b) The director, with the approval of the commissioner, shall determine the land to be leased and the limitations, conditions and terms of the lease. The director shall preserve reasonable and traditional access to state land and water. If the appraised value of the transaction is $5,000 [$250] a year or less the director may negotiate a lease without advertisement for a period not to exceed 10 [FIVE] years, and on the limitations, conditions and terms that the director [WHICH HE] considers are in the best interests of the state. A lease negotiated under this subsection is not eligible for a preference under AS 38.05.102.

* Sec. 29. AS 38.05.070(c) is amended to read:

(c) A lease may be issued for a period up to 55 years, if the commissioner determines it [APPEARS] to be in the best interests of the state. The commissioner shall consider the useful life of any improvements proposed and approved under AS 38.05.075 in determining the term of the lease [AND IF THE COMMISSIONER APPROVES]. If the commissioner determines that the land or a part of it which is the subject of a grazing lease is not being used for the purpose issued, the lease may be declared void. [HOWEVER, A NONRENEWABLE LEASE FOR SCHOOL LANDS MAY BE ISSUED FOR A PERIOD NOT TO EXCEED 99 YEARS.]

* Sec. 30. AS 38.05.075 is amended to read:

Sec. 38.05.075. LEASING PROCEDURES. Except as provided in AS 38.05.087 and this section, leasing [THE LEASING] shall be made at public auction to the highest qualified bidder as determined by the commissioner [DIRECTOR]. An aggrieved bidder may appeal to the

commissioner within five days for a review of the [DIRECTOR'S] determination. [WHEN A VALID EXISTING FEDERAL GRAZING LEASE IS CANCELLED TO ALLOW STATE SELECTION OF THE AREA UNDER LEASE, THE LESSEE OF THE LANDS HAS THE PREFERENCE RIGHT TO LEASE THE LANDS WITHOUT COMPETITIVE BIDDING FOR A TERM EQUAL TO THAT ORIGINALLY GRANTED IN THE CANCELLED FEDERAL LEASE AND UPON TERMS AS FAVORABLE TO THE LESSEE AS THOSE CONTAINED IN THE CANCELLED FEDERAL LEASE.] The leasing shall be conducted by the commissioner [DIRECTOR, OR HIS REPRESENTATIVE,] and the successful bidder shall deposit at the auction the first year's rental [,] or that portion of it that [WHICH] the commissioner requires [,] in accordance with the [HIS] bid. The commissioner shall require qualified bidders to deposit a sum equal to any survey or appraisal costs reasonably incurred by another qualified bidder acting in accordance with the regulations of the commissioner. If a bidder making a deposit of survey or appraisal costs is determined by the commissioner to be the highest qualified bidder under this subsection, the deposit shall be paid to the unsuccessful bidder who incurred those costs. Any survey or appraisal costs reasonably incurred by a qualified bidder under the regulations of the commissioner or deposited under this subsection must be credited under the first and then subsequent years' rentals. The commissioner [DIRECTOR OR HIS REPRESENTATIVE] shall immediately issue a receipt containing a description of the land or interest leased, the price bid, [AND] terms of the lease, and the amount of any credit for survey and appraisal costs to the successful qualified bidder. If the [THE] receipt is not accepted [SHALL BE ACKNOWLEDGED] in writing by the bidder under this subsection, the commissioner may offer the land for lease again under this subsection. A lease, on a form approved by the attorney general, shall be signed by the successful bidder and [LESSEE AND, UPON

1 APPROVAL] by the commissioner within 30 days after the auction [,
2 SHALL BE SIGNED BY THE DIRECTOR].
3 * Sec. 31. AS 38.05.075 is amended by adding new subsections to read:
4 (b) When a valid existing federal grazing lease is cancelled to
5 allow state selection of the area under lease, the lessee of the land
6 has the preference right to lease the land without competitive bidding
7 for a term equal to that originally granted in the cancelled federal
8 lease and upon terms as favorable to the lessee as those contained in
9 the cancelled federal lease.
10 (c) The owner or lessee of land that fronts on tide or submerged
11 land of the state is entitled to acquire a lease for the tide and
12 submerged land without competitive bidding if the director determines
13 that
14 (1) the lease of the tide or submerged land is necessary to
15 facilitate water transportation of goods, services, or resources to or
16 from the owned or leased upland or for another water-dependent pur-
17 pose;
18 (2) the proposed use of the tide or submerged land is
19 compatible with the classification of the land and with any applicable
20 land use plan adopted under AS 38.04.065; and
21 (3) issuance of the lease to the tide or submerged land
22 will not interfere with prior existing rights to the leased land.
23 (d) If the commissioner issues a lease under (c) of this sec-
24 tion, the right of access to the tide and submerged land shall be
25 nonexclusive in the lessee unless the commissioner grants the lessee
26 the exclusive right to use the tide and submerged land.
27 (e) The commissioner may require prequalification of bidders for
28 a lease to be issued under AS 38.05.070. If the commissioner deter-
29 mines to require prequalification, the procedures established by this

section and the notice including pre-qualification requirements required to be given under AS 38.05.345 shall be completed within 75 days of the receipt of the first lease application unless the commissioner grants additional time for the completion of the procedures. Within the 75-day period or the additional time granted by the commissioner, the commissioner shall complete

(1) classification under AS 38.05.300;

(2) the procedures required by AS 38.05.035(e);

(3) any other action required by law for the disposal of the lease to a bidder except survey, appraisal, and the auction.

(f) The commissioner may issue a lease without competitive bidding at the approved, appraised market value of the land determined under AS 38.05.310 if, after completion of the procedures required by (e) of this section, the commissioner determines that there is only one qualified bidder. The commissioner may establish terms and conditions for entry to the land pending survey and appraisal of the land. The commissioner shall issue the lease as soon as is practicable following the survey and appraisal of the land subject to the provisions of AS 38.05.035(e).

(g) Notice of an auction required under this section shall be made by certified mail to all prequalified bidders.

(h) A person aggrieved by a decision of the commissioner under this section may appeal to the commissioner within five days of the prequalification decision. The decision of the commissioner under this subsection or under AS 38.05.035(e) may be appealed to the superior court.

* Sec. 32. AS 38.05.110 is amended to read:

Sec. 38.05.110. SALE OF TIMBER AND MATERIALS. The commissioner [DIRECTOR] shall provide for cruises of timber and appraisals of other

1 materials in or upon state land and shall assess the supply of and
2 current markets for timber on and other materials in privately owned
3 land in close proximity to state land to determine [LANDS AND TRANSMIT
4 THIS DATA TO THE COMMISSIONER, TOGETHER WITH HIS RECOMMENDATIONS WITH
5 RESPECT TO]
6 (1) the timber and other materials that [WHICH] should be
7 offered for sale, and
8 (2) the terms of sale of the timber or other materials.
9 * Sec. 33. AS 38.05.115(a) is amended to read:
10 (a) The commissioner [, UPON RECOMMENDATION OF THE DIRECTOR,]
11 shall determine the timber and other materials to be sold, and the
12 limitations, conditions and terms of sale. The limitations, condi-
13 tions and terms shall include the utilization, development and mainte-
14 nance of the sustained yield principle, subject to preference among
15 other beneficial uses. The commissioner [DIRECTOR] may negotiate
16 sales of timber or materials without advertisement and on the limita-
17 tions, conditions, and terms that are considered to be [WHICH HE
18 CONSIDERS ARE] in the best interests of the state [, SUBJECT TO THE
19 APPROVAL OF THE COMMISSIONER]. However, not more than 500 M.B.M. or
20 equivalent other measure of timber or more than 25,000 cubic yards of
21 materials may be sold by nonadvertised, negotiated sale to the same
22 purchaser within a one-year period.
23 * Sec. 34. AS 38.05.118(a) is amended to read:
24 (a) Notwithstanding any other provision of AS 38.05.110 - 38.-
25 05.120, the commissioner [DIRECTOR, WITH THE APPROVAL OF THE COMMIS-
26 SIONER,] may negotiate a sale of timber to a local manufacturer at
27 appraised value. The period of a contract for a sale of timber nego-
28 tiated under this section may not exceed 25 years. The contract shall
29 provide that the appraised value of timber remaining to be harvested

under the provisions of the contract shall be redetermined at least once every five years.

* Sec. 35. AS 38.05.118(c) is amended to read:

(c) A [NO] sale of timber may not be negotiated by the commissioner [DIRECTOR] under this section except on a finding [UNLESS HE FIRST FINDS] that, within an area proximate to the business site which the manufacturer may economically serve, there exists

(1) a high level of local unemployment;

(2) an underutilized timber manufacturing capacity; and

(3) an underutilized allowable cut of state timber.

* Sec. 36. AS 38.05.120 is amended to read:

Sec. 38.05.120. DISPOSAL PROCEDURE. Timber and other materials shall be sold either by sealed bids or public auction, depending on which method is determined by the commissioner to be in the best interests of the state, to the highest qualified bidder as determined by the commissioner [DIRECTOR]. An aggrieved bidder may appeal to the commissioner within five days after the sale for a review of the [DIRECTOR'S] determination. The sale shall be conducted by the commissioner [DIRECTOR OR HIS REPRESENTATIVE], and at the time of sale the successful bidder shall deposit the amount specified in the terms of sale. The means by which the amount of deposit is determined shall be prescribed by appropriate regulation. The commissioner [DIRECTOR OR HIS REPRESENTATIVE] shall immediately issue a receipt containing a description of the timber or materials purchased, the price bid, and the terms of sale. The receipt shall be accepted [ACKNOWLEDGED] in writing by the bidder. A contract of sale, on a form approved by the attorney general, shall be signed by the purchaser and [, FOLLOWING THE APPROVAL OF THE COMMISSIONER,] the contract shall be signed by the commissioner [DIRECTOR] on behalf of the state. The commissioner

1 [DIRECTOR, WITH THE APPROVAL OF THE COMMISSIONER,] may impose condi-
2 tions, limitations, and terms considered [WHICH HE CONSIDERS] neces-
3 sary and proper to protect the interests of the state. Violation of
4 any provision of this chapter or the terms of the contract of sale
5 subjects the purchaser to appropriate legal action.
6 * Sec. 37. AS 38.05.125 is amended by adding new subsections to read:
7 (b) The provisions of (a) of this section do not apply to a
8 quitclaim of land or a transfer of an interest in land made under
9 AS 38.05.035(b)(9).
10 (c) Notwithstanding (a) of this section, the transfer of owner-
11 ship and management of University of Alaska trust land from the
12 Department of Natural Resources to the Board of Regents of the Univer-
13 sity of Alaska under ch. 22, SLA 1983 includes the mineral estate of
14 the state in the land.
15 * Sec. 38. AS 38.05.127(a) is amended to read:
16 (a) Before the sale, lease, grant, or other disposal of any
17 interest in state land adjacent to a body of water or waterway, the
18 commissioner [DEPARTMENT OF NATURAL RESOURCES] shall,
19 (1) [UNDER REGULATIONS,] determine if the body of water or
20 waterway is navigable water, public water, or neither;
21 (2) upon finding that the body of water or waterway is
22 navigable or public water, provide for the specific easements or
23 rights-of-way [, OR BOTH, REASONABLY] necessary to ensure [INSURE]
24 free access to and along the body of water, unless the commissioner
25 [DEPARTMENT] finds that regulating or limiting access is necessary for
26 other beneficial uses or public purposes.
27 * Sec. 39. AS 38.05.127 is amended by adding a new subsection to read:
28 (e) The establishment of easements or rights-of-way for oil and
29 gas and mineral leases under (a) of this section need not be made

until the leases are ready to be developed.

* Sec. 40. AS 38.05.205(c) is amended to read:

(c) A mining lease shall be for any period up to 55 years, and the lessee has a right to a new lease at the end of each lease period. The commissioner may make reasonable adjustments of the rental rate at the end of each 20 year period, based upon changed conditions in production costs and markets. A valid mining claim located and held under AS 38.05.195 may be converted to a lease at any time upon application by the owner, and issuance by the commissioner [DIRECTOR]. No rights granted by a mining lease may be exercised until the lease has been filed for record in the recording district where the land is located.

* Sec. 41. AS 38.05.300(a) is amended to read:

(a) The commissioner shall classify for surface use land [LANDS] in areas considered [WHERE HE CONSIDERS IT] necessary and proper. This section does not prevent reclassification of land [LANDS] where the public interest warrants reclassification, nor does it preclude multiple purpose use of land [LANDS] whenever different uses are compatible. State [NO STATE] land, water, or land and water area may not, [SHALL] except by act of the state legislature, be closed to multiple purpose use [,] if the area involved contains more than 640 acres.

* Sec. 42. AS 38.05.310(a) is amended to read:

(a) No land may be sold or leased, or a renewal lease issued, except in the case of an oil or gas or mineral lease, unless it has been appraised within one year [120 DAYS] before the date fixed for the sale or lease. When land is offered at public sale but is not sold and is available at private sale, no reappraisal is required unless the director considers that a change in value of the land

1 [LANDS] may have occurred. A grazing lease may be granted to a lessee
2 of federal grazing land [LANDS] without prior appraisal, if the [HIS]
3 federal lease was cancelled to allow the state to select the land
4 [LANDS] under lease. No land may be sold or leased for less than the
5 approved, appraised market value, except as provided in AS 38.05.055,
38.05.057, 38.05.075 - 38.05.085, 38.05.097, 38.05.315, and 38.05.320.
* Sec. 43. AS 38.05.315(d) is amended to read:
8 (d) The director may lease the land to an eligible applicant at
9 a reasonable annual rental, taking into consideration the purposes for
10 which the land is to be used and the financial resources of the appli-
11 cant. The rental may not be less than one percent of the fair market
12 value on land [LANDS] acquired primarily for development, or less than
13 five percent of the fair market value on [UNIVERSITY OR] acquired land
14 [LANDS]. Rent may not be charged for state land leased for a youth
15 encampment. For the purposes of this subsection, "youth encampment"
16 shall be defined by the commissioner by regulation. Renewal leases
17 may be issued at the discretion of the director upon the expiration of
18 a primary or renewal term. Each lease shall contain a provision for
19 its termination as to all or part of the land [LANDS] upon a finding
20 by the director that the land or a part of it has not been used by the
21 lessee for the purpose specified in the lease for a period of two
22 years. No lease may be assigned or subleased except with the consent
23 of the director, and in any case may only be transferred to an appli-
24 cant eligible under (b) - (d) of this section. A lessee may not
25 change the use specified in the lease to another or additional use
26 except with the consent of the director. If, at any time after the
27 land is leased, the lessee attempts to assign the lease or transfer
28 control over the land to another, or if the land is devoted to a use
29 other than that for which the land was leased without the consent of

1 the director, the lease automatically terminates.
2 * Sec. 44. AS 38.05.321(c) is amended to read:
3 (c) The provisions of this section do not apply
4 (1) to state land classified as agricultural land that
5 [WHICH] has been selected by a municipality under the provisions of
6 AS 29.18.190 - 29.18.200 if the selection is an approved selection
7 before April 1, 1978 and is otherwise valid under AS 29.18.205(b); or
8 (2) a quitclaim of the interest of the state to the federal
9 government under AS 38.05.035(b)(9).
10 * Sec. 45. AS 38.05.345(a) is amended to read:
11 (a) This section establishes the requirements for notice given
12 by the department for the following actions:
13 (1) classification or reclassification of state land under
14 AS 38.05.300 and the closing of land to mineral leasing or entry under
15 AS 38.05.185;
16 (2) zoning of land under applicable law;
17 (3) a decision under AS 38.05.035(e) [AS 38.05.035(a)(14)]
18 regarding the sale, lease, or disposal of an interest in state land or
19 resources; and
20 (4) a competitive disposal of an interest in state land or
21 resources after final decision under AS 38.05.035(e) [AS 38.05.035-
22 (a)(14)].
23 * Sec. 46. AS 38.05.345(b) is amended to read:
24 (b) Notice of one or more actions described in (a) of this
25 section shall be given by more than one of the following methods at
26 least 30 days before the action: [BY] (1) publication in newspapers of
27 statewide circulation and in a newspaper of general circulation in the
28 vicinity of the proposed action, (2) publication through public ser-
29 vice announcements on the electronic media serving the area affected

by the action, (3) posting in a conspicuous location in the vicinity of the action, (4) notification of parties known or likely to be affected by the action, or (5) another method calculated to reach affected persons. A notice shall contain sufficient information in commonly understood terms to inform the public of the nature of the action and the opportunity of the public to comment on the action.

* Sec. 47. AS 38.05.345(d) is amended to read:

(d) Notice is not required under this section for [FOR PURPOSES OF THIS SECTION AN "INTEREST IN STATE LAND OR RESOURCES" DOES NOT INCLUDE]

(1) a permit or other authorization revocable by the department; or

(2) negotiated sales of timber not exceeding 500,000 board feet or materials not exceeding 25,000 cubic yards under AS 38.05.115.

* Sec. 48. AS 38.05.365 is amended to read:

Sec. 38.05.365. DEFINITIONS. In this chapter, unless the context otherwise requires

(1) "acquired land [LANDS]" means land [LANDS] belonging to the state including tide, submerged and shoreland [SHORELANDS] which has [HAVE] been obtained by escheat, purchase, or any means other than by general land grant;

(2) "agricultural land [LANDS]" means land [LANDS] chiefly valuable for agricultural purposes;

(3) "commissioner" means the commissioner [OF THE DEPARTMENT] of natural resources;

(4) "department" means the Department of Natural Resources;

(5) "director" means the director of the division of lands of the Department of Natural Resources;

(6) "industrial and commercial land [LANDS]" means land

1 [LANDS] chiefly valuable for industrial trade, manufacturing or busi-
2 ness use;
3 (7) "Lieu and indemnity land [LANDS]" means land [LANDS]
4 which the state is entitled to select under the provisions of 38 Stat.
5 1214, as amended (48 USC 353) or a similar statute to compensate for
6 land [LANDS] in place of surveyed rectangulars, which have been lost
7 to the state by reason of deficient sections, prior rights, claims,
8 withdrawals, reservations and other appropriations;
9 [(8) repealed.]
10 (8) [(9)] "mineral land [LANDS]" means land [LANDS] pro-
11 spectively valuable for mineral deposits;
12 (9) "multiple use" has the meaning given in AS 38.04.910;
13 (10) "park and recreation land [LANDS]" means land [LANDS]
14 chiefly valuable for public park and recreation use;
15 (11) "preference right forest lease" means a lease granted
16 to a lessee whose United States Forest Service term special use permit
17 was cancelled to allow the land under permit to be selected by the
18 state;
19 (12) "preference right grazing lease" means a grazing lease
20 granted to a lessee whose federal grazing lease was cancelled to allow
21 the land under lease to be selected by the state;
22 (13) "rule of approximation" is the rule which is applied in
23 determining whether or not a lease complies with the area limits set
24 forth in this chapter and regulations adopted under it and in keeping
25 the boundaries of leased land [LANDS] coincidental with legal subdivi-
26 sions; under the rule, if the area covered by a lease in excess of the
27 permitted maximum is smaller than the area of any deficiency that
28 would result by eliminating from the lease the smallest legal subdivi-
29 sion covered by the lease or application for lease, the excess area

will be permitted to remain in the lease; if the excess area is greater than the deficient area would be, then the smallest legal subdivision will be eliminated from the lease;

[(14) repealed.]

(14) "shoreland" [(15) "SHORELANDS"] means land [LANDS] belonging to the state which is [ARE] covered by nontidal water [WATERS] that is [ARE] navigable under the laws of the United States up to ordinary high water mark as modified by accretion, erosion, or reliction;

(15) [(16)] "state land [LANDS]" or "land" ["LANDS"] means all land [LANDS], including shore, tide and submerged land [LANDS], or resources belonging to or acquired by the state;

(16) [(17)] "submerged land [LANDS]" means land [LANDS] covered by tidal water [WATERS] between the line of mean low water and seaward to a distance of three geographical miles or further as may hereafter be properly claimed by the state;

(17) "tideland" [(18) "TIDELANDS"] means land [THOSE LANDS] which is [ARE] periodically covered by tidal water [WATERS] between the elevation of mean high and mean low tides;

(18) [(19)] "timber land [LANDS]" and "material land [LANDS]" mean state land [LANDS] chiefly valuable for materials, including, but not limited to, sand, stone, gravel, pumice, common clay, or timber and other forest products;

(19) [(20)] "university land [LANDS]"

(A) means

(i) all sections 33 reserved to the university under 38 Stat. 1214, as amended; [(48 USC 353) AND]

(ii) all land [LANDS] granted to or reserved for the benefit of the university that retains its designation as

university land;

(iii) all other land owned in fee by the University of Alaska including land transferred in fee to the Board of Regents of the University of Alaska to replace land formerly designated as university land;

(B) does not include former university land that has been conveyed to the Department of Natural Resources under the settlement approved by the legislature in ch. 41, SLA 1983;

(20) [(21)] "grazing land [LANDS]" means land [LANDS] chiefly valuable for grazing purposes; [.]

(21) [(22)] "navigable water [WATERS]" means any water of the state forming a river, stream, lake, pond, slough, creek, bay, sound, estuary, inlet, strait, passage, canal, sea or ocean, or any other body of water or waterway within the territorial limits of the state or subject to its jurisdiction, that is navigable in fact for any useful public purpose, including but not limited to water suitable for commercial navigation, floating of logs, landing and takeoff of aircraft, and public boating, trapping, hunting waterfowl and aquatic animals, fishing, or other public recreational purposes;

(22) [(23)] "public water [WATERS]" means navigable water and all other water, whether inland or coastal, fresh or salt, that is reasonably suitable for public use and utility, habitat for fish and wildlife in which there is a public interest, or migration and spawning of fish in which there is a public interest; [.]

(23) [(24)] "geothermal resources" means the natural heat of the earth at temperatures greater than 120 degrees Celsius, measured at the point where the highest-temperature resources encountered enter or contact a well or other resource extraction device, and includes

(A) the energy, including pressure, in whatever form

present in, resulting from, created by, or that may be extracted from that natural heat;

(B) the material medium, including the geothermal fluid naturally present, as well as substances artificially introduced to serve as a heat transfer medium; and

(C) all dissolved or entrained minerals and gases that may be obtained from the material medium, but excluding hydrocarbon substances and helium.

* Sec. 49. AS 38.05 is amended by adding a new section to read:

Sec. 38.05.940. VETERANS' LAND DISCOUNT. (a) An eligible veteran is entitled to a discount of 25 percent on the purchase price of state land sold under this title and classified under AS 38.05.-005 - 38.05.270 for settlement purposes.

(b) To be eligible for a discount under this section, a veteran shall submit proof, as required by regulation, that the veteran

(1) is 18 years of age or older on the date of sale;

(2) has been a state resident for a period of not less than one year immediately preceding the date of sale;

(3) has performed not less than 90 days of active service in the armed forces of the United States; and

(4) has received an honorable discharge or a general discharge under honorable conditions.

(c) A veteran is entitled to only one discount under this section during the veteran's lifetime.

(d) A discount under this section may be applied only to the acquisition of surface rights to state land. A discount under this section may not be applied to survey costs, road development costs, utility assessments, or other costs that the commissioner determines are reimbursable to the state.

(e) A discount under this section may be used toward the purchase of land offered at a restricted sale under AS 38.05.067.

* Sec. 50. AS 38.07.030(c) is amended to read:

(c) The cost of clearing land leased from the state, including but not limited to school [, UNIVERSITY,] and mental health land, shall be borne by the state. The lessee shall repay the cost over a 10-year period at five percent interest.

* Sec. 51. AS 38.08.040(c) is repealed and reenacted to read:

(c) The permit may not be assigned, conveyed, or in any manner transferred except by testate or intestate succession, to a spouse during marriage, by order of a court as part of a divorce settlement, or to either a member of the immediate family or a grantee of the applicant in the case of an extreme emergency or illness that disables the applicant. An attempt to assign, convey, or in any manner transfer the permit except as permitted by this subsection is void and constitutes a substantial breach of the permit.

* Sec. 52. AS 38.08.060 is amended by adding a new subsection to read:

(e) A permit holder who meets each of the provisions of (a) of this section except for (a)(1) and who tenders the commissioner an amount equal to five percent of the purchase price of the land within seven years of the issuance of the permit may purchase the land under AS 38.05.065. The purchase price of the land is the fair market value of the land at the time of purchase.

* Sec. 53. AS 38.09.010(b) is amended to read:

(b) The commissioner shall complete a cadastral survey of homestead entry state land <u>under AS 38.04.045</u> before <u>disposing of</u> [DESIGNATING THE] state land for homestead entry <u>but the commissioner may waive the cadastral survey on a determination that topographic features, diffuse settlement, or the public interest do not justify or</u>

1 require the cadastral survey. [NO PORTION OF LAND MADE AVAILABLE FOR
2 HOMESTEAD ENTRY MAY BE LOCATED MORE THAN A MILE FROM A SURVEY CONTROL
3 MONUMENT.]
4 * Sec. 54. AS 38.09.050(a) is amended to read:
5 (a) The commissioner shall issue a patent to homestead entry
6 land if the permit holder
7 (1) resides and lives on the homestead entry land for not
8 less than 25 months within five years after the issuance of the home-
9 stead entry permit;
10 (2) completes an approved survey of the land within two
11 years after the issuance of the permit or under AS 38.09.040(b);
12 (3) erects a habitable, permanent dwelling on the homestead
13 within three years after the issuance of the homestead entry permit;
14 (4) brushes the boundaries of the land within 90 days after
15 the issuance of the permit;
16 (5) clears and either puts into production or prepares for
17 cultivation either 25 percent of the land classified for agricultural
18 use or 50 percent of the land having class II or III soils, whichever
19 is less, within five years after issuance of the permit.
20 * Sec. 55. AS 38.09.090 is amended by adding a new subsection to read:
21 (b) An applicant who complies with AS 38.09.050(a)(2) - (5) and
22 who tenders the commissioner an amount equal to five percent of the
23 present fair market value of the land within five years of the issu-
24 ance of the permit may purchase the land under AS 38.05.065. The
25 purchase price is the fair market value of the land at the time of the
26 purchase.
27 * Sec. 56. AS 38.20.010 is amended to read:
28 Sec. 38.20.010. ADOPTION. The systems [SYSTEM] of rectangular
29 plane coordinates established by the National Geodetic Survey, Nation-

al Ocean Service [UNITED STATES COAST AND GEODETIC SURVEY] for defining and stating the positions or locations of points on the surface of the earth in this state are [IS] adopted. The systems are [IT IS] to be known as the "Alaska Coordinate System of 1927" and the "Alaska Coordinate System of 1983."

* Sec. 57. AS 38.20.030 is amended to read:

Sec. 38.20.030. DESIGNATION OF ZONES. In any land description in which a coordinate system [IT] is used a zone of the coordinate system is designated the "Alaska Coordinate System of 1927, Zone ....." or the "Alaska Coordinate System of 1983, Zone ....."

* Sec. 58. AS 38.20.040 is amended to read:

Sec. 38.20.040. USE OF COORDINATE SYSTEM. The plane coordinates of a point on the earth's surface, to be used in expressing the position or location of the point in the appropriate zone of this system, consist of two distances, expressed in feet and decimals of a foot when using the Alaska Coordinate System of 1927 and expressed in meters and decimals of a meter when using the Alaska Coordinate System of 1983. One of these distances, known as the "x-coordinate," gives the position in an east-and-west direction; the other known as the "y-coordinate" gives the position in a north-and-south direction. These coordinates shall be made to depend upon and conform to the coordinates of the North American Horizontal Geodetic Control Network as determined by the National Geodetic Survey, National Ocean Service [, ON THE ALASKA COORDINATE SYSTEM, OF THE TRIANGULATION AND TRAVERSE STATIONS OF THE UNITED STATES COAST AND GEODETIC SURVEY IN THE STATE, AS THOSE COORDINATES HAVE BEEN DETERMINED BY THE SURVEY].

* Sec. 59. AS 38.20.060 is amended to read:

Sec. 38.20.060. CHARACTERISTICS OF ZONES. The zones of the Alaska Coordinate System of 1927 have the following characteristics:

(1) Zone 1 is an oblique Mercator projection of the Clarke spheroid of 1866, having an origin at the intersection of parallel 57° 00 minutes [MINUTE] north latitude and meridian 133° 40 minutes [MINUTE] west of Greenwich, at which the scale is set one part in 10,000 too small, and through which the axis of symmetry is in geodetic azimuth arc tangent-3/4, reckoned clockwise from south. The origin is assigned values such that all final coordinates will be positive.

(2) Zone 2 is a transverse Mercator projection of the Clarke spheroid of 1866, having a central meridian 142° 00 minutes [MINUTE] west of Greenwich, on which meridian the scale is set one part in 10,000 too small. The origin of coordinates is at the intersection of the meridian 142° 00 minutes [MINUTE] west of Greenwich and the parallel of 54° 00 minutes [MINUTE] north latitude. This origin is given the coordinates: x = 500,000 feet and y = 0 feet.

(3) Zone 3 is a transverse Mercator projection of the Clarke spheroid of 1866, having a central meridian 146° 00 minutes [MINUTE] west of Greenwich, on which meridian the scale is set at one part in 10,000 too small. The origin of coordinates is at the intersection of the meridian 146° 00 minutes [MINUTE] west of Greenwich and the parallel 54° 00 minutes [MINUTE] north latitude. This origin is given the coordinates: x = 500,000 feet and y = 0 feet.

(4) Zone 4 is a transverse Mercator projection of the Clarke spheroid of 1866, having a central meridian 150° 00 minutes [MINUTE] west of Greenwich, on which meridian the scale is set at one part in 10,000 too small. The origin of coordinates is at the intersection of the meridian 150° 00 minutes [MINUTE] west of Greenwich and the parallel 54° 00 minutes [MINUTE] north latitude. This origin is given the coordinates: x = 500,000 feet and y = 0 feet.

(5) Zone 5 is a transverse Mercator projection of the

Clarke spheroid of 1866, having a central meridian 154° 00 minutes [MINUTE] west of Greenwich, on which meridian the scale is set at one part in 10,000 too small. The origin of coordinates is at the intersection of the meridian 154° 00 minutes [MINUTE] west of Greenwich and the parallel 54° 00 minutes [MINUTE] north latitude. This origin is given the coordinates: x = 500,000 feet and y = 0 feet.

(6) Zone 6 is a transverse Mercator projection of the Clarke spheroid of 1866, having a central meridian 158° 00 minutes [MINUTE] west of Greenwich, on which meridian the scale is set at one part in 10,000 too small. The origin of coordinates is at the intersection of the meridian 158° 00 minutes [MINUTE] west of Greenwich and the parallel 54° 00 minutes [MINUTE] north latitude. This origin is given the coordinates: x = 500,000 feet and y = 0 feet.

(7) Zone 7 is a transverse Mercator projection of the Clarke spheroid of 1866, having a central meridian 162° 00 minutes [MINUTE] west of Greenwich, on which meridian the scale is set at one part in 10,000 too small. The origin of coordinates is at the intersection of the meridian 162° 00 minutes [MINUTE] west of Greenwich and the parallel 54° 00 minutes [MINUTE] north latitude. This origin is given the coordinates: x = 700,000 feet and y = 0 feet.

(8) Zone 8 is a transverse Mercator projection of the Clarke spheroid of 1866, having a central meridian 166° 00 minutes [MINUTE] west of Greenwich, on which meridian the scale is set at one part in 10,000 too small. The origin of coordinates is at the intersection of the meridian 166° west of Greenwich and the parallel 54° 00 minutes [MINUTE] north latitude. This origin is given the coordinates: x = 500,000 feet and y = 0 feet.

(9) Zone 9 is a transverse Mercator projection of the Clarke spheroid of 1866, having a central meridian 170° 00 minutes

[MINUTE] west of Greenwich, on which meridian the scale is set at one part in 10,000 too small. The origin of coordinates is at the intersection of the meridian 170° 00 minutes [MINUTE] west of Greenwich and the parallel 54° 00 minutes [MINUTE] north latitude. This origin is given the coordinates: x = 600,000 feet and y = 0 feet.

(10) Zone 10 is a Lambert conformal conic projection of the Clarke spheroid of 1866, having standard parallels at north latitude 51° 50 minutes [MINUTE] as and 53° 50 minutes, along which parallels the scale shall be exact. The origin of coordinates is at the intersection of the meridian 176° 00 minutes [MINUTE] west of Greenwich and the parallel 51° 00 minutes [MINUTE] north latitude. This origin is given the coordinates: x = 3,000,000 feet and y = 0 feet.

* Sec. 60. AS 38.20.060 is amended by adding a new subsection to read:

(b) The zones of the Alaska Coordinate System of 1983 have the following characteristics:

(1) Zone 1 is an oblique Mercator projection of the World Reference Ellipsoid, having an origin at the intersection of parallel 57° 00 minutes north latitude and meridian 133° 40 minutes west of Greenwich, at which the scale is set one part in 10,000 too small, and through which the axis of symmetry is in geodetic azimuth arc tangent-3/4, reckoned clockwise from south. The origin is assigned values such that all final coordinates will be positive.

(2) Zone 2 is a transverse Mercator projection of the World Reference Ellipsoid, having a central meridian 142° 00 minutes west of Greenwich, on which meridian the scale is set one part in 10,000 too small. The origin of coordinates is at the intersection of the meridian 142° 00 minutes west of Greenwich and the parallel of 54° 00 minutes north latitude. This origin is given the coordinates: x = 500,000 meters and y = 0 meters.

(3) Zone 3 is a transverse Mercator projection of the World Reference Ellipsoid, having a central meridian 146° 00 minutes west of Greenwich, on which meridian the scale is set at one part in 10,000 too small. The origin of coordinates is at the intersection of the meridian 146° 00 minutes west of Greenwich and the parallel 54° 00 minutes north latitude. This origin is given the coordinates: x = 500,000 meters and y = 0 meters.

(4) Zone 4 is a transverse Mercator projection of the World Reference Ellipsoid, having a central meridian 150° 00 minutes west of Greenwich, on which meridian the scale is set at one part in 10,000 too small. The origin of coordinates is at the intersection of the meridian 150° 00 minutes west of Greenwich and the parallel 54° 00 minutes north latitude. This origin is given the coordinates: x = 500,000 meters and y = 0 meters.

(5) Zone 5 is a transverse Mercator projection of the World Reference Ellipsoid, having a central meridian 154° 00 minutes west of Greenwich, on which meridian the scale is set at one par in 10,000 too small. The origin of coordinates is at the intersec ion of the meridian 154° 00 minutes west of Greenwich and the parallel 54° 00 minutes north latitude. This origin is given the coordinates: x = 500,000 meters and y = 0 meters.

(6) Zone 6 is a transverse Mercator projection of the World Reference Ellipsoid, having a central meridian 158° 00 minutes west of Greenwich, on which meridian the scale is set at one part in 10,000 too small. The origin of coordinates is at the intersection of the meridian 158° 00 minutes west of Greenwich and the parallel 54° 00 minutes north latitude. This origin is given the coordinates: x = 500,000 meters and y = 0 meters.

(7) Zone 7 is a transverse Mercator projection of the World

Reference Ellipsoid, having a central meridian 162° 00 minutes west of Greenwich, on which meridian the scale is set at one part in 10,000 too small. The origin of coordinates is at the intersection of the meridian 162° 00 minutes west of Greenwich and the parallel 54° 00 minutes north latitude. This origin is given the coordinates: x = 500,000 meters and y = 0 meters.

(8) Zone 8 is a transverse Mercator projection of the World Reference Ellipsoid, having a central meridian 166° 00 minutes west of Greenwich, on which meridian the scale is set at one part in 10,000 too small. The origin of coordinates is at the intersection of the meridian 166° west of Greenwich and the parallel 54° 00 minutes north latitude. This origin is given the coordinates: x = 500,000 meters and y = 0 meters.

(9) Zone 9 is a transverse Mercator projection of the World Reference Ellipsoid, having a central meridian 170° 00 minutes west of Greenwich, on which meridian the scale is set at one part in 10,000 too small. The origin of coordinates is at the intersection of the meridian 170° 00 minutes west of Greenwich and the parallel 54° 00 minutes north latitude. This origin is given the coordinates: x = 500,000 meters and y = 0 meters.

(10) Zone 10 is a Lambert conformal conic projection of the World Reference Ellipsoid, having standard parallels at north latitude 51° 50 minutes as and 53° 50 minutes, along which parallels the scale shall be exact. The origin of coordinates is at the intersection of the meridian 176° 00 minutes west of Greenwich and the parallel 51° 00 minutes north latitude. This origin is given the coordinates: x = 1,000,000 meters and y = 0 meters.

* Sec. 61. AS 38.20.070 is amended to read:

Sec. 38.20.070. POSITION OF SYSTEM. The position of the Alaska

1 Coordinate System of 1927 shall be as marked on the ground by triangu-
2 lation or traverse stations established in conformity with the stan-
3 dards adopted by the National Geodetic Survey, National Ocean Service
4 [UNITED STATES COAST AND GEODETIC SURVEY FOR FIRST-ORDER, SECOND
5 -ORDER, AND THIRD-ORDER WORK,] whose geodetic positions have been
6 rigidly adjusted on the North American datum of 1927 and whose coordi-
7 nates have been computed on the system defined in this chapter. [ANY
8 SUCH STATION MAY BE USED FOR ESTABLISHING A SURVEY CONNECTION WITH THE
9 ALASKA COORDINATE SYSTEM.]
10 * Sec. 62. AS 38.20.070 is amended by adding a new subsection to read:
11 (b) The position of the Alaska Coordinate System of 1983 shall
12 be as marked on the ground by triangulation or traverse stations
13 established in conformity with the standards adopted by the National
14 Geodetic Survey, National Ocean Service whose geodetic positions have
15 been rigidly adjusted on the North American datum of 1983 and whose
16 plane coordinates have been computed on the system defined in this
17 chapter.
18 * Sec. 63. AS 38.20.080 is amended to read:
19 Sec. 38.20.080. LIMITATION. Coordinates [NO COORDINATES] based
20 on the Alaska Coordinate System, purporting to define the position of
21 a point on a land boundary, may not [SHALL] be presented to be record-
22 ed in any public land records or deed records unless the point is
23 within two miles of a horizontal control [TRIANGULATION OR TRAVERSE]
24 station established in conformity with National Geodetic Survey,
25 National Ocean Service standards and specifications for first-order,
26 second-order, or third-order work [THE STANDARDS PRESCRIBED IN AS 38.-
27 20.070]. The two-mile limitation may be modified by a state agency to
28 meet local conditions.
29 * Sec. 64. AS 38.20.090 is amended to read:

1 Sec. 38.20.090. USE OF SYSTEM NAME. The use of the term "Alaska
2 Coordinate System of 1927" on a map, report of survey, or other docu-
3 ment is limited to coordinates based on the Alaska Coordinate System
4 of 1927 as defined in this chapter.
5 * Sec. 65. AS 38.20.090 is amended by adding a new subsection to read:
6 (b) The use of the term "Alaska Coordinate System of 1983" on a
7 map, report of survey, or other document is limited to coordinates
8 based on the Alaska Coordinate System of 1983 as defined in this
9 chapter.
10 * Sec. 66. AS 38.20.100 is amended to read:
11 Sec. 38.20.100. USE OF PUBLIC LAND SURVEY DESCRIPTIONS. When
12 coordinates based on the Alaska Coordinate System of 1927 or the
13 Alaska Coordinate System of 1983 are used to describe a tract of land
14 which in the same document is also described by reference to a sub-
15 division, line, or corner of the United States public land surveys,
16 the description by coordinates shall be construed as supplemental to
17 the basic description of the subdivisions, line, or corner contained
18 in the official plats and field notes filed of record, and in the
19 event of a conflict the description by reference to the subdivision,
20 line, or corner of the United States public land surveys prevails over
21 the description by coordinates.
22 * Sec. 67. AS 38.20.110 is amended to read:
23 Sec. 38.20.110. USE OF SYSTEM NOT REQUIRED. Nothing in this
24 chapter requires a purchaser or mortgagee to rely on a description,
25 any part of which depends exclusively upon the Alaska Coordinate
26 System of 1927 or the Alaska Coordinate System of 1983.
27 * Sec. 68. AS 38.35.140(b) is amended to read:
28 (b) The lessee shall reimburse the state for all reasonable
29 costs incurred in processing an application filed under AS 38.35.050

1 and in monitoring the construction, operation, maintenance, and re-
2 moval of the pipeline on the right-of-way.
3 * Sec. 69. AS 38.50.020(a) is amended to read:
4 (a) The land, interest in land, and other consideration which
5 the state receives in an exchange made under this chapter shall be
6 equal to or exceed the appraised fair market value of the land, inter-
7 est in land or property exchanged by the state; however, the director
8 may accept cash from, or pay cash to, any other party to an exchange
9 in order to equalize the value of the property or other consideration
10 conveyed and received by the state. If the director determines that
11 the property to be exchanged is not equal in appraised fair market
12 value or if the value cannot be ascertained with reasonable certainty,
13 the director may enter into an exchange on a finding [IF HE FINDS]
14 that the appraised fair market value of the property to be received,
15 together with the value of other public benefits, equals or exceeds
16 the value of the property which the state will relinquish. An ex-
17 change or agreement to exchange more than 500 acres of state land that
18 has an appraised or estimated fair market value of more than
19 $1,000,000 does not take effect until approved by the legislature [FOR
20 OTHER THAN EQUAL APPRAISED FAIR MARKET VALUE IS SUBJECT TO LEGISLATIVE
21 REVIEW AS PROVIDED IN AS 38.50.140].
22 * Sec. 70. AS 38.50.020(b) is amended to read:
23 (b) An appraisal required by this section is presumed accurate
24 and valid for a period of one year [SIX MONTHS] from the time the
25 appraisal is completed. After that time, or if the director has
26 reason to believe that the value of the appraised property has changed
27 significantly during the original one year [SIX-MONTH] period, a
28 reappraisal of the property is required.
29 * Sec. 71. AS 38.50.040 is amended to read:

Sec. 38.50.040. LAND SUBJECT TO EXCHANGE. Except as otherwise provided in this chapter, the director is authorized to convey for purposes of exchange any state land or interest in land regardless of the authority under which the land or interest was obtained by the state. [THE CONVEYANCE OF UNIVERSITY LAND SHALL BE APPROVED IN THE MANNER PRESCRIBED IN AS 38.05.030.]

* Sec. 72. AS 38.50.090(b) is amended to read:

(b) The director shall be afforded an opportunity to review and comment on any land exchange proposed by a state agency other than the Department of Natural Resources and the University of Alaska.

* Sec. 73. AS 38.50.110(a) is amended to read:

(a) Not more than 60 days nor less than 30 days before a public hearing is scheduled under AS 38.50.120 the director shall circulate a notice containing the information specified in (b) of this section except as provided in (c) of this section. The director shall

(1) publish or post the notice as provided in AS 38.05.345, except as otherwise specified in this section; the [. THE] director shall publish the notice in a newspaper of general circulation in the vicinity of the land which the state will receive and in the three most populated cities of the state;

(2) mail the notice to any person who has filed a request for notice of proposed exchanges;

(3) mail the notice to each member of the legislature;

(4) mail the notice to each municipality the boundaries of which encompass or are located within six linear miles of land involved in the proposed exchange;

(5) circulate the notice to the Office of the Governor and to all state departments;

[(6) Repealed]

(6) [(7)] mail the notice to any corporation organized under the Alaska Native Claims Settlement Act, which corporation owns or has selected land located within a radius of 15 linear miles from land or property involved in the proposed exchange; and

(7) [(8)] mail the notice to any other party, including an organization of land users, that the director [HE] considers appropriate.

* Sec. 74. AS 38.50.110 is amended by adding a new subsection to read:

(c) The director shall provide the information required under (b) of this section in the notice required under AS 38.05.345(b) for exchanges of

(1) 500 acres of state land; or

(2) state land having an appraised or estimated fair market value of less than $100,000.

* Sec. 75. AS 38.50.120(a) is amended to read:

(a) The commissioner [DIRECTOR] may hold as many public hearings as is considered appropriate. For an exchange of more than 500 acres of state land or state land having an appraised or estimated fair market value of more than $1,000,000, there [THERE] shall be at least three [ONE] public hearings in one or more municipalities close to the state land proposed for exchange before it is submitted to the legislature for approval [HEARING].

* Sec. 76. AS 38.50.140 is amended to read:

Sec. 38.50.140. LEGISLATIVE REVIEW. Within 10 days of the convening of a regular legislative session, the governor shall transmit to the president of the senate and the speaker of the house of representatives any proposal for a land exchange required to be submitted to the legislature for approval under AS 38.50.020(a) that [FOR OTHER THAN EQUAL APPRAISED FAIR MARKET VALUE WHICH] is scheduled to

occur before the next legislative session. If [, IN HIS VIEW,] exigent circumstances seriously affecting state interests so require, the governor may submit the proposed exchange to the legislature at some other time. A finding of exigent circumstances shall be carefully documented in the letter of transmittal. The director is authorized to conclude a proposed exchange agreement upon approval by the legislature of the proposed exchange agreement [UNLESS EITHER HOUSE OF THE LEGISLATURE BY SIMPLE RESOLUTION DISAPPROVES OF THE EXCHANGE WITHIN 60 LEGISLATIVE DAYS OF TRANSMITTAL BY THE GOVERNOR]. A decision by the legislature to disapprove a proposed exchange shall be accompanied by a recommendation to the governor with respect to future actions which the director should take concerning the exchange.

* Sec. 77. AS 38.95.160(b) is amended to read:

(b) In this section

(1) "publicly financed improvement" means an improvement financed with state or federal money that is constructed by the state or an instrumentality of the state and includes, but is not limited to, onshore or offshore oil drilling or pumping operations, roads, bridges, pipelines, seismic lines, logging and mining operations, dams, buildings and electric power transmission lines;

(2) "state land" does not include land owned by the Board of Regents of the University of Alaska.

* Sec. 78. AS 29.18.206(a) is amended to read:

Sec. 29.18.206. SCHOOL [, UNIVERSITY] AND MENTAL HEALTH LAND. (a) If an entitlement determined under [IN] AS 29.18.201 or 29.18.202 results in a per capita entitlement for the municipality of less than one and one-half acre, the municipality may select vacant school [, [UNIVERSITY] or mental health land within the municipality in partial fulfillment of its land entitlement under AS 29.18. School [, UNIVER-

1 SITY] or mental health land may be selected notwithstanding the fact
2 that this land is [THESE LANDS ARE] not unappropriated and unreserved
3 within the meaning of this chapter and former AS 29.18.190 and 29.18.-
4 200 [, REPEALED BY THIS ACT,] but each selection of school [, UNIVER-
5 SITY] or mental health land by a municipality must be vacant, unappro-
6 priated, or unreserved land as defined in AS 29.18, except that it
7 need not be general grant land.
8 * Sec. 79. AS 29.18.206(d) is amended to read:
9 (d) Within six months after approval of a municipal selection of
10 school [, UNIVERSITY,] or mental health land, the director shall
11 identify state general grant land of approximately equal value to the
12 land requested by the municipality, and shall propose the replacement
13 land for the concurrence of the appropriate board. If a proposal by
14 the director is rejected by the board, the director shall meet with
15 the board as often as necessary to determine the type and amount of
16 equal value replacement land that would be required to obtain the
17 board's concurrence, and shall propose the replacement land for con-
18 sideration by the board. The replacement land shall thereafter be
19 managed for the purposes for which the land selected by the municipal-
20 ity was acquired by the Territory and State of Alaska.
21 * Sec. 80. AS 29.18.206(e) is amended to read:
22 (e) The notice [AND REVIEW] provisions of AS [38.05.305 AND]
23 38.05.345 are applicable to the designation of other general grant
24 land as school, university or mental health land in replacement of
25 land selected under this section. The provisions of AS 38.50 [AND
26 38.05.032] do not apply to such designations under this section. [THE
27 PROVISIONS OF AS 38.05.030(a), 38.05.030(e), AND 38.05.035(a)(13)
28 WHICH REQUIRE THE APPROVAL OF THE RESPECTIVE TRUST BOARD BEFORE
29 DISPOSAL OF LANDS BY THE DIRECTOR DO NOT APPLY TO SELECTIONS OF

1 SCHOOL, UNIVERSITY OR MENTAL HEALTH LAND BY A MUNICIPALITY UNDER THIS
2 SECTION.]
3 * Sec. 81. AS 29.18.210(b) is amended to read:
4 (b) [WHERE STATE LAND IS THE MOST LOGICAL LOCATION FOR DEMON-
5 STRATED MUNICIPAL EXPANSION FOR NONPUBLIC SETTLEMENT AND DEVELOPMENT
6 PURPOSES, AND WHEN AN EXCHANGE OF LAND UNDER AS 29.18.209 IS NOT
7 POSSIBLE OR IS NOT IN THE PUBLIC INTEREST, IT IS THE POLICY OF THE
8 STATE TO SELL OR LEASE THE LAND AT PUBLIC AUCTION.] The state may
9 contract with a municipality to act as its agent in an auction of
10 state land under applicable statutes. When a municipality acts as the
11 agent of the state in an auction, the municipality may retain from the
12 proceeds of the auction the capital and other expenses that [WHICH]
13 the director determines to be necessary and reasonable.
14 * Sec. 82. AS 29.18.213 is repealed and reenacted to read:
15 Sec. 29.18.213. DEFINITIONS. In AS 29.18.201 - 29.18.213
16 (1) "approved selection" means a municipal land selection
17 that has been approved in writing by the director for transfer by
18 patent to a municipality;
19 (2) "director" means the director of the division of lands,
20 Department of Natural Resources;
21 (3) "exchange" includes an agreement to exchange and an
22 out-of-court settlement that may convey land in an amount greater than
23 is permitted under AS 38.50.120(a);
24 (4) "general grant land"
25 (A) means land patented or tentatively approved to the
26 state from the United States under sec. 6(a) or (b) of the Alaska
27 Statehood Act;
28 (B) does not include university land;
29 (5) "mental health land" means land granted under Title II,

1 sec. 202 of P.L. 84-830, as amended before or after July 1, 1978;
2 (6) "municipal land selection" means a request by a munic-
3 ipality, filed in writing with the director under authority of former
4 AS 29.18.190 and 29.18.200 or under AS 29.18.201 - 29.18.213 for
5 vacant, unappropriated, unreserved general grant land within its
6 municipal boundaries in partial fulfillment of its municipal entitle-
7 ment;
8 (7) "municipality" means a home rule or general law city or
9 organized borough of any class, and includes unified municipalities
10 established under AS 29.68.240 - 29.68.440;
11 (8) "patent" means a document, issued by the director to a
12 municipality for a previously approved selection, that conveys and
13 quitclaims all the right, title and interest of the state without
14 reservation or condition except as may be required by law;
15 (9) "remaining entitlement" means the general grant land
16 entitlement determined in accordance with AS 29.18.201 - 29.18.213,
17 reduced by the total acreage of approved selections, including both
18 patented and unpatented parcels;
19 (10) "school land" means those rectangular sections 16 and
20 36 within each township surveyed on or before January 3, 1959, and
21 confirmed and transferred to the State of Alaska upon its admission
22 under sec. 6(k), Alaska Statehood Act, 72 Stat. 339, and any other
23 land designated solely for school revenues;
24 (11) "university land" has the meaning given that term in
25 AS 38.05.365;
26 (12) "vacant, unappropriated, unreserved land" means general
27 grant land as defined in (4) of this section, excluding minerals as
28 required by sec. 6(i) of the Alaska Statehood Act, that
29 (A) has not been set aside by statute for one or more

1 particular uses or purposes;
2 (B) has not been approved for patent to a municipality
3 under AS 29.18.201 - 29.18.213 or former AS 29.18.190 and 29.18.-
4 200; or
5 (C) is unclassified or, if classified under AS 38.-
6 05.300, is classified for agricultural, grazing, commercial,
7 industrial, private recreational, residential, utility or open-
8 to-entry purposes, or where classified in accordance with an
9 agreement between a municipality and the state providing for
10 state management of land of the municipality.
11 * Sec. 83. AS 29.33.150(b) is amended to read:
12 (b) The regulations adopted under (a) of this section apply to
13 subdivision plats of undeveloped state land for disposal under AS 38.-
14 05 or AS 38.08 filed with the platting board. [THE PLATTING BOARD MAY
15 NOT DISAPPROVE THE SUBDIVISION PLAT ON THE BASIS OF REGULATIONS WHICH
16 REQUIRE CAPITAL IMPROVEMENTS ON OR TO STATE LAND INCLUDED IN THE
17 SUBDIVISION PLAT.] Regulations adopted after the platting board is
18 notified by the commissioner of natural resources of a proposed sale
19 of subdivided state land under AS 38.05 or AS 38.08 do not apply to
20 the state land in the proposed sale.
21 * Sec. 84. AS 29.33.150(c) is amended to read:
22 (c) The platting board shall [MUST] approve and sign the subdi-
23 vision plat within 60 days of its receipt from the commissioner of
24 natural resources unless the platting board
25 (1) determines that the plat does not comply with subdivi-
26 sion regulations [OTHER THAN THOSE REQUIRING CAPITAL IMPROVEMENTS TO
27 STATE LAND]; and
28 (2) notifies the commissioner of each determination of
29 noncompliance within the 60-day period established in this subsection.

1 * Sec. 85. The provisions of AS 38.05.065(d) - (f) as added in sec. 22
2 of this Act apply to contracts entered into by the commissioner of natural
3 resources after the effective date of this Act.
4 * Sec. 86. The provisions of AS 29.33.150(c) as amended in sec. 84 of
5 this Act do not apply to plats submitted to a platting board before the
6 effective date of sec. 84.
7 * Sec. 87. AS 29.33.150(e); AS 38.04.025, 38.04.040, 38.04.045(a);
8 AS 38.05.030(a), 38.05.035(a)(14), 38.05.069(b), 38.05.321(a), 38.05.362
9 and 38.05.365(20) are repealed.
10 * Sec. 88. Sections 19, 37, and 44 of this Act take effect immediately
11 in accordance with AS 01.10.070(c).
12 * Sec. 89. Sections 1 - 18, 20 - 36, 38 - 43, and 45 - 86 take effect
13 July 1, 1984.
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COMMITTEE REPORT

HOUSE

(9) FURTHER:

(Returned to Resources 5/19/84)

Date: May 2, 1984

5/19/84

The Committee on RESOURCES has had CSSB 375(Res)

"An Act relating to land disposal and management; and providing for an effective date."

under consideration and recommends:

[ ] do pass [ ] do not pass

[ ] do pass with attached amendments(s)

[X] replace with CS for CSSB 375 (RESOURCES) [X] same title [ ] new title

and recommends [illegible]

[ ] AND attaches a "Letter of Intent" [ ] New Fiscal Note [ ] Zero Fiscal Note Attached

[ ] reports it back without recommendation

[ ] referred to the _____ Committee

MEMBERS SIGNING DO PASS

[illegible]

MEMBERS HAVING OTHER RECOMMENDATIONS:

[illegible]

CHAIRMAN

COMMITTEE REPORT

HOUSE

5/5

(9)

FURTHER: FINANCE

Date: Mar 4 1984

4/25/84

The Committee on RESOURCES has had CSSB 375(Res)

"An Act relating to land disposal and management; and providing for an effective date."

under consideration and recommends:

[ ] do pass [ ] do not pass

[ ] do pass with attached amendments(s)

[X] replace with CS for CSSB 375(Res) [X] same title [ ] new title

and recommends D. P.

[ ] AND attaches a "Letter of Intent" [X] New Fiscal Note [ ] Zero Fiscal Note Attached

[X] reports it back without recommendation

[ ] referred to the _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS:

CHAIRMAN

Alaska State Legislature
HOUSE OF REPRESENTATIVES
COMMITTEE ON RESOURCES

JOHN RINGSTAD, CO-CHAIRMAN
RICHARD SHULTZ, CO-CHAIRMAN
POUCH V
JUNEAU, ALASKA 99811
(907) 465-3715

MEMORANDUM

To: House Resource Committee members

From: Committee staff

Date: May 21, 1984

Re: 2nd version CSHB 375

****

This version of SB 375 is a further refinement of our earlier Committee Substitute and includes changes that clarify and clean up technical problems as well as resolving some of the minor differances that occurred between the House, Senate, and the Administration.

The major policy differences are not addressed in this CS and will be resolved in some other fashion as the concerned parties continue working on these areas of disagreement.

Alaska MUNICIPAL League

TELEPHONES
(907) 586-1325
(907) 586-6526

105 MUNICIPAL WAY, SUITE 301
JUNEAU, ALASKA 99801

To: House Resources Committee

From: Scott A. Burgess, Executive Director

Date: April 18, 1984

Re: CSSB 375 (Resources) - Land Disposal and Management

I speak in favor of Committee Substitute for SB 375 (Resources). The Alaska Municipal League urges passage of this legislation for several major reasons:

1. The bill would require the state to meet the same local ordinance requirements imposed on private citizens when disposing of land. Legislation requiring the State of Alaska to comply with local subdivision ordinances and regulations in connection with its land disposal program is a top legislative priority of the League in 1984.

2. The bill provides a mechanism with legislative oversight to fund required improvements such as roads and utilities. The improvement costs would be reflected in the purchase price and paid for by the purchaser, the direct beneficiary of the land and those improvements.

3. The bill requires the Commissioner to consider, among other resources, recreational and hunting values of individual properties before offering them for disposal. The bill also requires the Commissioner to hold public hearings when appropriate to solicit views of the residents of the communities affected by the proposed disposals.

4. The bill would allow the state, by quit claim deed, to return the state land, or interest in land, to the federal government for settlement of Native allotments.

5. Finally, the bill clarifies Title 38 to promote sound land disposal and management practices.

On behalf of the Alaska Municipal League, I support CS for SB 375 (Resources) and ask for the support of the House Resources Committee as well.

Alaska State Legislature

BETTYE FAHRENKAMP, Chairman
ROBERT H. ZIEGLER, SR., Vice Chairman
DICK ELIASON
PAUL FISCHER
VIC FISCHER
BOB MULCAHY
ARLISS STURGULEWSKI

POUCH V
STATE CAPITAL
JUNEAU, ALASKA 99811
(907) 465-3834
(907) 465-3835

Senate

Committee on Resources

May 19, 1984

HCS CSSB 375 (2nd Res), An Act relating to land disposal and management

Sec. 1 Spells out a policy for managing and disposing of state land which takes into account a range of resource values and uses.

Sec. 2 Spells out the policy of soliciting the views, including the holding of local public hearings when appropriate, of the residents of communities most affected by land classifications and disposals.

Sec. 3 Passage by the 1983 legislature of SB 41, which awarded the University of Alaska ownership and management of certain state lands, has rendered this provision obsolete.

Sec. 4 Requires that in determining sufficient separation between residences in "remote" areas, the resources in the area shall be considered.

Sec. 5 Requires that a cost estimate for access roads and capital improvements within disposal areas (as may be required by municipal ordinance) be submitted annually. This deletes the "loophole" which allowed for submittal of a schedule for obtaining cost estimates.

Sec. 6 Clarifies that DNR's budget request must include an assessment of the market demand for the land proposed for disposal. No annual, statewide demand assessment would be required, as this type of analysis is difficult and has had little impact on legislative appropriations for disposal programs.

Sec. 7 Repeals the arbitrary requirement that certain percentages of subdivision land be made available through the homesite method. This will allow disposal methods to better reflect market demand and public policy.

Sec. 8 Allows flexibility in subdivision parcel size to better reflect resources and uses in the area.

Sec. 9 Establishes a revolving fund within the general fund for deposit and subsequent appropriation of revenues from the sale of state land. Funds would be used for implementation of land disposal programs and for grants to municipalities for their disposal programs.

Sec. 10 Expands the authority in issuing remote cabin permits to allow their use where potential resource and use conflicts exist, or where a long-range interest in public ownership exists. Currently, these permits may be issued only where survey and conveyance is impractical.

Sec. 11 Clarifies that all land to be conveyed must have been surveyed, either through monumentation of section corners or monumentation of control points, with no land to be conveyed if it is more than two miles from a survey monument, unless this condition is waived by the commissioner.

Sec. 12 Specifies that legal and feasible access must be provided within subdivisions, and that access meeting local ordinances for subdivisions is required of the state.

Sec. 13 Clarifies that trails with an established history of use may be reserved as easements or rights of way across private land.

Sec. 14 Allows the Department to grant a lessee the right to restrict the use of an easement in order to protect public safety or property.

Sec. 15 Allows for a waiver or modification of agricultural development requirements if certain conditions are present.

Sec. 16 Requires that other state agencies notify DNR of any land disposals. This is currently required only for acquisitions, leases, and exchanges.

Sec. 17 Clarifies that lands assigned by DNR to DOT may be transferred to DNR when they are no longer needed.

Sec. 18 Conforming amendment per University settlement agreement. (see Section 3)

Sec. 19 Limits the right to apply for a preference to three years from the date of error or state action in order to avoid long-standing claims with difficult record reconstruction.

Sec. 19 Cont. Gives DNR the authority to convey to an adjoining landowner unmanageable remnants of land. Such remnants may be unusable and expensive to maintain in state ownership.

Provides a mechanism for correcting defects in the state's title to land by authorizing DNR to quitclaim land to the federal government on a determination that the land was wrongly or erroneously conveyed to the state.

Sec. 20 Clarifies the procedure for issuing a best interest finding, and clarifies that no finding is needed for mining claims and leases, and production licenses. Grants a preference right to long-term landholders who have derived business income from the land.

Sec. 21 Amends to require that disposals be held in the community, rather than the municipality, nearest the land to be disposed of, to take into account unincorporated locations.

Sec. 22 Authorizes bidding at auctions to begin at 70% of the current appraised fair market value of the land, rather than the current 100%.

Sec. 23 Replaces the current "agricultural rights" provision with a fee simple conditional title for agricultural land. Agricultural development would still be required. The intent is to encourage private financing, which has not been possible under the restricted title currently granted.

Sec. 24 and 25 Establishes a notice of breach procedure for contract violations, followed by the prerogative of the commissioner to foreclose the interest of the purchaser.

Sec. 26 Simplifies the selection procedure for agricultural land options for adjacent landowners, by requiring that options be exercised at the time of the disposal and that a single recipient be selected by drawing of lots.

Sec. 27 Conforming amendment per repeal of "agricultural interest" provision (see Sec. 23).

Sec. 28 Increases from $250/year to $5,000/year the value of a lease that may be negotiated, which reflects the increase in land values since this statute was enacted in 1962. Increases the maximum term of a negotiated lease from 5 years to 10 years. Requires that reasonable and traditional access to public land be maintained as a term of the lease.

Sec. 29 Specifies that the term of a lease, while not exceeding 55 years, be for the useful life of the approved activity.

Sec. 30 Amends the surface leasing procedure to require applicants to deposit with DNR a sum equal to any survey or appraisal costs incurred by another bidder. The successful applicant's deposit would be credited against lease rental payments. Survey and appraisal are required prior to leasing. In the interest of time, lease applicants will often conduct survey and appraisal at their own expense.

Sec. 31 Provides a mechanism for DNR to negotiate leases for tide and submerged lands with upland land owners without competitive bidding.

Authorizes DNR to require prequalification of bidders for surface leases. Such a procedure is currently required administratively to ensure that applicants can meet the terms of the lease.

Sec. 32 Requires that the assessment of timber and other materials on state lands, and the recommendation for the sale of materials, take into account the supplies of and markets for materials on nearby private land.

Sec. 33 thru 36 Technical: Substitute "commissioner" for "director".

Sec. 37 Clarifies that land quitclaimed back to the federal government (see section 18) and land transferred to the University in its settlement agreement (see Sec. 3) is not subject to the reservation of mineral rights to the state.

Sec. 38 Technical: substitute "commissioner" for "department", "ensure" for "insure".

Sec. 39 Provides that easements of rights-of-way to navigable and public waters for oil and gas and mineral leases need not be made until the leases are ready to be developed.

Sec. 40 and 41 Technical: substitute "commissioner" for"director" and "land" for "lands".

Sec. 42 Extends the length of time that an appraisal is valid from 120 days to one year, to avoid costly reappraisals in the event of a delay in selling or leasing lands.

Sec. 43 Conforming amendment per University settlement agreement (see Sec. 3)

Sec. 44 Exempts land quitclaimed back to the federal government (see Sec. 18) from the restriction on sale of agricultural land.

Sec. 45 Conforming amendment per relocation in statute of the best interest finding requirement.

Sec. 46 Amends the public notice requirements for classification, sale, lease, and disposal of state lands to require that notice be placed in the newspaper and that one of the following methods also be used: electronic media, posting, notification of interested parties. Current statute requires use of only one of the above methods.

Sec. 47 Clarifies that no notice need be given of negotiated sales of timber and materials.

Sec. 48 Adds the definition of "multiple use" and "university lands" as used in AS 38.04 to AS 38.05.

Sec. 49 Grants a 25% discount on the purchase price of state land to veterans.

Sec. 50 Conforming amendment per University settlement agreement. (see Section 3)

Sec. 51 Allows holders of homesite parcels to transfer rights to another individual in the event incapacitating illness or injury prevents the landholder from fulfilling residency requirements. This conforms with current homestead provisions.

Sec. 52 Allows the purchase of a homesite parcel at fair market value within 7 years of issuance of the permit if all requirements except the ones for occupancy have been met.

Sec. 53 Eliminates the requirement that land available for homestead entry be within one mile of a survey monument. This will allow for conversion of remote parcel lands to the homestead program. Authorizes DNR to waive the cadastral survey requirement if certain conditions are present.

Sec. 54 Provides that the amount of land to be cleared under agricultural homesteading requirements be based on soil classifications.

Sec. 55 Allows the purchase of a homestead parcel at fair market value within five years of issuance of the permit if all requirements except the ones for occupancy have been met.

Sec. 56 thru 67 Amends the Alaska Coordinate System to reflect changes in the federal datum used as a base for this system.

Sec. 68 Provides that the lessee of a pipeline right-of-way shall reimburse the state for costs not only in monitoring pipeline construction, but for processing an application and for monitoring operation, maintenance, and removal of the pipeline.

Sec. 69 Requires legislative approval of land exchanges of more than 500 acres of state land or valued at more than $1 million. Current statute requires legislative action on unequal value exchanges; this provision is maintained.

Sec. 70 Extends the length of time that an appraisal for a land exchange is valid from six months to one year to permit the execution of trades which involve considerable administrative work and public review.

Sec. 71 and 72 Conforming amendments per University settlement agreement. (see Section 3)

Sec. 73 and 74 Streamlines the notice requirements for land exchanges involving less than 500 acres of land or appraised at less than $100,000.

Sec. 75 Three public hearings would be required for land exchanges of more than 500 acres or valued at more than $1,000,000. The Commissioner maintains discretion to hold hearings for other exchanges.

Sec. 76 Clarifies which land exchanges require legislative approval (see Section 69).

Sec. 77 Gives the Commissioner discretion in issuing trapping cabin permits.

Sec. 78 thru 81 Conforming amendments per University settlement agreement. (see Section 3)

Sec. 82 Clarifies that when the state contracts with a municipality to conduct an auction of state lands, the municipality may retain from the proceeds of the auction capital and other expenses. This will allow for joint disposals, whereby the municipality would construct the roads on state land and recoup its costs through auction proceeds.

Sec. 83 Amends the definition section in Title 29 to clarify that the University has management responsibility for certain state lands. (see Section 3)

Sec. 84 and 85 Requires compliance with local subdivision ordinances which require capital improvements.

Sec. 86 Specifies that the contract foreclosure procedure added in Section 22 applies only to contracts entered into after the effective date of this act.

Sec. 87 Exempts from compliance with local subdivision ordinances those plats submitted to the platting board before the effective date of the Act. (see Sec. 84)

Sec. 88 Repealers:

AS 29.33.150(e) Conforming amendment requiring compliance with local subdivision ordinances.
AS 38.04.025 Requires demand assessment, reduntant to .04.020(f)
AS 38.04.040 Authorizes sale of University lands. Obsolete with passage of SB 41 in 1983.
AS 38.04.045(a) Conflicts with subdivision parcel size limitations in .04.020(h).
AS 38.05.030(a) Sale of University lands - obsolete per passage of SB 41 AS 38.05.035(a)(14) Embodied in .05.035 (best interest finding).
AS 38.05.069(b) Agricultural preference option - embodied in 05.069(a).
AS 38.05.321(a) Agricultural interests section replaced by AS 38.05.059 (fee simple conditional title)
AS 38.05.362 Classification of 650,000 acres of agricultural land by 9/79 completed.
AS 38.05.365(20) Definition of University lands.

Sec. 89 Immediate effective date for Sections 19, 37 and 44.

Sec. 90 July 1, 1984 effective date for remainder of bill.

Alaska State Legislature
HOUSE OF REPRESENTATIVES
COMMITTEE ON RESOURCES

JOHN RINGSTAD, CO-CHAIRMAN
RICHARD SHULTZ, CO-CHAIRMAN
POUCH V
JUNEAU, ALASKA 99811
(907) 465-3715

May 4, 1984

SECTIONAL ANALYSIS

HCS CSSB 375 (Resources) Land disposal and management.

Sec. 1 Spells out a policy for managing and disposing of state land which takes into account a range of resource values and uses.

Sec. 2 Spells out the policy of soliciting the views, including the holding of local public hearings when appropriate, of the residents of communities affected by land classifications and disposals.

Sec. 3 Passage by the 1983 legislature of SB 41, which awarded the University of Alaska ownership and management of certain state lands, has rendered this provision obsolete.

Sec. 4 Requires that in determining sufficient separation between residences in "remote" areas, the resources in the area shall be considered.

Sec. 5 Requires that a cost estimate for access roads and capital improvements within disposal areas (as may be required by municipal ordinance) be submitted annually. This deletes the "loophole" which allowed for submittal of a schedule for obtaining cost estimates.

Sec. 6 Clarifies that DNR's budget request must include an assement of the market demand for the land proposed for disposal. No annual, statewide demand assessment would be required, as this type of analysis is difficult and has had little impact on legislative appropriations for disposal programs.

Sec. 7 Repeals the arbitrary requirement that certain percentages of subdivision land be made available through the homesite method. This will allow disposal methods to better reflect market demand and public policy.

Sec. 8 Allows flexibility in subdivision parcel size to

better reflect resources and uses in the area.

Sec. 9 Establishes a revolving fund within the general fund for deposit and subsequent appropriation of revenues from the sale of state land. Funds would be used for implementation of land disposal programs and for grants to municipalities for their disposal programs.

Sec. 10 Expands the authority in issuing remote cabin permits to allow their use where potential resource and use conflicts exist, or where a long-range interest in public ownership exists. Currently, these permits may be issued only where survey and conveyance is impractical.

Sec. 11 Clarifies that all land to be conveyed must have been surveyed, either through monumentation of section corners or monumentation of control points, with no land to be conveyed if it is more than two miles from a survey monument, unless this condition is waived by the commissioner.

Sec. 12 Specifies that legal and feasible access must be provided within subdivisions, and that access meeting local ordinances for subdivision is required of the state.

Sec. 13 Allows for reservation by the State of easements and rights-of way, to maintain present and future public use and access, and includes trails with an established history of use.

Sec. 14 Would allow the Director of lands to restrict the use of an easement with at the request of the effected interest holder in State land.

Sec. 15. Allows the Director of lands to waive, postpone, or modify development requirements of a contract of sale of agricultural land.

Sec. 16 Requires that other state agencies notify DNR of any land disposals. This is currently required for acquisitions, leases, and exchanges.

Sec. 17 Clarifies that lands assigned by DNR to DOT may be transferred to DNR when they are no longer needed.

Sec. 18 Conforming amendment per University settlement agreement. (see Section 3)

Sec. 19 Limits the right to apply for a preference to five years from the date of error or state action in order to avoid long-standing claims with difficult record reconstruction.

Sec. 19 Gives DNR the authority to convey to an adjoining landowner unmanageable remnants of land. Such remnants may be unusable and expensive to maintain state ownership.

Provides a mechanism for correcting defects in the state's title to land by authorizing DNR to quitclaim land to the federal government on a determination that the land was wrongly or erroneously conveyed to the state.

Sec. 20 Clarifies the procedure for issuing a best interest finding, and grants a preference to purchase or lease without competitive bid for certain long-term landholders.

Sec. 21 Amends to require that disposals be held in the community, rather than the municipality, nearest the land to be disposed of, to take into account unincorporated locations.

Sec. 22 Authorizes bidding at auctions to begin at 85% of the current appraised fair market value of the land, rather than the current 100%.

Sec. 23 Establishes fee simple conditional title for ag land.

Sec. 24 Establishes an appeal process for contract violations, followed by the prerogative of the commissioner to foreclose the interest of the purchaser if a determination is made that there has been a breach of the contract.

Sec. 25 thru 27 Simplifies the selection procedure for agricultural land options for adjacent landowners, by requiring that options be exercised at the time of the disposal and that a single recipient be selected by drawing of lots.

Sec. 28 Increases from $250/year to $[illegible],000/year the value of a lease that may be negotiated, which reflects the increase in land values since this statute was enacted in 1962. Increases the maximum term of a negotiated lease from 5 years to 10 years.

Sec. 29 Specifies that the term of a lease, while not exceeding 55 years, be for the useful life of the approved activity.

Sec. 30 Amends the surface leasing procedure to require applicants to deposit with DNR a sum equal to any survey or appraisal costs incurred by another bidder. The successful applicant's deposit would be credited

against lease rental payments. Survey and appraisal are required prior to leasing. In the interest of time, lease applicants will often conduct survey and appraisal at their own expense.

Sec. 31 Provides a mechanism for DNR to negotiate leases for tide and submerged lands with upland land owners without competitive bidding.

Authorizes DNR to require prequalification of bidders for surface leases. Such a procedure is currently required administratively to ensure that applicants can meet the terms of the lease.

Sec. 32 Requires that the assessment of timber and other materials on state lands, and the recommendation for the sale of materials, take into account the supplies of and markets for materials on nearby private land.

Sec. 33 thru 36 Technical: Substitute "commissioner" for "director".

Sec. 37 Clarifies that land quitclaimed back to the federal government (see section 18) and land transferred to the University in their settlement agreement (see Sec. 3) is not subject to the reservation of mineral rights to the state.

Sec. 38 Allows for reservation by the State of easements and rights-of-way, to provide access to and along navigable and public waters.

Sec. 39 Provides that easements of rights-of-way to navigable and public waters for oil and gas and mineral leases need not be made until the leases are ready to be developed.

Sec. 40 and 41 Technical: substitute "commissioner" for"director" and "land" for "lands".

Sec. 42 Extends the length of time that an appraisal is valid from 120 days to one year, to avoid costly reappraisals in the event of a delay in selling or leasing lands.

Sec. 43 Conforming amendment per University settlement agreement (see Sec. 3)

Sec. 44 Exempts land quitclaimed back to the federal government (see Sec. 19) from the restriction on sale of agricultural land.

Sec. 45 Conforming amendment per relocation in statute of the

best interest finding requirement.

Sec. 46 Amends the public notice requirements for classification, sale, lease, and disposal of state lands to require that more that one, rather than just one, of the following notice methods be used: newspaper, electronic media, posting, notification of interested parties.

Sec. 47 Requires that notice be given of negotiated sales of timber.

Sec. 48 Adds the definition of "multiple use" and "exchange of lands" as used in AS 38.04 to AS 38.05.

Sec. 49 Grants a 25% discount on the purchase price of state land to veterans.

Sec. 50 Conforming amendment per University settlement agreement. (see Section 3)

Sec. 51 Allows holders of homesite parcels to transfer rights to another individual, in the event incapacitating illness or injury prevents the landholder from fulfilling residency requirements.

Sec. 52 Allows the purchase of a homesite parcel at fair market value within 7 years of issuance of the permit if all requirements except the ones for occupancy have been met.

Sec. 53 Eliminates the requirement that land available for homestead entry be within one mile of a survey monument. This will allow for conversion of remote parcel lands to the homestead program. Authorizes DNR to waive the cadastral survey requirement if certain conditions are present.

Sec. 54 Changes the amount of land that must be cleared under agricultural homesteading requirements.

Sec. 55 Allows the purchase of a homestead parcel at fair market value within five years of issuance of the permit if all requirements except the ones for occupancy have been met.

Sec. 56 thru 67 Amends the Alaska Coordinate System to reflect changes in the federal datum used as a base for this system.

Sec. 68 Provides that the lessee of a pipeline right-of-way

shall reimburse the state for costs not only in monitoring pipeline construction, but for processing an application and for monitoring operation, maintenance, and removal of the pipeline.

Sec. 69 Requires legislative approval of land exchanges of more than 500 acres or $1 million in value.

Sec. 70 Extends the length of time that an appraisal for a land exchange is valid from six months to one year to permit the execution of trades which involve considerable administrative work and public review.

Sec. 71 and 72 Conforming amendments per University settlement agreement. (see Section 3)

Sec. 73 and 74 Streamlines the notice requirements for land exchanges involving less than 500 acres of land or appraised at less than $1,000,000.

Sec. 75 Three public hearings would be required for a land exchange only if the exchange is of more than 500 acres or valued at more than $1,000,000. The Commissioner maintains discretion to hold hearings for other exchanges.

Sec. 76 Clarifies which land exchanges require legislative approval.

Sec. 77 thru 80 Conforming amendments per University settlement agreement. (see Section 3)

Sec. 81 Clarifies that when the state contracts with a municipality to conduct an auction of state lands, the municipality may retain from the proceeds of the auction capital and other expenses. This will allow for joint disposals, whereby the municipality would construct the roads on state land and recoup its costs through auction proceeds.

Sec. 82 Amends the definition section in Title 29 to clarify that the University has management responsibility for certain state lands. (see Section 3)

Sec. 83 and 84 Requires compliance with local subdivision ordinances which require capital improvements. Exempts from compliance those subdivision plats submitted to the platting board prior to the effective date of this Act.

Sec. 85 Specifies that the contract foreclosure procedure added in Section 22 applies only to contracts entered into after the effective date of this act.

Sec. 86 Specifies that plats submitted before the effective date of Sec. 84 are not effected by this Act.

Sec. 87 Repealers:

AS 29.33.150(e) Conforming amendment requiring compliance with local subdivision ordinances.

AS 38.04.025 Requires demand assessment, redundant to .04.020(f)

AS 38.04.040 Authorizes sale of University lands. Obsolete with passage of SB 41 in 1983.

AS 38.04.045(a) Conflicts with subdivision parcel size limitations in .04.020(h).

AS 38.05.030(a) Sale of University lands - obsolete per passage of SB 41

AS 38.05.035(a)(14) Embodied in .05.035 (best interest finding).

AS 38.05.069(b) Agricultural preference option - embodied in 05.069(a).

AS 38.05.321(a) Agricultural interests section replaced by Section 23.

AS 38.05.362 Classification of 650,000 acres of agricultural land by 9/79 completed.

AS 38.05.365(20) Definition of University lands.

Sec. 88 Immediate effective date for Sections 19, 37 and 44.

Sec. 89 July 1, 1984, effective date for remainder of bill.

Alaska State Legislature

BETTYE FAHRENKAMP, Chairman
ROBERT H. ZIEGLER, SR., Vice Chairman
DICK ELIASON
PAUL FISCHER
VIC FISCHER
BOB MULCAHY
ARLISS STURGULEWSKI

POUCH V
STATE CAPITAL
JUNEAU, ALASKA 99811
(907) 465-3834
(907) 465-3835

Senate

Committee on Resources

March 5, 1984

CS SB 375, An Act relating to land disposal and management

Sec. 1 Spells out a policy for managing and disposing of state land which takes into account a range of resource values and uses.

Sec. 2 Spells out the policy of soliciting the views, including the holding of local public hearings when appropriate, of the residents of communities affected by land classifications and disposals.

Sec. 3 Passage by the 1983 legislature of SB 41, which awarded the University of Alaska ownership and management of certain state lands, has rendered this provision obsolete.

Sec. 4 Requires that in determining sufficient separation between residences in "remote" areas, the resources in the area shall be considered.

Sec. 5 Requires that a cost estimate for access roads and capital improvements within disposal areas (as may be required by municipal ordinance) be submitted annually. This deletes the "loophole" which allowed for submittal of a schedule for obtaining cost estimates.

Sec. 6 Clarifies that DNR's budget request must include a determination that there is a market demand for the land proposed for disposal. No annual, statewide demand assessment would be required, as this type of analysis is difficult and has had little impact on legislative appropriations for disposal programs.

Sec. 7 Repeals the arbitrary requirement that certain percentages of subdivision land be made available through the homesite method. This will allow disposal methods to better reflect market demand and public policy.

Sec. 8 Allows flexibility in subdivision parcel size to better reflect resources and uses in the area.

Sec. 9 Establishes a revolving fund within the general fund for deposit and subsequent appropriation of revenues from the sale of state land. Funds would be used for implementation of land disposal programs and for grants to municipalities for their disposal programs.

Sec. 10 Expands the authority in issuing remote cabin permits to allow their use where potential resource and use conflicts exist, or where a long-range interest in public ownership exists. Currently, these permits may be issued only where survey and conveyance is impractical.

Sec. 11 Clarifies that all land to be conveyed must have been surveyed, either through monumentation of section corners or monumentation of control points, with no land to be conveyed if it is more than two miles from a survey monument.

Sec. 12 Specifies that legal and feasible access must be provided within subdivisions, and that access meeting local ordinances for subdivision is required of the state.

Sec. 13 In addition to reservation of easements and rights-of-way, allows for retention of land in state ownership to maintain present and future public use and access.

Sec. 14 Would allow an interest holder of state land to restrict the use of an easement with written approval of DNR.

Sec. 15 Requires that other state agencies notify DNR of any land disposals. This is currently required for acquisitions, leases, and exchanges.

Sec. 16 Clarifies that lands assigned by DNR to DOT may be transferred to DNR when they are no longer needed.

Sec. 17 Conforming amendment per University settlement agreement. (see Section 3)

Sec. 18 Limits the right to apply for a preference to three years from the date of error or state action in order to avoid long-standing claims with difficult record reconstruction.

Gives DNR the authority to convey to an adjoining landowner unmanageable remnants of land. Such remnants may be unusable and expensive to maintain in state ownership.

Sec. 18 (cont'd) Provides a mechanism for correcting defects in the state's title to land by authorizing DNR to quitclaim land to the federal government on a determination that the land was wrongly or erroneously conveyed to the state.

Sec. 19 Clarifies the procedure for issuing a best interest finding.

Sec. 20 Amends to require that disposals be held in the community, rather than the municipality, nearest the land to be disposed of, to take into account unincorporated locations.

Sec. 21 Authorizes bidding at auctions to begin at 85% of the current appraised fair market value of the land, rather than the current 100%.

Sec. 22 Establishes an appeal process for contract violations, followed by the prerogative of the commissioner to foreclose the interest of the purchaser if a determination is made that there has been a breach of the contract.

Sec. 23 and 24 Simplifies the selection procedure for agricultural land options for adjacent landowners, by requiring that options be exercised at the time of the disposal and that a single recipient be selected by drawing of lots.

Sec. 25 Increases from $250/year to $5,000/year the value of a lease that may be negotiated, which reflects the increase in land values since this statute was enacted in 1962. Increases the maximum term of a negotiated lease from 5 years to 10 years.

Sec. 26 Specifies that the term of a lease, while not exceeding 55 years, be for the useful life of the approved activity.

Sec. 27 Amends the surface leasing procedure to require applicants to deposit with DNR a sum equal to any survey or appraisal costs incurred by another bidder. The successful applicant's deposit would be credited against lease rental payments. Survey and appraisal are required prior to leasing. In the interest of time, lease applicants will often conduct survey and appraisal at their own expense.

Sec. 28 Provides a mechanism for DNR to negotiate leases for tide and submerged lands with upland land owners without competitive bidding.

Authorizes DNR to require prequalification of bidders for surface leases. Such a procedure is currently required administratively to ensure that applicants can meet the terms of the lease.

Sec. 29 Requires that the assessment of timber and other materials on state lands, and the recommendation for the sale of materials, take into account the supplies of and markets for materials on nearby private land.

Sec. 30 thru 33 Technical: Substitute "commissioner" for "director".

Sec. 34 Clarifies that land quitclaimed back to the federal government (see section 18) and land transferred to the University in their settlement agreement (see Sec. 3) is not subject to the reservation of mineral rights to the state.

Sec. 35 In addition to reservation of easements and rights-of-way, allows for retention of land in state ownership to allow access to and along navigable and public waters.

Sec. 36 Provides that easements of rights-of-way to navigable and public waters for oil and gas and mineral leases need not be made until the leases are ready to be developed.

Sec. 37 and 38 Technical: substitute "commissioner" for"director" and "land" for "lands".

Sec. 39 Extends the length of time that an appraisal is valid from 120 days to one year, to avoid costly reappraisals in the event of a delay in selling or leasing lands.

Sec. 40 Conforming amendment per University settlement agreement (see Sec. 3)

Sec. 41 Exempts land quitclaimed back to the federal government (see Sec. 18) from the restriction on sale of agricultural land.

Sec. 42 Conforming amendment per relocation in statute of the best interest finding requirement.

Sec. 43 Amends the public notice requirements for classification, sale, lease, and disposal of state lands to require that more that one, rather than just one, of the following notice methods be used: newspaper, electronic media, posting, notification of interested parties.

Sec. 44 Requires that notice be given of negotiated sales of timber exceeding 500,000 board feet or of materials exceeding 25,000 cubic yards. Currently no notice of negotiated sales is required.

Sec. 45 Adds the definition of multiple use that is contained in AS 38.04 to AS 38.05.

Sec. 46 Grants a 25% discount on the purchase price of state land to veterans.

Sec. 47 Conforming amendment per University settlement agreement. (see Section 3)

Sec. 48 Allows the purchase of a homesite parcel at fair market value within 7 years of issuance of the permit if all requirements except the ones for occupancy have been met.

Sec. 49 Eliminates the requirement that land available for homestead entry be within one mile of a survey monument. This will allow for conversion of remote parcel lands to the homestead program. Authorizes DNR to waive the cadastral survey requirement if certain conditions are present.

Sec. 50 Allows the purchase of a homestead parcel at fair market value within five years of issuance of the permit if all requirements except the ones for occupancy have been met.

Sec. 51 thru 62 Amends the Alaska Coordinate System to reflect changes in the federal datum used as a base for this system.

Sec. 63 Provides that the lessee of a pipeline right-of-way shall reimburse the state for costs not only in monitoring pipeline construction, but for processing an application and for monitoring operation, maintenance, and removal of the pipeline.

Sec. 64 Extends the length of time that an appraisal for a land exchange is valid from six months to one year to permit the execution of trades which involve considerable administrative work and public review.

Sec. 65
and 66 Conforming amendments per University settlement agreement. (see Section 3)

Sec. 67
and 68 Streamlines the notice requirements for land exchanges involving less than 640 acres of land or appraised at less than $100,000. Notice would be given as outlined in Sec. 34.

Sec. 69 A public hearing would be required for a land exchange only if the exchange is of more than 640 acres or valued at more than $100,000. The Commissioner maintains discretion to hold hearings for other exchanges.

Sec. 70 Clarifies which land exchanges require legislative approval.

Sec. 71 Gives the Commissioner discretion in issuing trapping cabin permits.

Sec. 72
thru 75 Conforming amendments per University settlement agreement. (see Section 3)

Sec. 76 Clarifies that when the state contracts with a municipality to conduct an auction of state lands, the municipality may retain from the proceeds of the auction capital and other expenses. This will allow for joint disposals, whereby the municipality would construct the roads on state land and recoup its costs through auction proceeds.

Sec. 77 Amends the definition section in Title 29 to clarify that the University has management responsibility for certain state lands. (see Section 3)

Sec. 78
and 79 Requires compliance with local subdivision ordinances which require capital improvements. Exempts from compliance those subdivision plats submitted to the platting board prior to the effective date of this Act.

Sec. 80 Specifies that the contract foreclosure procedure acced in Section 22 applies only to contracts entered into after the effective date of this act.

Sec. 81 Repealers:

AS 29.33.150(e) Conforming amendment requiring compliance with local subdivision ordinances.
AS 38.04.025 Requires demand assessment, reduntant to .04.020(f)
AS 38.04.040 Authorizes sale of University lands. Obsolete with passage of SB 41 in 1983.
AS 38.04.045(a) Conflicts with subdivision parcel size limitations in .04.020(h).
AS 38.05.030(a) Sale of University lands - obsolete per passage of SB 41
AS 38.05.035(a)(14) Embodied in .05.035 (best interest finding).
AS 38.05.069(b) Agricultural preference option - embodied in 05.069(a).
AS 38.05.350 Settlement policy embodied in .04.005-.015.
AS 38.05.362 Classification of 650,000 acres of agricultural land by 9/79 completed.
AS 38.05.365(20) Definition of University lands.

Sec. 82 Effective date July 1, 1984.
Except for quitclaim sections which take effect immediately.

Alaska State Legislature

BETTYE FAHRENKAMP, Chairman
ROBERT H. ZIEGLER, SR., Vice Chairman
DICK ELIASON
PAUL FISCHER
VIC FISCHER
BOB MULCAHY
ARLISS STURGULEWSKI

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STATE CAPITAL
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(907) 465-3834
(907) 465-3835

Senate

Committee on Resources

March 5, 1984

SUMMARY OF MAJOR PROVISIONS OF CS SB 375 (Res)

Access

EXISTING LAW	SB 375
AS 38.04.055 requires reservation of easements and rights-of-way across private land to reach public water and public and private land.	Would allow for retention of land in state ownership across or adjacent to private land.
AS 38.04.050 requires that wherever state land is surveyed for private use, adequate rights-of-way and easements be reserved to each parcel. Further, the director is required to arrange for the development of surface access "where necessary and appropriate."	Would specify that legal and feasible access be provided within subdivisions, and that surface access must meet local ordinances for subdivisions.
AS 29.33.150 exempts the state from compliance with local subdivision ordinances which require capital improvements.	This exemption would be removed.

Costs

EXISTING LAW	SB 375
Funds for implementation of land disposal programs and for grants to municipalities are provided through annual legislative appropriation, based on a request pursuant to AS 38.04.020(e).	Proposed AS 38.04.022 establishes a revolving fund within the general fund for deposit and subsequent appropriation of revenues from the sale of state land.
AS 38.05.310(a) limits the length of time an appraisal is valid to 120 days.	Extends the length of time an appraisal is valid to one year.

Land Exchanges

EXISTING LAW	SB 375
AS 38.05.120(a) gives the commissioner discretion in holding public hearings on proposed land exchanges.	At least one public hearing would be required for exchanges involving more than 640 acres or having an appraised value of $100,000 or more.
AS 38.05.110 establishes notice procedures (in addition to those required under AS 38.05.345) for land exchanges: provide notice to legislators, municipalities and Native Corporations in the area of the proposed exchange, the Governor's Office, and all state departments.	Notice requirements for land exchanges involving less than 640 acres or appraised at less than $100,000 would be only as required under AS 38.05.345 (electronic media, newspaper, posting, personal contact).

Notice

EXISTING LAW	SB 375
Under AS 38.05.345, public notice for classification, sale, lease, or disposal of state lands must be provided by one of the following methods: newspaper, electronic media, posting, or personal contact.	More than one notice method would be required.
AS 38.05.345(d) exempts negotiated sales from notice requirements. See also "Land Exchanges."	Notice must be provided on negotiated sales of timber exceeding 500,000 board feet or materials exceeding 25,000 cubic yards.

Preference Rights

EXISTING LAW	SB 375
AS 38.05.035(b) allows for granting of preference rights to correct errors or ommissions of a state of federal agency.	Would limit the right to apply for a preference to 3 years from the time of error.
AS 38.05.069(a) grants owners or lessees of agricultural land a first option to purchase or lease unoccupied adjacent land and establishes a procedure for determining priority if more than one applicant is eligible for the option. This option must be exercised within 60 days after the auction.	Options must be exercised at the time of the auction. A single recipient would be selected by the drawing of lots.

Program Features

EXISTING LAW	SB 375
AS 38.04.020(h) establishes subdivision parcel size at five acres unless topographical features or water and sewage considerations suggest otherwise.	Would allow for consideration of resource values and land uses in determining parcel size.
AS 38.04.020(g)(2) requires that 20% of subdivision parcels be disposed of as homesites.	The number of subdivision parcels disposed of as homesites would be left to the discretion of the commissioner.
AS 38.04.035(4) limits issuance of remote cabin permits to areas where survey and conveyance is impractical.	Permits could also be issued in areas where resource and use conflicts, or a long-range interest in public ownership, exist.
Under AS 38.08.060, the following conditions must be met before a homesite patent can be obtained: Occupancy for 35 months within seven years, erection of a dwelling within five years, payment to the state for survey and platting.	Patent could be obtained prior to expiration of the entry permit through purchase at fair market value if all but the occupancy requirements have been met.
Under AS 38.09, the following conditions must be met before a homestead patent can be obtained: Occupancy for 25 months within five years, survey within two years, erction of a dwelling within three years.	AS 38.09.090. would allow the purchase of a homestead parcel at fair market value prior to expiration of the entry permit if all but the occupancy requirements have been met.
Under AS 38.45.080(a), a trapping cabin permit must be issued if the applicant meets certain conditions.	The commissioner would have discretion in issuance of trapping cabin permits.

AS 29.18.210 authorizes the state to contract with a municipality to conduct an auction of state lands, and allows the municipality to retain expenses from the proceeds of the auction.	Clarifies that capital expenses may also be retained from auction proceeds. This will allow for joint disposals, whereby the municipality would construct the roads on state land and recoup its costs through auction proceeds.

Price of Land

EXISTING LAW	SB 375
AS 38.04.035 requires that, unless otherwise provided, lands be sold at fair market value.	AS 38.05.055 would allow bidding at auctions to begin at 85% of the appraised value of the land.
No general land discounts are currently offered.	AS 38.05.940 would grant a 25% discount on land sales to veterans.

Survey

EXISTING LAW	SB 375
AS 38.04.045(b) requires that all land disposed of must be within two miles of a survey monument. AS 38.09.010(b) requires that land made available for homestead entry be within one mile of a survey monument.	Eliminates the requirement that land made available for homestead entry be within one mile of a survey monument.

Leasing Procedures

EXISTING LAW	SB 375
AS 38.05.070(b) establishes the conditions of a negotiated lease at a 15 year maximum term, and with a maximum appraised value of $250/year.	Increases the value of a lease that may be negotiated to $5000/year, and the term to 10 years.

AS 38.05.070 establishes 55 years as the maximum term of a lease.

AS 38.05.075 establishes surface leasing procedures. Leasing is made at auction to the highest qualified bidder.

In setting the term of a lease, requires the Commissioner to consider the useful life of any approved activities.

AS 38.05.075(c) provides a mechanism for DNR to negotiate leases for tide and submerged lands with upland owners without competitive biddings.

AS 38.05.075(e)-(h) authorizes DNR to require prequalification of bidders for surface leases. Such a procedure is currently required administratively to ensure that applicants can meet the terms of the lease.

STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

DEPARTMENT OF NATURAL RESOURCES

POUCH M
JUNEAU, ALASKA 99811
PHONE: 907-465-2400

OFFICE OF THE COMMISSIONER

April 4, 1984

The Honorable Bob Mulcahy
Alaska State Senate
Pouch V
Juneau, AK 99811

Dear Senator Mulcahy:

Per your request I am providing a summary position statement from the Department of Natural Resources on CSSB 375 (Res) and CSSB 222 (2nd Res), which are now before the Senate Finance Committee.

The Department, as you are aware from your experience with these bills in the Senate Resources Committee during the past two years, has worked closely with the Legislature in the drafting of both bills. We have reviewed both bills and have asked the Attorney General's Office for its review, and have no amendments to put forward.

As I stated in my testimony before the Senate Resources Committee, I support the bills. SB 375 incorporates some desirable changes affecting the Department's land offerings and land management. With these changes, the Department will comply with local and borough ordinances, provide access and improvements for most nonremote disposals, plan for land offerings in a coordinated fashion at the region and sub-region level, and offer high-quality lands with some preserved amenity values. Our ability to accomplish important land exchanges will also be enhanced.

In making these changes, it is incumbent on the Legislature and the Administration to be sure that our land offerings program remains steady and reliable. As Commissioner, I have encouraged the policy changes that are embodied in the bill because I believe that the State should be balanced and fair in its disposals, especially in carrying its own costs. However, I am constantly aware that the disposal program has gone through radical changes in past years that have left many Alaskans dissatisfied. A major objective of my disposal policy implementation has been to encourage constructive change without disrupting the program. I look forward to cooperating with the Legislature in assuring Alaskans of a stable land disposal program for future years.

Thank you for your work on this bill. Please contact me or my staff if we may be of any assistance.

Sincerely,

Esther C. Wunnicke

Esther C. Wunnicke
Commissioner
cc: Senator Bettye Fahrenkamp

APR 6 '84

10-J9LH

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date:

REQUEST
Bill/Resolution No.: CSSB 375 (RES)
Title: An Act...land disposal and management
Sponsor: Fahrenkamp
Requestor: Senate Resources
Date of Request:

FISCAL DETAIL
Agency Affected: DNR
Program Category Affected: NRMEC
BRU, Program or Subprogram(s) Affected: Management; Land and Water Management; Information/Records Management

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES	208.2	208.2	208.2	208.2	208.2	208.2
200 TRAVEL	5.7	5.7	5.7	5.7	5.7	5.7
300 CONTRACTUAL	9.0	9.0	9.0	9.0	9.0	9.0
400 SUPPLIES	4.5	4.5	4.5	4.5	4.5	4.5
500 EQUIPMENT	1.5	1.5	1.5	1.5	1.5	1.5
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING	228.9	228.9	228.9	228.9	228.9	228.9
CAPITAL	-	-	-	-	-	-
REVENUE	-	-	-	-	-	-

FUNDING: (Thousands of Dollars)

GENERAL FUND	228.9	228.9	228.9	228.9	228.9	228.9
FEDERAL FUNDS						
OTHER						
TOTAL	228.9	228.9	228.9	228.9	228.9	228.9

POSITIONS:

FULL-TIME	4	4	4	4	4	4
PART-TIME	1½	1½	1½	1½	1½	1½
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

General Fund

ANALYSIS: Attach a separate page for analysis

Prepared By: Ned Farquhar NF
Phone: 465-2400
Division: Commissioner's Office
Date: 7 March 1984

Approved by Commissioner: Carlton C. Wennicke
Date: 7 March 1984
Agency: Natural Resources

Distribution (by Agency preparing fiscal note):
- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

12/1/83

DNR BACKUP ANALYSIS FOR
FISCAL NOTE ON CSSB 375 (Resources)

Sec. 2: This change requires increased travel and advertisement to encourage local participation.

Land and Water Management:

200	4.5
300	2.0
Total	6.5

Sec. 9: The fund for land disposal revenues will require some administration.

Management:

100	7.2 (½ Document Processing Clerk III)

Sec. 12: The requirement to comply with local ordinances regarding access will be expensive but will be budgeted in future disposal projects.

Sec. 18: To respond to quitclaim requests, the Division of Technical Services will need new funding.

Information/Records Management:

100	46.2 (NRM I)
200	1.2
300	4.0
400	2.0
500	1.5
Total	54.9

Sec. 22: Mail, tracking, and programming costs for the Division of Land and Water Management and the Division of Management will increase.

Land and Water Management:

100	14.3 (½ Document Processing Clerk III)
400	1.0
Total	15.3

Management:

100	14.3 (½ NRT I)

Sec. 25: See note for Sec. 28.

Sec. 27: See note for Sec. 28.

Sec. 28: To meet the timeline in statute as a matter of course, the Department would be forced to add staff in each District office of the Division of Land and Water Management. We anticipate difficulty meeting the requirement in subparagraph (e)(2) in completing all procedures required by AS 38.05.035(e) (appraisals, surveys, hearings, preliminary decisions, and written findings).

Land and Water Management:

100	46.4	(SCDO NRM I)
	46.4	(NCDO NRO II)
	40.6	(SEDO NRO II)
	133.4	
300	3.0	
400	1.5	
Total	137.9	

Sec.78-79: The requirement for front-end funding for compliance with local platting and subdivision ordinances will will primarily impact the Division of Technical Services and will be addressed in future budget submissions. The total annual impact for compliance with local ordinances on an annual basis is not easily estimated, but could reach tens of millions of dollars.

the word "water."

§ 8 - line 3, page 5 - add the words "public recreation" after "fishery"

§ 10 - line 21 - add the words "disposal of land would cause" after where.

§ 12, line 24 -- remove the ~~deletion of the~~ words ~~"as necessary"~~.

§ 14 - Any right of way ~~or easement~~ ~~imposed~~ reserved may be reserved under the condition that its use may be restricted for a limited, specific time, as determined by the commissioner, ~~under the permit~~ for public safety purposes.

§ 18, page 9, line 29 - add the words "for its fair market value" at the word "landowner"

§ 25, page 15, lines 14 ~~and~~ 15 - delete the words "without advertisement"

§ ~~27~~ 30 page ~~17~~ 20, line ~~7~~ 21 -- add a sentence at the end of the section that reads: "All costs for survey and appraisal ~~must~~ shall be approved in advance ~~[illegible]~~ in writing by the commissioner."

publication

§ 43, page 25, line 2 - after the word "action:", insert "provided, however, that ~~(1) shall~~ notice shall be provided according to (1) in any case."

SB

407

POSITION PAPER ON CS SENATE BILL 407

Richard A. Neve', Commissioner

Alaska Department of Environmental Conservation
May 3, 1984

An Act Relating to the Prevention and Abatement of Water Pollution

The Department had reservations about the original bill, but following some suggestions and modifications, now finds CS SB 407 more consistent with state policy and less at odds with state and federal restrictions, principally found in the Clean Water Act.

The miners have asked for the state to inventory its waters according to the federal Clean Water Act. This was not a problem for many of the lower 48 states with few rivers and lakes and little coastline and with many years of flow, chemical and water use information. Alaska has too many waters and too little information to do this adequately.

The information required by CS SB 407 involves knowing 1) stream flows, 2) chemical, biological, and physical characteristics of streams, lakes and coastal waters, 3) uses of the waters by fishermen, sport, commercial and subsistence; industries; cities; boaters; etc. 4) the effects upon streams from pollution discharges and 5) how the above information varies with season.

To say that the information already exists is not true. Some information, e.g. numbers of fish or mineral content, exists for some streams. But there are no streams in Alaska that have the complete set of data required. We estimate that less than 8% of Alaska's waters have as much as 10% of the required information. Alaska claims three million lakes and uncounted hundreds of thousands of miles of perennial streams. In Southeast alone, there are over 2600 anadromous fish streams alone for which there are incomplete data on fish populations at peak times of year. There is little data on water flow or quality. There is little multi-season data.

DEC estimates the cost of collecting the above information to range from $1,000 to $20,000 per stream or lake, depending upon transportation costs, existing information, complexity of the stream, etc. At the present FY 85 budget levels, DEC could collect enough information to reclassify from about thirty up to about two hundred streams in the next two years.

Creation of a separate classification for placer mining provides the least promise for relief and the most potential for false expectations since the reclassification process actually goes about the deletion of conflicting uses not present on a stream. A miner would still have to demonstrate that there are no fish in the stream and so forth. The breakout of a separate placer mining category does little more than avoid the stigma of being lumped in with its present industrial category. The federal Clean Water Act provides for an EPA veto of any DEC reclassification. Our considerations of economics and relative values will bear little weight with EPA's review, which is limited to goals of fishable-swimmable waters.

The most promising aspects of CS SB 407 lie with management plans for basins or mining districts to resolve conflicts and maximize uses. This approach would organize piecemeal efforts and map out mining plans for an identifiable area.

Richard A. Neve'

Richard A. Neve'
Commissioner

ANALYSIS OF CSSB 407 (Resources)

Prevention and abatement of water pollution

Section 1 establishes legislative findings that seem clear.

The codified sections of the bill constitute amendments to AS 46.03, a chapter entitled "environmental conservation." Except for the amendments to Sec. 2 (which relates to a declaration of policy covering the entire chapter), the remaining provisions of the bill that amend AS 46.03 amend Article 3, sections dealing with water pollution control.

Section 2 of the bill amends AS 46.03.010(b), a legislative "Declaration of Policy." The amendment changes existing law subtly:

> (b) It is the policy of the state to improve and coordinate the environmental plans, functions, powers and programs of the state, in cooperation with the federal government, regions, local governments, other public and private organizations and concerned individuals, and to develop and manage the basic resources of water, land and air in an economically and environmentally sound manner to the end that the state may fulfill its responsibility as trustee of its resources [THE ENVIRONMENT] for [THE] present and future generations.

Section 3 of the bill repeals and reenacts AS 46.03.080. As now written, the provision provides:

> Sec.46.03.080. QUALITY AND PURITY STANDARDS. After study and public hearings held upon due notice, the department may establish standards of quality and purity or group the designated waters of the state into classes as to minimum quality and purity, or both. The department shall classify waters in accordance with considerations of best usage in the interest of the public. The department may alter and modify classifications after hearing.

As used in this bill, "department" means the Department of Environmental Conservation.

The changes made in the section substitute the establishment of "categories and classifications for the waters of the state considering their traditional, present and potential, social and economic beneficial uses" for the previous, more permissive authorization that the department "establish standards of quality and purity or group the designated waters of the state into classes as to minimum quality or purity, or both". The department was authorized previously to "alter and modify" the previous "categories and classifications" and this power continues with the provision that it be done no less often than "each three years".

Section 4 adds two new sections to Article 3.

Sec. 46.03.082(a) establishes a heirarchy for the classification of state waters.

Sec. 46.03.082(b) permits the classifications established under (a) to vary according to the season of the year, with the stated goal being the "maximum use" of state waters.

Sec. 46.03.084(a) provides that the department "establish standards of water quality for each classification established under AS 46.03.082 (a)". The standards are required to be "consistent with the most beneficial present and potential use of the waters considering the social and economic values of the known renewable and nonrenewable resources." Standards may be modified after public hearings.

Sec. 46.03.084(b) provides that either in the establishment of water standards or in granting permits, the department shall consider the effect of "establishing the water standards or granting the water permit" with reference to identified policies. The subsection then establishes six possible impacts that the department should consider either in the establishment of water standards or in the granting or a water permit.

Section 5 of the bill directs the department to designate "those waters of the state determined suitable for placer mining classification" within 60 days of the effective date of the Act.

Section 6(a)(1) of the Act directs the commissioner of environmental conservation to inventory the "significant state waters" and identify the specific uses of those waters considering seven specific factors, including mineral potential and use, the presence of fish, recreational use, and the like.

Section 6(a)(2) of the Act requires the commissioner to develop management plans for specific "drainage, basin, mining district, or other logical geographic basis" that possesses common water uses, resources, or values.

Section 6(b) directs the commissioner to use the expertise of other state agencies in identifying the uses listed in sec. 6(a)(1).

Section 6c) provides that the management plan developed under sec. 6(a) shall consider "geology, soil and stream conditions, constrains of water access and supply, the use of state waters for fisheries and drinking water, and economic and recreational values" to remedy existing or potential mining water use conflicts to "maximize the use of the water resources of the state."

ANALYSIS OF CSSB 407 (Resources)

Prevention and abatement of water pollution

Section 1 establishes legislative findings that seem clear.

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Section 5 of the bill directs the department to designate "those waters of the state determined suitable for placer mining classification" within 60 days of the effective date of the Act.

Section 6(a)(1) of the Act directs the commissioner of environmental conservation to inventory the "significant state waters" and identify the specific uses of those waters considering seven specific factors, including mineral potential and use, the presence of fish, recreational use, and the like.

Section 6(a)(2) of the Act requires the commissioner to develop management plans for specific "drainage, basin, mining district, or other logical geographic basis" that possesses common water uses, resources, or values.

Section 6(b) directs the commissioner to use the expertise of other state agencies in identifying the uses listed in sec. 6(a)(1).

Section 6c) provides that the management plan developed under sec. 6(a) shall consider "geology, soil and stream conditions, constrains of water access and supply, the use of state waters for fisheries and drinking water, and economic and recreational values" to remedy existing or potential mining water use conflicts to "maximize the use of the water resources of the state."

STATE OF ALASKA
THE LEGISLATURE

POUCH Y STATE CAPITOL
JUNEAU, ALASKA 99811
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

M E M O R A N D U M May 2, 1984

SUBJECT: Prevention and abatement of water pollution (CSSB 407(Resources))

TO: ~~Senator Bettye Fahrenkamp~~

FROM: ~~Richard A. Bradley~~
~~Legislative Counsel~~

~~You have requested a sectional analysis of CSHB 407 (Resources).~~

Section 1 establishes legislative findings that seem clear.

The codified sections of the bill constitute amendments to AS 46.03, a chapter entitled "environmental conservation." Except for the amendment to Sec. 2 (which relates to a declaration of policy covering the entire chapter), the remaining provisions of the bill that amend AS 46.03 amend Article 3, sections dealing with water pollution control.

Section 2 of the bill amends AS 46.03.010(b), a legislative "Declaration of Policy." The amendment changes existing law subtly:

> (b) It is the policy of the state to improve and coordinate the environmental plans, functions, powers and programs of the state, in cooperation with the federal government, regions, local governments, other public and private organizations and concerned individuals, and to develop and manage the basic resources of water, land and air in an economically and environmentally sound manner to the end that the state may fulfill its responsibility as trustee of its resources [THE ENVIRONMENT] for [THE] present and future generations.

Section 3 of the bill repeals and reenacts AS 46.03.080. As now written, the provision provides:

SB 407 analysis

> Sec. 46.03.080. QUALITY AND PURITY STANDARDS. After study and public hearings held upon due notice, the department may establish standards of quality and purity or group the designated waters of the state into classes as to minimum quality and purity, or both. The department shall classify waters in accordance with considerations of best usage in the interest of the public. The department may alter and modify classifications after hearing.

As used in this bill, "department" means the Department of Environmental Conservation.

The changes made in the section substitute the establishment of "categories and classifications for the waters of the state considering their traditional, present and potential, social and economic beneficial uses" for the previous, more permissive authorization that the department "establish standards or quality and purity or group the designated waters of the state into classes as to minimum quality or purity, or both". The department was authorized previously to "alter and modify" the previous "categories and classifications" and this power continues with the provision that it be done no less often than "each three years".

Section 4 adds two new sections to Article 3.

Sec. 46.03.082(a) establishes a hierarchy for the classification of state waters. ~~The sequence states the apparent intended preferences though I am not sure that the law states that as clearly as it might.~~

Sec. 46.03.082(b) permits the classifications established under (a) to vary according to the season of the year, with the stated goal being the "maximum use" of state waters.

Sec. 46.03.084(a) provides that the department "establish standards of water quality for each classification established under AS 46.03.082(a)". The standards are required to be "consistent with the most beneficial present and potential use of the waters considering the social and economic values of the known renewable and nonrenewable resources." Standards may be modified after public hearings.

Sec. 46.03.084(b) provides that either in the establishment of water standards or in granting permits, the department shall consider the effect of "establishing the water

it is "or"

standard ~~or~~ OR granting the water permit" with reference to identified policies. ~~(Before discussing the policies, it seems that the last "to" should be an "or".)~~

The subsection then establishes six possible impacts that the department should consider either in the establishment of water standards or in the granting of a water permit.

~~I assume that the "water permit" described is the "waste disposal permit required under AS 46.03.100; if not, then the reference is unclear. In any case, the reference could be clearer.~~

Section 5 of the bill directs the department to designate "those waters of the state determined suitable for placer mining classification" within 60 days of the effective date of the Act; ~~an affirmative effective date is not added.~~

Section 6(a)(1) of the Act directs the commissioner of environmental conservation to inventory the "significant state waters" and identify the specific uses of those water considering seven specific factors, including mineral potential and use, the presence of fish, recreational use, and the like. ~~The sequence here suggests no priority valuations.~~

Section 6(a)(2) of the Act requires the commissioner to develop management plans for specific "drainage, basin, mining district, or other logical geographic basis" that possesses common water uses, resources, or values.

Section 6(b) directs the commissioner to use the expertise of other state agencies in identifying the uses listed in sec. 6(a)(1).

Section 6(c) provides that the management plan developed under sec. 6(a) shall consider "geology, soil and stream conditions, constrains of water access and supply, the use of state waters for fisheries and drinking water, and economic and recreational values" to remedy existing or potential mining water use conflicts to "maximize the use of the water resources of the state."

~~If I may be of further assistance, please advise.~~

~~RAB:ojb~~
~~J7/018~~

SB

411

Alaska State Legislature

Senate

Office of the President

Official Business

Pouch V
State Capitol
Juneau, Alaska 99811

MEMORANDUM

To: House Committee on Resources
Rep. John Ringstad
Rep. Dick Shultz
Co-Chairmen

From: Senator Jay Kerttula
Senate President

Date: May 10, 1984

Subject: Senate Bill 411: Justification

Senate Bill 411, relating to preferential use of Alaska Agricultural products is intended to encourage the purchase of said products when food service contracts are state financed.

The bill is structured after the Forest Products Preference statute (AS 36.15).

Alaskan agriculturists grow quality produce almost all of which is consumed in state. This bill primarily will serve as a reminder to bidders that the quality products they seek originate in Alaska.

No advantages are given to Alaska products or the producers as with the in-state employment statute. Products considered must be available, competively priced and of like quality as produce originating out of state in order to qualify for use under this act.

Many institutions purchase agricultural products for food preparation, including schools, senior centers, Pioneer Homes and cafeterias, and concessions in state buildings and correctional facilities. It is intended this act would apply to food procurement for these institutions.

A survey of other state statutes relating to preferential purchase found 16 states have at least one provision for favorable consideration of an in-state produced commodity. Fifteen states have no such provisions.

JK/rjr/blm

Alaska State Legislature

Advisory Council Members
Senator Kerttula, Chairman
Senator Bennett
Senator Fahrenkamp
Senator Vic Fischer

Pouch V
State Capitol
Juneau, Alaska 99811
Phone: (907) 465-3114

SENATE ADVISORY COUNCIL

MEMORANDUM

TO: Richard Ramsey

FROM: Pete Jeans PJ
Senior Advisor
Senate Advisory Council

DATE: March 9, 1984

RE: In-State Preference Purchasing

In response to your request earlier today, the following is a breakdown of responses we received to our letter sent to all the states September 23, 1983 regarding laws or regulations addressing "In-State Preference Purchasing" of agricultural goods produced within their state.

A total of 31 states responded. Of that total 15 stated that they do not have a law or regulation that mandates a preference for the purchase of in-state goods and services specifically relating to public purchasing of agricultural products. In-state purchasing is encouraged in a majority of these states. Those states responding were:

California	Illinois
Mississippi	Connecticut
Oklahoma	New Hampshire
Utah	Nevada
Nebraska	Virginia
Maryland	Illinois
Kentucky	Deleware
Georgia	

A total of 16 states responded that they did have statutory provisions that provide for in-state bidders preference for the purchase of goods and services made under state purchasing laws however, these statues do not permit the sacrafice of price or quality in giving this preference. Here again, there is no regulations relating specifically to public purchasing of agricultural products. A number of these states also have regulations stating "preference shall be given to purchasing American made products and purchases from American based businesses whenever possible." Those states responding were:

New Mexico	North Dakota
Maine	New York
Minnesota	Hawaii
Flordia	Arkansas
Missouri	Missouri
Colorado	Iowa
Ohio	Alabama
South Dakota	North Carolina

I have attached copies of these responses along with the regulations which have been cited. I hope this will be of use to you. If I can provide you with any additional information on this, please let me know.

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

MAR 15 1984

Revision Date:

REQUEST
Bill/Resolution No.: CS SB411
Title: Preferential use of Alaskan agricultural products
Sponsor: Kerttula
Requestor:
Date of Request:

FISCAL DETAIL
Agency Affected: Natural Resources
Program Category Affected: Agricultural Management
BRU, Program or Subprogram(s) Affected: Agricultural Development

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING		-0-	-0-	-0-	-0-	-0-
CAPITAL		-0-	-0-	-0-	-0-	-0-
REVENUE		-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL		-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME		-0-	-0-	-0-	-0-	-0-
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: Sharon Barton
Phone: 465-2400
Division: Commissioner's Office
Date: 3-12-84

/S for mrt
Approved by Commissioner: [illegible] D [illegible], Deputy
Date: 3-12-84
Agency: Department of Natural Resources

Distribution (by Agency preparing fiscal note):
- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

12/1/83

Chapter 15. Forest Products Preference.

Section
10. Use of local forest products required in projects financed by public money
20. Insertion of clause in calls for bids and in contracts

Collateral references. — 64 Am. Jur. 2d, Public Works and Contracts, § 94.
72 C.J.S. Supplement, Public Contracts, §§ 2, 3, 7, 10, 18; 81A C.J.S., States, §§ 154, 158, 161.

Sec. 36.15.010. Use of local forest products required in projects financed by public money. In a project financed by state money in which the use of timber, lumber, and manufactured lumber products is required, only timber, lumber, and manufactured lumber products originating in this state from local forests shall be used wherever practicable. (§ 14-3-1 ACLA 1949)

Sec. 36.15.020. Insertion of clause in calls for bids and in contracts. A clause containing the substance of AS 36.15.010 shall be inserted in all calls for bids and in all contracts awarded. (§ 14-3-2 ACLA 1949)

Chapter 20. Purchases and Supplies.

Section
10. Preference of producers or dealers in Alaska

Collateral references. — 64 Am. Jur. 2d, Public Works and Contracts, § 94.
72 C.J.S. Supplement, Public Contracts, §§ 2, 3, 7, 10, 18; 81A C.J.S., States, §§ 154, 158, 161.

Sec. 36.20.010. Preference of producers or dealers in Alaska. In making purchases or awarding contracts for supplies, commodities or materials for an office or institution of this state preference shall be given, whenever practicable, to producers and dealers in the state, price and quality being equal. (§ 14-4-2 ACLA 1949)

Cross references. — As to preference for Alaska bidders under the Fiscal Procedures Act, see AS 37.05.230.

SB

417

SECTIONAL ANALYSIS
CSSB 417

Section 1. Findings

Section 2. Amends 41.21 (State Parks) by adding new sections:

41.21.500 Purpose is to (1) designate as a unit of state park systems the land and water described and (2) to protect and perpetuate the fishery and wildlife resources and habitat in the unit and adjacent area and (3) to manage recreational uses and development activities in the unit and adjacent areas.

41.21.502 Designation of land and water (A) Designates the surface estates of state owned land and water including shore, tide, and submerged land as the Kenai River Special Management Area. Followed by technical language locating and identifying the specific parcels.(legal descriptions) (B) Descriptions are "subject to valid existing rights ..." (C) The lands are closed to mineral entry "except for oil and gas leasing ..."

41.21.504 Designation of Management Responsibilities - The above described land and water is assigned to DNR for control, maintenance and development consistent with the findings and purposes of the act. Nothing in the bill affects powers and duties of Departments of Natural Resources, Fish and Game, Environmental Conservation, Division of Policy Development and Planning or Alaska Coastal Management Programs.

41.21.506 Comprehensive Management Plan, Regulations - Commissioner shall develop management plan within two years of effective date and may periodically review and adopt changes. The plan shall be developed in consulation with the Kenai Peninsula Borough.

Commissioner shall adopt regulations under Administrative Procedures Act which must designate and prohibit or restrict incompatible uses, and establish registration or licensing for professional fishing guides as well as controls that are deemed relevant state regulations.

Until regulations are adopted, commissioner may apply other relevant state regulations.

A regulation under this section doesn't apply to land in the boundaries of municipalities unless it is state land or the regulation has been approved by the municipality.

41.21.508 Additional land - Commissioner may acquire title or interest to land within or adjacent to the management area by any lawful means except eminent domain and may also add state owned land or water to the management area.

41.21.510 Public involvement - Commissioner shall appoint and consult with a local advisory board and hold public hearing in the area effected. Commissioner shall consult and solicit recommendations from federal and state agencies, municipalities, private land owners, and other interested members of the public.

41.21.512 Cooperative Management Agreements - The commissioner is authorized to enter into cooperative agreements with Federal agencies, municipalities, other state agencies or private land owners to achieve the purpose of this act.

Section 3. As 41.21 amended with new section 41.21.960. Attorney General, at request of commissioner, may seek an injunction and damages for violation of a regulation under this act.

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: 3/21/84

REQUEST
Bill/Resolution No.: CS for SB417
Title: (Sen. Resources) Kenai River Park Management
Sponsor: Governor
Requestor:
Date of Request:

FISCAL DETAIL
Agency Affected: Natural Resources, Parks
Program Category Affected: Parks and Recreation
BRU, Program or Subprogram(s) Affected: Park Operations

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES		208.9	208.9	208.9	208.9	208.9
200 TRAVEL		1.5	1.5	1.5	1.5	1.5
300 CONTRACTUAL		31.8	31.8	31.8	31.8	31.8
400 SUPPLIES		23.0	23.0	23.0	23.0	23.0
500 EQUIPMENT		121.5				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING		386.7	265.2	265.2	265.2	265.2
CAPITAL						
REVENUE		-0-				

FUNDING: (Thousands of Dollars)

GENERAL FUND		386.7	265.2	265.2	265.2	265.2
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME		2	2	2	2	2
PART-TIME						
TEMPORARY		7	7	7	7	7

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: Neil Johannsen
Phone: 276-2653
Division: Parks and Outdoor Recreation
Date: 3/21/84

MH Approved by Commissioner: Robert D Arnold, Deputy
Date: 3/21/84
Agency: Natural Resources

Distribution (by Agency preparing fiscal note):
- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

12/1/83

Fiscal Note Section IV Analysis
Kenai River Management

			Salary	Benefits	FY 85 Total
100:	Natural Resource Officer II	12 mm	33.0	10.0	43.0
	Park Ranger II	12 mm	33.9	10.1	44.0
	Park Ranger I	8 mm	19.2	5.8	25.0
	Park Ranger I	8 mm	19.2	5.8	25.0
	Natural Resource Technician II	5 mm	10.5	3.2	13.7
	Radio Dispatcher I	6 mm	11.8	3.6	15.4
	Radio Dispatcher I	6 mm	11.8	3.6	15.4
	Natural Resource Technician II	5 mm	10.5	3.2	13.7
	Natural Resource Technician II	5 mm	10.5	3.2	13.7
					208.9

200: Travel and Per Diem for Natural Resource Officer to attend public meetings and Advisory Board meetings in Anchorage and Homer and meetings to coordinate with Federal and other State agencies.....1.5

300: River boat repair and maintenance.....9.0
Vehicle rental - mileage and fixed costs.....22.8
31.8

400: Uniform allowance.....2.0
Fuel, oil and parts for river boats.....20.7
Office supplies.....3
23.0

TOTAL OPERATING:.....265.2

500: Listed equipment costs will be necessary for initial program start-up only, these will not be necessary on a yearly basis.
Three Jetboats: 17 ft. equipped with lights, siren, life preservers and trailers @ $20. each.....60.0
Four MX 360 Radios and Convertacoms @ $2.5 each.....10.0
Seven Parks Radio 100 Watt Mobile Radio @ $2.5 each.....17.5
Two 4X4 Pickups @ $9.0 each.....18.0
One 1/2 ton Pickup @ $7.0 .....7.0
One Station Wagon @ $6.0.....6.0
One Defensive Equipment.....1.0
One Word Processor.....2.0
121.5

TOTAL FY 85 REQUEST.....386.7

CIP REQUEST: Comprehensive Plan for river management, to be done over two fiscal years (1985 and 1986).....160.0

City of Soldotna
BOX 409 PHONE 262-9107
SOLDOTNA, ALASKA 99669

CITY OF OPPORTUNITY

April 9, 1984

The Honorable John Cowdery
Resources Committee
House of Representatives
State of Alaska
Pouch V
Juneau, AK 99811

Dear Representative Cowdery:

The City of Soldotna may have been a little remiss in informing everyone that we do in fact support the Substitute Bill for Senate Bill No. 417, An Act establishing the Kenai River Special Management Area.

At the Senate Committee hearing in Kenai, I personally testified for the City of Soldotna in support of the substitute bill.

The very problems that were our previous concerns, the one quarter mile management width and the use of eminent domain have been removed from the substitute bill.

Other concerns were voiced that have been accommodated.

So we join with others voicing our support of the substitute bill.

Sincerely,

Justin G. Maile

Justin G. Maile
Mayor

JGM:mg

CITY OF HOMER
HOMER, ALASKA

RESOLUTION 84-23

A RESOLUTION OF THE HOMER CITY COUNCIL SUPPORTING THE PASSAGE OF SUBSTITUTE BILL #417 THROUGH THE ALASKA STATE LEGISLATURE THIS YEAR.

WHEREAS, the management and use of the Kenai River and its adjoining lands have become issues of great concern to the residents of the Kenai Peninsula; and

WHEREAS, the Kenai Peninsula Borough, the City of Kenai and the City of Soldotna have endorsed the Kenai River Management Plan as outlined in Senate Substitute Bill #417, which calls for a logical approach to the preservation of the River and allows for local municipalities to have the management power over the boundaries of the local municipality; and

WHEREAS, any decision reached for the management of the Kenai River will most assuredly be passed on down the Peninsula to the management of the Anchor River, the Ninilchik River, Deep Creek and the Homer Spit;

NOW THEREFORE, BE IT RESOLVED that the Homer City Council joins in those efforts already being performed by the Kenai Peninsula Borough, the City of Kenai and the City of Soldotna, in support of the passage of Senate Substitute Bill #417 through the Alaska State Legislature this year.

DATE on the 27th day of March 1984 in Homer, Alaska.

CITY OF HOMER

Erle Cooper

Erle Cooper, Mayor

ATTEST:

Kathleen Richardson

Kathleen Richardson, City Clerk

SB

461

SHORT ANALYSIS

CSSB 461(Resources)

It is the intent of this bill to establish four loan and/or grant programs for the purpose of cleaning up the waters used in placer mining operations. Two of the programs would be set up in DNR, and two in DEC, and all would be administered by their respective commissioners, with the help of a mining water use review committee.

The commissioner of DNR administers the "innovative gold recovery demonstration grant program" (grants up to $100,000), and the "placer mining water reduction loan program" (up to $50,000).

The commissioner of DEC administers the "innovative pollution control demonstration grant program" (grants up to $100,000), and the "placer mining water reduction loan program" (up to $50,000).

Upon the recommendation of the review committee that the loan recipient has demonstrated, and will use on a continuing basis, a method of achieving either a 50% or 80% reduction in the water used or recycled in his placer mining operation, depending upon the loan program, the commissioner administering the program may consider either 50% or 100% of the loan to be a grant, and not require repayment.

DRAFT

Bradley
5/18/84

Original sponsor: Fahrenkamp

IN THE SENATE BY THE RESOURCES COMMITTEE

HOUSE CS FOR CS FOR SENATE BILL NO. 461 (Resources)

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTEENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act relating to the management and use of water in mining; and providing for an effective date."

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

* Section 1. AS 46 is amended by adding a new chapter to read:

CHAPTER 16. MANAGEMENT AND USE OF WATER IN MINING.

Sec. 46.16.010. MINING WATER USE REVIEW COMMITTEE ESTABLISHED. The mining water use review committee is established. The review committee is responsible for reviewing and making recommendations on applications for grants and loans under this chapter.

Sec. 46.16.020. MEMBERSHIP OF THE REVIEW COMMITTEE. (a) The review committee consists of the commissioner of natural resources, the commissioner of environmental conservation, the dean of the school of mineral industry at the University of Alaska, two individuals appointed by the governor who have placer mining experience, and one public member appointed by the governor.

(b) An individual described in (a) of this section who serves ex officio may designate an alternate to serve on the review committee.

(c) An individual appointed by the governor serves for a three-year term.

Sec. 46.16.030. RESPONSIBILITY OF THE REVIEW COMMITTEE. (a) The review committee shall select a presiding officer and establish procedures necessary to implement its responsibilities.

(b) The review committee shall review each application for a grant or a loan filed under this chapter and make a recommendation to

the commissioner of natural resources or to the commissioner of environmental conservation for action on the application.

(c) In making its recommendation, the committee shall consider the economic benefits to the placer mining industry, the environmental benefits to the public, and other benefits that each grant or loan may offer.

Sec. 46.16.040. RESPONSIBILITY OF COMMISSIONER OF NATURAL RESOURCES. The commissioner of natural resources shall administer the innovative gold recovery demonstration grant program established under AS 46.16.070 and the placer mining water reduction loan program established under AS 46.16.080.

Sec. 46.16.050. RESPONSIBILITY OF COMMISSIONER OF ENVIRONMENTAL CONSERVATION. The commissioner of environmental conservation shall administer the innovative pollution control demonstration grant established under AS 46.16.090 and the placer mining water recycling loan program established under AS 46.16.100.

Sec. 46.16.060. UNIFORM REGULATIONS. The commissioner of natural resources and the commissioner of environmental conservation shall adopt uniform regulations and administrative procedures to implement the loan and grant program established by this chapter.

Sec. 46.16.070. INNOVATIVE GOLD RECOVERY DEMONSTRATION GRANT. (a) The innovative gold recovery demonstration grant program is established as a direct grant program to give a person engaged in placer mining the opportunity to study and test new methods of gold recovery and water use reduction.

(b) The commissioner of natural resources may make a grant under this section to a person that has

(1) a proven history of successful placer mining;

(2) the capability to produce verifiable results; and

(3) the capability to study and test new methods of gold recovery and water use reduction under actual operating conditions.

(c) The commissioner of natural resources may not make a grant under this section to a person in excess of $100,000.

(d) The commissioner of natural resources shall monitor and evaluate the results of grants made under this section.

Sec. 46.16.080. PLACER MINING WATER REDUCTION LOAN AND GRANT. (a) The placer mining water reduction program is established as a loan and grant program.

(b) A person whose primary source of income is derived from placer mining may apply for a loan to purchase and test equipment that reasonably offers the possibility of a reduction in the amount of water used in placer mining.

(c) If a loan applicant demonstrates to the satisfaction of the review committee that the loan applicant has developed and will use on a continuing basis a practical method that will result in a 50 percent reduction in the amount of water used in the placer mining operation, the review committee may recommend to the commissioner of natural resources that 50 percent of the loan be considered a grant to the loan applicant.

(d) If a loan applicant demonstrates to the satisfaction of the review committee that the loan applicant has developed and will use on a continuing basis a practical method that will result in an 80 percent reduction in the amount of water used in the placer mining operation, the review committee may recommend to the commissioner of natural resources that the entire loan be considered a grant to the applicant.

(e) A loan under this section may not

(1) exceed $50,000;

(2) exceed a term of 10 years;

(3) have an interest rate exceeding 10 percent per annum; or

(4) have a repayment schedule requiring payments within one year after the loan was disbursed to the applicant.

Sec. 46.16.090. INNOVATIVE POLLUTION CONTROL DEMONSTRATION PROGRAM. (a) The innovative pollution control demonstration grant program is established as a direct grant program to give a person engaged in placer mining the opportunity to study and test innovative and economically viable mining techniques for waste disposal and pollution control in placer mining.

(b) The commissioner of environmental conservation may make grants under this section to a person that has

(1) a proven history of successful placer mining;

(2) the capability to produce verifiable results; and

(3) the capability to study and test innovative and economically viable techniques for waste disposal and pollution control in placer mining.

(c) The commissioner of environmental conservation may not make a grant under this section to a person in excess of $100,000.

(d) The commissioner of environmental conservation shall monitor and evaluate the results of grants made under this section.

Sec. 46.16.100. PLACER MINING WATER RECYCLING LOAN AND GRANT PROGRAM. (a) The placer mining water recycling program is established as a loan and grant program.

(b) A person whose primary source of income is derived from placer mining may apply for a loan to purchase and test equipment that reasonably offers the possibility of recycling the water used in placer mining.

(c) If a loan applicant demonstrates to the satisfaction of the review committee that the loan applicant has developed and will use on a continuing basis a practical method that will result in recycling 50 percent of the water used in the placer mining operation, the review committee may recommend to the commissioner of environmental conservation that 50 percent of the loan be considered a grant to the loan applicant.

(d) If a loan applicant demonstrates to the satisfaction of the review committee that the loan applicant has developed and will use on a continuing basis a practical method that will result in recycling 80 percent of the water used in the placer mining operation, the review committee may recommend to the commissioner of environmental conservation that the entire loan be considered a grant to the applicant.

(e) A loan under this section may not

(1) exceed $50,000;

(2) exceed a term of 10 years;

(3) have an interest rate exceeding 10 percent per annum; or

(4) have a repayment schedule requiring payments within one year after the loan was disbursed to the applicant.

Sec. 46.16.110. ACCESS TO INFORMATION. (a) All information generated as a result of loans and grants made under this chapter is public information. The commissioner of natural resources and the commissioner of environmental conservation shall compile, analyze, and distribute the information for the benefit of the placer mining industry and the state and federal governments.

(b) The contents of an application for a grant or a loan are available to the extent permitted under AS 09.25.110 and 09.25.120.

* Sec. 2. This Act takes effect July 1, 1984.

SECTIONAL ANALYSIS

CSSB 461(Resources)

Section 1 of the bill amends Title 46 by adding a Chapter 16, "Management and Use of Water in Mining."

Section 010 establishes a "mining water use review committee." The committee is charged with "reviewing and making recommendations (to the commissioners of DNR and DEC) on applications for grants and loans under this chapter." This committee has all the usual powers of a similarly-established board or commission, and its members are entitled to the usual travel and per diem.

Section 020(a) provides for the membership of the committee: the commissioners of DNR and DEC, the dean of the school of mineral industry at the University, two appointees of the governor who have "placer mining experience', and a public member appointed by the governor.

Section 020(b) permits a member of the committee who serves ex officio to designate an alternate.

Section 020(c) provides that appointees to the committee serve a three year term. Members who serve by virtue of other positions serve so long as they hold those other positions.

Section 030(a) directs the committee to select a presiding officer and to "establish procedures necessary to implement its responsibilities."

Section 030(b) directs the committee to review each application for a grant or loan filed under the chapter to the appropriate commissioner (DNR or DEC) for action on the application.

Section 030(c) establishes the broad goals of the committee in its review of the applications: "the economic benefits to the placer mining industry, the environmental benefits to the public, and other (individual) benefits" that each grant or loan would offer.

Section 040 directs the commissioner of DNR to implement the innovative gold recovery demonstration grant program (sec.070) and the placer mining water reduction loan program (sec.080).

Section 050 directs the commissioner of DEC to administer the innovative pollution control demonstration grant program (sec.090) and the placer mining water recycling loan program (sec.100).

Section 060 directs the commissioners of DNR and DEC to establish "uniform regulations and administrative procedures" to implement the grant and loan programs established under the chapter.

Section 070(a) establishes the "innovative gold recovery demostration grant program" as a direct grant program for the study and test of "gold recovery and water use reduction.

Section 070(b) establishes the tests for the commissioner's determination on grant applications after review by the review committee: (1) a history of successful placer mining; (2) the capability to produce verifiable results; and (3) the capability to study and test new methods of gold recovery and water use reduction under actual operating conditions.

Section 070(c) limits grants to $100,000.00.

Section 070(d) requires the commissioner to monitor and evaluate the results of the grants made under this section.

Section 080(a) establishes the placer mining water reduction loan and grant program in DNR.

Section 080(b) provides that a person whose primary source of income is derived from placer mining "may apply for a loan to purchase and test equipment that reasonably offers the possibility of a reduction in the amount of water used in placer mining."

Section 080(c) provides that if the loan applicant demonstrates to the satisfaction of the review committee a 50 percent reduction in the amount of water used in the placer mining operation, the review committee may recommend to the commissioner of DNR that 50 percent of the loan be considered a grant.

Section 080(d) similarly provides that if the loan applicant demostrates to the satisfaction of the review committee an 80 percent reduction in the amount of water used in the placer mining operation, the review committee may recommend to the commissioner that the entire loan be considered a grant.

Section 080(e) provides that a loan under this section may not exceed $50,000, have a term in excess of ten years, carry an interest rate in excess of 10% per annum, or have a repayment schedule requiring payments for the year after the loan was disbursed to the applicant.

Section 090(a) establishes the "innovative pollution control demonstration program" as a direct grant program to give a person engaged in placer mining an opportunity to study and test innovative and economically viable mining techniques for waste disposal and pollution control in placer mining.

Section 090(b) establishes the tests for the commissioner's determination on grant applications: (1) a history of successful placer mining; (2) the capability to produce verifiable results; and (3) the capability to study and test new methods of innovative and economically viable techniques for wast disposal and pollution control in placer mining.

Section 090(c) limits grants to $100,000.00.

Section 090(d) requires the commissioner to monitor and evaluate the results of grants made under the section.

Section 100(a) establishes the placer mining water recycling program as a loan and grant program in DEC.

Section 100(b) provides that a person whose primary source of income is derived from placer mining "may apply for a loan to purchase and test equipment that reasonably offers the possibility of recycling the water used in placer mining."

Section 100(c) provides that if the loan applicant demonstrates to the satisfaction of the review committee that 50 percent of the water used in the placer mining operation has been recycled, the review committee may recommend to the commissioner that 50% of the loan be considered a grant.

Section 100(d) similarly provides that if the loan applicant demonstrates to the satisfaction of the review committee that 80 percent of the water used in the placer mining operation has been recycled, the review committee may recommend to the commissioner that the entire loan be considered a grant.

Section 100(e) provides that a loan under this section may not exceed $50,000.00, have a term in excess of ten years, carry an interest rate in excess of 10% per annum, or have a repayment schedule requiring payments for the year after the loan was disbursed to the applicant.

Section 110(a) provides that the "information gathered and obtained from loans and grants made under this chapter" is public information. The commissioners are directed to compile, analyze and distribute broadly the information gathered.

Section 110(b) provides that the contents of the applications for grants or loans under the chapter are available for public inspection to the extent permitted under AS 09.25.110 and AS 09.25.120 (attached).

Section 2 of the bill provides an effective date of July 1, 1984.

Sec. 09.25.110. Inspection and copies of public records. Unless specifically provided otherwise the books, records, papers, files, accounts, writings, and transactions of all agencies and departments are public records and are open to inspection by the public under reasonable rules during regular office hours. The public officer having the custody of public records shall give on request and payment of costs a certified copy of the public record. (§ 3.22 ch 101 SLA 1962)

Sec. 09.25.120. Inspection and copying of public records. Every person has a right to inspect a public writing or record in the state, including public writings and records in recorders' offices except (1) records of vital statistics and adoption proceedings which shall be treated in the manner required by AS 18.50; (2) records pertaining to juveniles; (3) medical and related public health records; (4) records required to be kept confidential by a federal law or regulation or by state law. Every public officer having the custody of records not included in the exceptions shall permit the inspection, and give on demand and on payment of the legal fees therefor a certified copy of the writing or record, and the copy shall in all cases be evidence of the original. Recorders shall permit memoranda, transcripts, and copies of the public writings and records in their offices to be made by photography or otherwise for the purpose of examining titles to real estate described in the public writings and records, making abstracts of title or guaranteeing or insuring the titles of the real estate, or building and maintaining title and abstract plants; and shall furnish proper and reasonable facilities to persons having lawful occasion for access to the public writings and records for those purposes, subject to reasonable rules and regulations, in conformity to the direction of the court, as are necessary for the protection of the writings and records and to prevent interference with the regular discharge of the duties of the recorders and their employees. (§ 3.23 ch 101 SLA 1962)

FISCAL NOTE

Revision Date:

REQUEST
Bill/Resolution No.: CSSB 461 (Res)
Title: Management and use of water in mining
Sponsor: Senator Fahrenkamp
Requestor: Senate Finance Committee
Date of Request: May 7, 1984

FISCAL DETAIL
Agency Affected: Dept. of Natural Resources
Program Category Affected: Dept. of Environmental Conservatior
BRU, Program or Subprogram(s) Affected:

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES	0	0				
200 TRAVEL	0	0				
300 CONTRACTUAL	0	0				
400 SUPPLIES	0	0				
500 EQUIPMENT	0	0				
600 LAND & STRUCTURES	0	0				
700 GRANTS, CLAIMS	0	0				
800 MISCELLANEOUS	0	0				
TOTAL OPERATING	0	0				
CAPITAL	0	0				
REVENUE	0	0				

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0				
FEDERAL FUNDS	0	0				
OTHER	0	0				
TOTAL	0	0				

POSITIONS:

FULL-TIME	0	0				
PART-TIME	0	0				
TEMPORARY	0	0				

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: Don Bennett, Co-chairman
Division: Senate Finance Committee
Phone: 465-3714
Date: May 7, 1984
Approved by Commissioner:
Date:
Agency:

Distribution (by Agency preparing fiscal note):
- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

12/1/83

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: 5/21/84

REQUEST
Bill/Resolution No.: CSSB 461 (Res)
Title: Management and Use of Water in Mining
Sponsor: Sen. Fahrenkamp
Requestor:
Date of Request:

FISCAL DETAIL
Agency Affected: DNR
Program Category Affected: NRMEC
BRU, Program or Subprogram(s) Affected: Minerals and Energy Management

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES			78.1	125.7	132.0	138.6
200 TRAVEL			20.0	22.1	23.2	24.4
300 CONTRACTUAL			65.0	35.0	36.0	37.1
400 SUPPLIES			4	6	6	6
500 EQUIPMENT			1.5	7	0	0
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	165.0	184.1	191.8	200.7
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

GENERAL FUND			165.0	184.1	191.8	200.7
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME			2	3	3	3
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: Laurel Murphy Phone: 265-4184
Division: Mining Date: 5/21/84

Approved by Commissioner: [signature] Date:
Agency: Natural Resources

Distribution (by Agency preparing fiscal note):
- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

12/1/83

DNR BACKUP FOR FISCAL NOTE
FOR CS SB 461 (Res)

	FY 86	FY 87	FY 88	FY 89
100:	78.1	125.7	132.0	138.6

In the first year, the Department will assign a mining engineer (52.9) to supervise the loan fund and begin preparing for the disbursement of loans from the fund. This will require assignment of contractors for items shown under line 300, as well as preliminary evaluation of technologies and demand for loans. A Clerk-Typist III (25.2) will assist the supervising mining engineer and the review committee.

After the first year, the Department will add a Loan Examiner II (41.6) to monitor and check compliance on loans.

200:	20.0	22.1	23.2	24.4

Travel for regulation hearings, interagency coordination and briefing, inspection of operations.

300:	65.0	35.0	36.0	37.1

Development of loan and grant regulations, forms, and procedures; accounting procedures; analysis and preparation of testing and compliance procedures; inspection and other reports; audit; air charter; legal counsel; training; office overhead; printing; noticing; computer time.

400:	.4	.6	.6	.6

Miscellaneous office supplies ($200 per position).

500:	1.5	.7	0	0

Office equipment for new positions.

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date:

REQUEST
Bill/Resolution No.: SB 461
Title: Management and Use of Water in Mining
Sponsor: Fahrenkamp
Requestor:
Date of Request:

FISCAL DETAIL
Agency Affected: Environmental Conservation
Program Category Affected:
BRU, Program or Subprogram(s) Affected:

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES		49.5	52.0	54.6	57.3	60.2
200 TRAVEL		20.0	21.0	22.1	23.2	24.4
300 CONTRACTUAL		40.0	42.0	44.1	46.3	48.6
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING		109.5	115.0	120.8	126.8	133.2
CAPITAL		--	--	--	--	--
REVENUE		--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND		109.5	115.0	120.8	126.8	133.2
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME		1.0	1.0	1.0	1.0	1.0
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

General Funds

ANALYSIS: Attach a separate page for analysis

Prepared By: Randolph Bayliss Phone: 465-2653
Division: Environmental Quality Management Date: May 21, 1984

Approved by Commissioner: Richard A. Neve Date: May 21, 1984
Agency: Department of Environmental Conservation

Distribution (by Agency preparing fiscal note):
- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

12/1/83

1.	POSITION TITLE Environmental Engineer III				RANGE/STEP 19A	BARG. UNIT G	FORM 12 PAGE/LINE	COV.	APPROV.	DISAPP.
2.	TYPE OF POSITION PFT	STAFF MONTHS 12	RP NUMBER	PCN NUMBER	BRU PRIORITY	LOCATION AWA	ELECTION DISTRICT Juneau	LEG.		
3.	CONTINUATION LEVEL		ADDITION							

4.	TYPE OF EXPENDITURE		AMOUNT
	1	2	3
	PERSONAL SERVICES		
5.	Salary	38,124.00	
6.	Benefits	1,020.58	
7.	Supplemental Benefits	7,598.11	
8.	Fixed Benefits	2,728.20	
9.	TOTAL PERSONAL SERVICES	01	49,470.89
10.	Travel	02	20,000.00
11.	Contractual	03	40,000.00
12.	Commodities	04	
13.	Equipment	05	
14.	Other		
15.	TOTAL COST		09,470.89

	RECEIPT CODE	FUNDING SOURCE		
16.		Federal Receipts	1002	
17.		G.F. Match	1003	
18.		General Funds	1004	09,470.89
19.		I-A Receipts	1005	
20.		Program Receipts	1028	
21.		Other		

FOR B&M USE ONLY
AA KEY NUMBER __ __ - __ __ - __ __ - __ __ - __ __

JUSTIFICATION
Additional staff required to provide technical review and assistance; to evaluate grant and loan applications and to prepare guidance on procedures.

13 REQUEST FOR NEW POSITION

AGENCY Environmental Conservation

PROGRAM NRMEC

BRU Environmental Quality Management

COMPONENT Water Quality Management

Page of

Revised Date

FY 85

D1-1186 (7/82) - 13

SB

480

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: 5-14-84

REQUEST
Bill/Resolution No.: CSSB 480(Res)
Title: Commodity Commissions and Shell Eggs
Sponsor: Kerttula
Requestor:
Date of Request:

FISCAL DETAIL
Agency Affected: Natural Resources
Program Category Affected: Agriculture Management
BRU, Program or Subprogram(s) Affected: Agriculture Development

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS	-0-	10.0	25.0	25.0		
800 MISCELLANEOUS						
TOTAL OPERATING	-0-	10.0	25.0	25.0		
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	10.0	25.0	25.0		
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	10.0	25.0	25.0		

POSITIONS:

FULL-TIME	-0-	-0-	-0-	-0-		
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

This amended fiscal note is made necessary by the fact that the 10.0 which appears in the Governor's budget to fund this program does not appear in either the House or Senate version of the DNR budget.

ANALYSIS: Attach a separate page for analysis

Prepared By: Sharon Barton Phone: 465-2400
Division: Commissioner's Office Date: 5-14-84

Approved by Commissioner: [illegible], Deputy Date: 5-14-84
Agency: Department of Natural Resources

Distribution (by Agency preparing fiscal note):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)

12/1/83

Alaska State Legislature

Senate

Office of the President

Official Business

Pouch V
State Capitol
Juneau, Alaska 99811

MEMORANDUM

To: House Resources Committee
Rep. John Ringstad
Rep. Dick Shultz
Co-Chairmen

From: Senator Jay Kerttula
Senate President

Date: May 10, 1984

Subject: Senate Bill 480: Justification

Senate Bill 480, relating to the establishment of commodity marketing commissions with the assistance of the Division of Agriculture in the Department of Natural Resources, is intended as a "self help" institution whereby Alaska agricultural producers can organize to more effectively promote the use of their products.

The primary purpose of the commission is to further the market development potential for agricultural commodities by efforts in education, research, and promotion. These market development efforts are carried out by the use of assessments collected from commodity producers.

It is envisioned that the Division of Agriculture would hold a referendum on whether to establish a commodity commission involving all producers of a particular commodity (e.g. dairy producers, potatoes, vegetables, etc.). If a majority vote in favor is achieved, the commission would be established and a board elected.

Commodity commissions fund marketing research and education efforts by assessing a fee on the selling price of the commodity. This fee would be paid by the producers and would not effect the retail price paid for the commodity. It would also be voluntary. If a producer wishes not to participate, his/her check off or assessment would be refunded. Obviously, consistent support is necessary of the commission is to succeed. If many producers envision a free ride by the program and chose not to participate, the program will fail.

The commission will expend monies for research projects aimed at enhancing production, education efforts to increase quality of products, and marketing campaigns to educate the public on the attractiveness of Alaska grown produce.

Commodity marketing commissions are nothing new to the agriculture industry in the United States. A recent survey of state commodity commissions (attached) indicates 41 states have commissions and six do not. They range in number from one to twenty-one per state. 248 commodity commissions represent 60 general classes of commodities. 97% of all commissions are established as a result of legislative action.

The Governor's budget request to the Legislature for the Department of Natural Resources included $10,000 for matching funding which would have assisted in establishment of the commodity commissions. House and Senate versions have deleted this funding. The Department of Natural Resources has prepared the attached fiscal note for $10,000.

JK/rjr/blm
Attachments

Report on Study of State Agricultural Commodity Commissions

Prepared for

S. Mason Carbaugh
Commissioner
Virginia Department of Agriculture and Consumer Services

July 14, 1983

Report on Study of State Agricultural Commodity Commissions

I. Introduction

During the 1983 session of the Virginia General Assembly, certain legislators raised questions as to the operations of commodity commissions in other states. As a result of these questions; the department decided to conduct a survey. A survey instrument was developed and mailed to 49 State Departments of Agriculture. The purpose of this survey was to obtain essential information on the establishment, purpose, and operational procedures of commodity commissions in other states so that similiar comparisons could be made to the commodity commissions in Virginia. Forty-seven of the forty-nine states returned completed survey instruments. A copy of the survey instrument is attached as Appendix 1.

Major Findings of State Survey

This section reflects a comparative analysis of Virginia's commodity commissions with those states who returned a completed survey instrument (47 of 49 states or 96%). Six states reported no commissions and forty-one states had commissions. The range of commission numbers in the forty-one states ranged from one to twenty-one, with the mean number being approximately eleven. There was a total of 248 commodity commissions representing 60 general classes of commodities. A commodity class in this study refers to a specific commodity, but includes many varieties of that commodity, e.g., flue-cured tobacco, sun-cured, burley, etc. The study revealed that Virginia was not unique in having commissions. Virginia is also not unique in types of services provided by the State Departments of Agriculture, the ways in which commissions were established within the state, and/or in the general management, administration and purposes of commissions.

All of the nine commodity commissions in Virginia were established as a result of legislative action, either directly by law or through enabling legislation authorizing commissions to conduct referendums. The establishment procedure in Virginia is almost identical to procedures used in other states since 97 percent of all commissions in other states were established as a result of legislative action.

It was found that the primary purpose of all commissions, in all states, is to further the market development potential for respective commodities by efforts in education, research and promotion. These market development efforts are carried out by the use of assessments collected from commodity producers. The type of direct services supplied by State Departments of Agriculture tended to reflect a degree of uniformity throughout.

In the area of general management services, the Virginia Department of Agriculture and Consumer Services has the responsibility to: a) ensure that all commissions operate in accordance with state rules and regulations; b) serve in a liaison capacity between commodity commissions on matters relating to general operations of the commissions; and, c) ensure that all commissions receive relevant policies and directives (and respond when necessary) from the Executive and Legislative Branches. This management responsibility of the Virginia Department of Agriculture and Consumer Services is very similar to the general management responsibilities of State Departments of Agriculture in other states.

Table 1 contains general information on commissions in Virginia compared with other states. Table 2 contains general operational and administrative information on Virginia's nine commissions with the corresponding commissions in other states. Table 3 shows by state, for each commodity commission, the ratios of funding to production value of individual commodities and the rank order by states. Example:

<u>Apples</u> -- (16 states with commissions)

-- The range in money collected per million dollars of production value for 1982 was $119 for the State of Utah to $12,777 for the State of Washington. Virginia collected $5,753.

-- Virginia ranked 5th in money collected for apples.

II. Results of State Survey

Number of Commissions

A survey form was mailed to the 49 State Departments of Agriculture outside of Virginia and responses were received from 47 states. Only one commission is thought to be operating in one of the nonresponding states. Responses included a total of 248 commodity commissions, with the number per state ranging from 0 commissions in 6 states to 21 commissions in Oregon. Virginia has 9 commodity commissions organized for purposes of promotion, education and research. In the U.S., there are 60 general classes of commodities represented by commissions (a "class" is defined as including all types of tobacco, all types of cherries, etc.).

Commission Types

Virginia has a commission to serve each of the following industries: apple, pork, peanut, soybean, corn, egg, bright flue-cured tobacco, dark fire-cured tobacco and sweet potatoes. The number of other states that reported having commissions for those industries are: apple 15; pork 11; peanut 7; soybean 20; corn 6; egg 9; tobacco 4; and sweet potatoes 3.

Establishment of Commissions

As previously stated, all of the commodity commissions in the Commonwealth of Virginia were established as a result of legislative action, either directly by law (5 commissions) or through enabling legislation (4 commissions) which authorized producer referendums to be conducted. According to the survey, 97 percent of the reported commodity commissions nationwide were established through legislative action either directly by law (25 percent) or through enabling legislation which authorized a referendum (72 percent).

Commission Establishment Procedures

Based on survey responses, 79 percent of the commissions nationwide were formed through procedures administered by state personnel. Personnel of State Departments of Agriculture administered the procedures for 66 percent of the commissions and 13 percent were administered by state legislative authorities.

The establishment procedures for the other 21 percent were administered by commodity groups.

Member Appointment

In Virginia, the governor appoints the members to 8 of the 9 commodity commissions. For the apple commission, commission members are elected by producers and then appointed by the commissioner. According to the survey, the percentages of commissions nationwide that utilize the different sources of member appointment are as follows:

Producer-elected	35%
Governor	30%
Commissioner of Agriculture	25%
Commodity Commission	10%
	100%

Assessments and Refunds

All of Virginia's commodity commissions utilize a mandatory assessment on the respective commodities. Survey responses showed that 94 percent of the other commodity commissions nationwide employ a mandatory assessment. Virginia farmers cannot request a refund from any of the nine commissions. According to the survey, 52 percent of the commodity commissions throughout the United States refund an assessment on request.

Assessment Collectors

Only the Virginia Apple Commission collects its own assessments while the assessments for the other 8 commissions are collected by processors, first-line handlers or buyers. The assessments for 5 commissions are reported to the Virginia Tax Department. The assessments for the other 3 are reported to the Virginia Department of Agriculture and Consumer Services. All assessments are then forwarded to the State Treasury for the account of each commission. According to the survey, 48 percent of the commodity commissions collect their own assessments, 25 percent of the commissions have their assessments collected by first-line handlers, buyers or processors, 22 percent of the assessments are collected by the State Departments of Agriculture, and 5 percent of the commissions have their state treasuries or departments of taxation collect the fees.

4/5/83

S. Mason Carbaugh
Commissioner
Virginia Department of Agriculture and Consumer Services
P.O. Box 1163
Richmond, VA 23209

SURVEY OF STATE AGRICULTURAL COMMODITY COMMISSIONS (CHECK-OFF PROGRAMS) FOR STATE OF_____

1. Does your state have agricultural commodity commissions or similar entities? ☐ Yes ☐ No
   If no, please do not continue further with this survey.
   If yes, please continue with the survey.

2. Complete the following table by listing the commissions that exist in your state, along with additional information contained in the columns.

Name of Commodity Commission	Year Established	How Established Check One		Who Appoints Members to the Commission	Assessment (Excise Tax Rate) Rate per Unit		Mandatory Assessment (Circle)	Who Collects Assessment	Total Funds Collected From Assessments in 1982	If Mandatory, Can Farmers Request A Refund (Circle)	Does the Commission Receive Any State Funding (Circle)
		State Law	Voluntary		Rate	Unit					
1.							Yes No			Yes No	Yes No
2.							Yes No			Yes No	Yes No
3.							Yes No			Yes No	Yes No
4.							Yes No			Yes No	Yes No
5.							Yes No			Yes No	Yes No
6.							Yes No			Yes No	Yes No
7.							Yes No			Yes No	Yes No
8.							Yes No			Yes No	Yes No
9.							Yes No			Yes No	Yes No
10.							Yes No			Yes No	Yes No

Please continue on other side.

ATTACHMENT 1

Table 1. General Information on Commissions, Virginia and Other States

COMMISSION AGE (In Years)	VIRGINIA	AVERAGE, OTHER STATES
Average Age	20	19
MEMBER APPOINTMENT	**VIRGINIA**	**TOTAL, OTHER STATES**
	Percent	Percent
Producer Elected	11	45
Appointed by the Governor	89	30
Appointed by Commissioner of Agriculture	--	25
REFUND OF ASSESSMENTS	**VIRGINIA**	**TOTAL, OTHER STATES**
Percent of Commissions having Mandatory Assessments	100	94
Percent of Commissions with Assessment Refund on Request	0	52
ASSESSMENT COLLECTIONS	**VIRGINIA**	**TOTAL, OTHER STATES**
	Percent	Percent
Collected by Commission	11	48
Processors or First Time Users	89	25
State Dept. of Agriculture	--	22
State Treasury	--	5
AMOUNT OF ASSESSMENTS COLLECTED	**VIRGINIA**	**TOTAL, OTHER STATES (Excluding Dairy & Citrus)**
State Total Collected FY82	$864,441	$58,936,297
Average Per Commission	96,049	293,215

Amount of Assessments Collected

Virginia's 9 commodity commissions collected $864,441 in assessments in fiscal year 1982. In other states that reported figures of assessment collections, excluding dairy and citrus, a total of $58,936,297 was collected.

Assessment expenditures

Virginia's commodity commissions use the assessments they collect for the three major purposes of education, research and promotion. Survey responses as to how assessments are used by other commissions were grouped into the categories below. Responses occurred in the proportions shown:

Research	86%
Promotion	81%
Education	68%
Market Development	27%
Other	19%

General Management Support Supplied by Department of Agriculture

In Virginia, the Department of Agriculture and Consumer Services has the responsibility to ensure that all commissions operate in accordance with applicable state rules and regulations. The Department also serves as a liaison between commodity commissions on all matters relating to their general management. Each commission, by state law, is ".... created with the Virginia Department of Agriculture and Consumer Services..." The management services reported in the survey as being rendered by State Departments of Agriculture were sorted into the following categories, in the proportions shown:

General, miscellaneous management	22%
Financial management	24%
Ex Officio members	16%
No management	8%
	100%

State Funding

The Virginia Pork Industry Commission is the only commission in Virginia that is currently receiving state funding. However, this funding will be withdrawn effective June 30, 1984. Survey results indicated that 97 percent of the commodity commissions nationwide are self-supporting through producer assessments. Only 3 percent of all commissions receive state financial support.

Services Supplied by Departments of Agriculture

The Virginia Department of Agriculture and Consumer Services provides the Virginia commodity commissions with different services. Some of these services include: accounting, budgeting, secretarial/clerical support, referendum assistance, tax collection, record keeping, and personnel services. Not all of the commissions receive each of these services. For example, two commissions employ full time staffs to provide their administrative, promotion, publicity, etc. requirements. Recognizing that there is considerable overlap between the 13 categories shown below, responses of services received by commissions from State Departments of Agriculture were classified as reported. They are ranked starting with the most frequently mentioned service listed first.

1. Accounting
2. Fee collection
3. Secretarial
4. Advice/assistance
5. Personnel
6. Administrative
7. Record keeping
8. Legal advice
9. Budgeting
10. Office space
11. Referendums
12. Data processing
13. Equipment

Overview of Assessment Collections and Age of Commissions

Each of Virginia's 9 commodity commissions collected less than the average amount of assessments collected by all other commissions nationwide of the same type. Possible reasons for this situation include: lower volume production of the commodities, lower level assessment rates, and different ways of calculating assessments. Assessment rate comparisons could not feasibly be made due to widely differing assessment units and variable-rate fee structures.

For example, Virginia's Apple Commission collects 10 cents per bushel on graded apples and 5 cents per bushel

on ungraded apples sold for fresh use while it collects 5 cents per hundredweight on apples for processing. Washington, Georgia, Colorado and other states show only one rate for all apples while Utah collects 1 cent per box and Delaware collects a variable fee based on orchard size. Virginia's Pork Commission makes a distinction between market hogs and feeder pigs as do many states. Other states such as Texas and Montana charge one rate for all pigs while Ohio combines breeding hogs with market hogs.

Five of Virginia's commissions are older than the average for their type: Apple, Peanut, Pork, Soybean, and Bright Flue-cured Tobacco; two commissions are equal to the average age: Corn and Dark-fired Tobacco; and two are younger than average: Egg and Sweet Potato.

Table 2 Agricultural commodity commissions --- 1982 summary data for Virginia and other states surveyed, May, 1983

COMMODITY & STATE	YEAR ESTAB-LISHED	MANDA-TORY ASSESS-MENTS	WHO COLLECTED ASSESS-MENTS	WHO APPOINTS MEMBERS 1/	TOTAL FUNDS COLLECTED In 1982	ASSESS-MENT REFUND AVAILABLE	STATE FUND-ING SUPPLIED	COMMODITY COMMISSION RATIO to VALUE of PRODUCTION: 1982 VALUE OF PRODUCTION 2/ (Thous. Dollars)	COMMODITY COMMISSION RATIO to VALUE of PRODUCTION: FUNDING PER MILLION DOLLARS PRODUCTION VALUE 3/ (Dollars)
APPLE									
Colorado	1969	Yes	Commission	Commissioner	45,000.00	No	No	4,283	10,507
Delaware	1938	Yes	Dept. of Ag	Governor	1,600.00	No	No	1,569	1,020
Georgia	1963	Yes	Dept. of Ag	Exofficios	11,500.00	No	No	1,455	7,904
Idaho	1966	Yes	Shipper	Governor	90,000.00	No	No	23,840	3,775
Illinois	1980	Yes	Processor*	Producers	32,563.00	Yes	Yes	11,704	2,782
Maryland	1947	Yes	Commission	Governor	31,893.00	No	No	8,733	3,652
Massachusetts	N/A	N/A	N/A	N/A	--	N/A	N/A	--	—
Michigan	1968	Yes	Commission	Governor	800,000.00	No	No	74,700	10,710
Missouri	1945	Yes	Dept. of Ag	Governor	8,040.00	No	No	6,285	1,279
New Jersey	N/A	Yes	Dept. of Ag	Board of Ag	17,293.00	No	No	16,240	1,065
North Carolina	1966	Yes	Dept. of Ag	Producers	53,013.00	No	No	11,137	4,760
Ohio	1971	Yes	Processor*	Director of Ag	12,000.00	Yes	No	25,112	478
Pennsylvania	1967	Yes	Dept. of Ag	St Sec of Ag	288,000.00	No	No	51,280	5,616
Utah	1970	Yes	Processor*	Producers	1,200.00	Yes	No	10,109	119
VIRGINIA	1946	Yes	Commission	Producers	256,286.00	No	No	44,550	5,753
Washington	1937		Commission	Producers	3,800,000.00			297,400	12,777
Total	--				5,448,388.00			588,397	9,260
Average	1960				340,524.00				
CORN (For grain)									
Illinois	1982	Yes	Processor*	Producer Elect	N/A	Yes	No	—	—
Kansas	1977	Yes	Dept. of Ag	Governor	212,671.00	Yes	No	378,594	562
Nebraska	1978	Yes	Processor*	Governor	642,622.00	No	No	1,887,333	340
North Carolina	1978	Yes	Dept. of Ag	Producers	427,100.00	Yes	No	370,418	1,153
Texas	1980	Yes	Commission	Producers	68,000.00	Yes	No	353,115	193
VIRGINIA	1980	Yes	Dept. of Tax	Governor	67,843.00	No	No	143,693	472
Wisconsin	1983	Yes	Commission	Producers	200,000.00	Yes	No	850,230	235
Total	--				1,618.236.00			3,983,383	406
Average	1980				231,177.00				

Table 2 Agricultural commodity commissions --- 1982 summary data for Virginia and other states surveyed, May, 1983--Continued

COMMODITY & STATE	YEAR ESTAB-LISHED	MANDA-TORY ASSESS-MENTS	WHO COLLECTED ASSESS-MENTS	WHO APPOINTS MEMBERS 1/	TOTAL FUNDS COLLECTED in 1982	ASSESS-MENT REFUND AVAILABLE	STATE FUND-ING SUPPLIED	COMMODITY COMMISSION RATIO to VALUE of PRODUCTION: 1982 VALUE OF PRODUCTION 2/	COMMODITY COMMISSION RATIO to VALUE of PRODUCTION: FUNDING PER MILLION DOLLARS PRODUCTION VALUE 3/
								Thous. Dollars	Dollars
PEANUTS									
Florida	1972	Yes	Processor*	Commissioner	135,000.00	N/A	No	37,800	3,571
Georgia	1961	Yes	Dept. of Ag	Exofficios	1,636,541.00	No	No	366,889	4,461
New Mexico	1963	Yes	Processor*	Producers	10,300.00	No	No	6,777	1,520
North Carolina	1953	Yes	Dept. of Ag	Producers	289,532.00	Yes	No	112,540	2,573
Oklahoma	1965	Yes	Commission	Governor	200,000.00	Yes	No	40,076	4,991
South Carolina	1975	Yes	Commission	N/A	30,713.00	Yes	No	8,100	3,792
Texas	1969	Yes	Commission	Producers	180,000.00	Yes	No	81,345	2,213
VIRGINIA	1948	Yes	Dept. of Tax	Governor	135,404.00	No	No	70,528	1,920
Total	--				2,617,490.00			724,055	3,615
Average	1965				327,186.00				
PORK									
Alabama	1973	Yes	Processor*	N/A	42,959.00	Yes	No	95,030	452
Illinois	1965	No	Processor*	Producers	1,220,232.00	N/A	No	1,202,883	1,014
Kentucky	1973	No	Processor*	Appt. by Comm	160,000.00	N/A	No	152,216	1,051
Maryland	1957	Yes	Commission	Producers	25,600.00	Yes	No	46,455	551
Missouri	N/A	N/A	Commission	Producers	N/A	No	No	N/A	N/A
Montana	1974	Yes	Dept. of Ag	Governor	55,000.00	Yes	No	29,937	1,837
North Carolina	1964	Yes	Dept. of Ag	Producers	296,622.00	Yes	No	372,945	795
Ohio	1968	No	Commission	Producers	N/A	N/A	No	N/A	N/A
Oklahoma	1968	Yes	Commission	Governor	70,000.00	Yes	No	41,943	1,669
South Carolina	1970	Yes	Commission	N/A	35,193.00	Yes	No	71,376	493
Texas	1974	Yes	Commission	Producers	105,000.00	Yes	No	103,462	1,015
VIRGINIA	1967	Yes	Processor*	Governor	147,217.00	No	Yes	109,016	1,350
Total	--				2,157,823.00			2,225,263	970
Average	1969				179,819.00				

TABLE 2

Table 2 Agricultural commodity commissions --- 1982 summary data for Virginia and other states surveyed, May, 1983--Continued

COMMODITY & STATE	YEAR ESTAB-LISHED	MANDA-TORY ASSESS-MENTS	WHO COLLECTED ASSESS-MENTS	WHO APPOINTS MEMBERS 1/	TOTAL FUNDS COLLECTED in 1982	ASSESS-MENT REFUND AVAILABLE	STATE FUND-ING SUPPLIED	COMMODITY COMMISSION RATIO to VALUE of PRODUCTION: 1982 VALUE OF PRODUCTION 2/	COMMODITY COMMISSION RATIO to VALUE of PRODUCTION: FUNDING PER MILLION DOLLARS PRODUCTION VALUE 3/
								Thous. Dollars	Dollars
SOYBEAN									
Alabama	1971	Yes	Processor*	N/A	168,482.00	Yes	No	285,155	591
Delaware	1980	Yes	Commission	Producers	72,300.00	Yes	No	36,288	1,992
Florida	1971	Yes	Processor*	Commissioner	70,000.00	N/A	No	85,053	823
Georgia	1971	Yes	Dept. of Ag	Exofficios	173,880.00	No	No	375,233	463
Illinois	1974	Yes	Processor*	Producers	1,660,107.00	Yes	No	2,073,494	801
Kansas	1977	Yes	Board of Ag	Governor	237,753.00	Yes	No	247,065	962
Kentucky	1974	Yes	Processor*	N/A	190,000.00	Yes	No	297,472	639
Maryland	1980	Yes	Commission	Producers	98,000.00	Yes	No	64,598	1,519
Michigan	1976	Yes	Commission	Governor	113,000.00	Yes	No	172,484	655
Minnesota	1969	Yes	Commission	Producers	1,210,191.00	Yes	No	942,840	1,284
Mississippi	1970	N/A	Dept. of Tax	Governor	697,595.00	Yes	No	519,480	1,343
Missouri	1979	Yes	Dept. of Ag	Producers	703,422.00	Yes	No	985,871	714
Nebraska	1975	Yes	Processor*	Governor	786,000.00	Yes	No	442,980	1,774
New Jersey	N/A	Yes	Dept. of Ag	Board of Ag	31,166.00	No	No	22,525	1,384
North Carolina	1966	Yes	Dept. of Ag	Producers	283,800.00	Yes	No	294,000	965
Ohio	1970	No	Commission	Producers	N/A	N/A	N/A	N/A	N/A
Oklahoma	1979	Yes	Commission	Governor	60,000.00	Yes	No	26,600	2,256
South Carolina	1969	Yes	Commission	N/A	114,000.00	Yes	No	227,920	500
Tennessee	1977	No	Dept. of Ag	Governor	16,184.00	N/A	No	348,975	46
Texas	1970	Yes	Commission	Producers	34,000.00	Yes	No	121,992	279
VIRGINIA	1970	Yes	Dept. of Tax	Governor	59,874.00	No	No	104,272	574
Total	--				6,779,754.00			7,674,297	883
Average	1974				322,845.00				
SWEET POTATOES									
Georgia	1961	Yes	Dept. of Ag	Exofficios	8,049.00	No	No	6,634	1,213
North Carolina	1961	Yes	Dept. of Ag	Producers	141,740.00	Yes	No	37,310	3,799
South Carolina	1969	Yes	Commission	N/A	9,685.00	Yes	No	5,850	1,656
VIRGINIA	1965	Yes	Dept. of Ag	Governor	12,723.00	No	No	2,970	4,284
Total	--				172,197.00			52,764	3,264
Average	1964				43,049.00				

TABLE 2

Table 2 Agricultural commodity commissions --- 1982 summary data for Virginia and other states surveyed, May, 1983--Continued

COMMODITY & STATE	YEAR ESTAB-LISHED	MANDA-TORY ASSESS-MENTS	WHO COLLECTED ASSESS-MENTS	WHO APPOINTS MEMBERS 1/	TOTAL FUNDS COLLECTED in 1982	ASSESS-MENT REFUND AVAILABLE	STATE FUND-ING SUPPLIED	COMMODITY COMMISSION RATIO to VALUE of PRODUCTION: 1982 VALUE OF PRODUCTION 2/	COMMODITY COMMISSION RATIO to VALUE of PRODUCTION: FUNDING PER MILLION DOLLARS PRODUCTION VALUE 3/
								Thous. Dollars	Dollars
TOBACCO									
Florida	1971	Yes	Processor*	Commissioner	21,000.00	No	No	35,840	586
Georgia	1962	Yes	Dept. of Ag	Exofficios	119,735.00	No	No	189,478	632
Kentucky	1976	Yes	Processor*	Appt. by Comm	360,000.00	Yes	No	1,031,397	349
Maryland	1947	Yes	Commission	Governor	35,928.00	No	No	65,490	549
VIRGINIA FLUE	1948	Yes	Dept. of Tax	Governor	111,891.00	No	No	200,739	557
VIRGINIA FIRE	1964	Yes	Dept. of Tax	Governor	4,536.00	No	No	6,805	666
Total	--				653,090.00			1,529,749	427
Average	1964				108,848.00				
EGG									
Georgia	1961	Yes	Dept. of Ag	Exofficios	207.045.00	No	No	303,464	682
Illinois	1973	Yes	Processor*	Producers	152,898.00	Yes	No	55,970	2,732
Minnesota	1969	Yes	Commission	Producers	228,353.00	Yes	No	100,320	2,276
Mississippi	1973	N/A	Dept. of Ag	Governor	49,128.00	Yes	No	86,233	570
Missouri	1970	Yes	Dept. of Ag	Producers	229,263.00	Yes	No	61,395	3,734
North Carolina	1966	Yes	Dept. of Ag	Producers	154,902.00	Yes	No	169,341	915
Ohio	1973	Yes	Processor*	Director of Ag.	63,000.00	Yes	No	117,088	538
South Carolina	1973	Yes	Commission	N/A	80,555.00	Yes	No	78,246	1,030
Utah	1979	Yes	Processor*	Producers	30,000.00	Yes	No	18,291	1,640
VIRGINIA	1980	Yes	Dept. of Tax	Governor	68,667.00	No	No	53,650	1,280
Total	--				1,263,811.00			1,043,998	1,211
Average	1971				126,381.00				

FOOTNOTES:
N/A = Not available
Processor* = Processor or first handler
1/ Definitions: Board of Ag. = Board of Agriculture
Director of Ag = Director of Agriculture
St Sec of Ag = State Secretary of Agriculture
2/ Source: Preliminary 1982 Official Estimates, SRS, USDA
3/ Calculated (Survey reported total funds collected in 1982 divided by commodity value of production).

TABLE 2

Table 3 Agricultural commodity commission funding — Ratio of funding to production value of individual commodities for states reporting to special inquiry, May, 1983.

COMMODITIES:

APPLES			CORN			PEANUTS			PORK		
Ranking Order By State		Funds Per Mil. Dols. of Crop Value	Ranking Order By State		Funds Per Mil. Dols. of Crop Value	Ranking Order By State		Funds Per Mil. Dols of Crop Value	Ranking Order By State		Funds Per Mil. Dols. of Crop Value
Rank	State	Dollars	Rank	State	Dollars	Rank	State	Dollars	Rank	State	Dollars
1	Wash.	12,777	1	N.C.	1,153	1	Okla.	4,991	1	Mont.	1,837
2	Mich.	10,710	2	Kan.	562	2	Ga.	4,461	2	Okla.	1,669
3	Colo.	10,507	3	VIRGINIA	472	3	S.C.	3,792	3	VIRGINIA	1,350
4	Ga.	7,904	4	Nev.	340	4	Fla.	3,571	4	Ky.	1,051
5	VIRGINIA	5,753	5	Wisc.	235	5	N.C.	2,573	5	Texas	1,015
6	Pa.	5,616	6	Texas	193	6	VIRGINIA	2,213	6	Ill.	1,014
7	N.C.	4,760		Average	492	7	Texas	1,920	7	N.C.	795
8	Idaho	3,775				8	New Mex.	1,520	8	Md.	551
9	Md.	3,652					Average	3,130	9	S.C.	493
10	Ill.	2,782							10	Ala.	452
11	Mo.	1,279								Average	1,023
12	Del.	1,020									
13	Ohio	478									
14	Utah	119									
	Average	5,072									

TABLE 3

Table 3 Agricultural commodity commission funding -- Ratio of funding to production value of individual commodities for states reporting to special inquiry, May, 1983.--Continued

COMMODITIES:

SOYBEANS

Ranking Order By Rank	State	Funds Per Mil. Dols. of Crop Value Dollars
1	Okla.	2,256
2	Del.	1,992
3	Nev.	1,774
4	Md.	1,517
5	N.J.	1,384
6	Miss.	1,343
7	Minn.	1,284
8	N.C.	965
9	Kan.	962
10	Fla.	823
11	Ill.	801
12	Mo.	714
13	Mich.	655
14	Ky.	639
15	Ala.	591
16	VIRGINIA	574
17	S.C.	500
18	Ga.	463
19	Texas	279
20	Tenn.	46
	Average	978

SWEET POTATOES

Ranking Order By Rank	State	Funds Per Mil. Dols. of Crop Value Dollars
1	VIRGINIA	4,284
2	N.C.	3,799
3	S.C.	1,656
4	Ga.	1,213
	Average	2,663

TOBACCO

Ranking Order By Rank	State	Funds Per Mil. Dols. of Crop Value Dollars
1	VIRGINIA-Fire	666
2	Ga.	632
3	Fla.	586
4	VIRGINIA-Flue	557
5	Md.	549
6	Ky.	349
	Average	556

EGGS

Ranking Order By Rank	State	Funds Per Mil. Dols. of Crop Value Dollars
1	Mo.	3,734
2	Ill.	2,732
3	Minn.	2,276
4	Utah	1,640
5	VIRGINIA	1,280
6	S.C.	1,030
7	N.C.	915
8	Ga.	682
9	Minn.	570
10	Ohio	5[illegible]3
	Average	1,540

TABLE 3

SB

500

Alaska State Legislature

Senate Committee on State Affairs

Vic Fischer, Chair • Pouch V
Juneau, Alaska 99811
(907) 465-4954

Official Business

MEMORANDUM

TO: Senate State Affairs Committee

FROM: Senate State Affairs Committee Staff

RE: SB 500

DATE: March 8, 1984

SB 500 extends the life of the litter program in DEC for three more years. Without this extension, statutory authorization for the program will end on July 1 of this year.

The bill additionally makes clarifying amendments to the program.

DEC has proposed one further amendment to clear up possible confusion in Section 5.

A recent Legislative Budget & Audit Committee audit recommended continuation of the program.

Fiscal information

This bill has a zero fiscal note

Back-up information

Governor's transmittal letter
letter from Commissioner Neve' 2/23/84
position paper Dept. of Environmental /Conserv. 2/27/84
portions of Legislative Audit report 8/29/83

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date:

REQUEST
Bill/Resolution No.: Reauthorization of AS 46.06
Title: Recycling and Reduction of Litter
Sponsor:
Requestor: D.E.C.
Date of Request: 1/30/84

FISCAL DETAIL
Agency Affected: Enviro[illegible] onservation
Program Category Affecte[illegible] nmental Quality Management
BRU, Program or Subprogram(s) Affected: Litter Reduction & Resource Recovery Program

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES		0	0	0		
200 TRAVEL		0	0	0		
300 CONTRACTUAL		0	0	0		
400 SUPPLIES		0	0	0		
500 EQUIPMENT		0	0	0		
600 LAND & STRUCTURES		0	0	0		
700 GRANTS, CLAIMS		0	0	0		
800 MISCELLANEOUS		0	0	0		
TOTAL OPERATING		0	0	0		
CAPITAL		0	0	0		
REVENUE		0	0	0		

FUNDING: (Thousands of Dollars)

GENERAL FUND		0	0	0		
FEDERAL FUNDS		0	0	0		
OTHER		0	0	0		
TOTAL		0	0	0		

POSITIONS:

FULL-TIME		0	0	0		
PART-TIME		0	0	0		
TEMPORARY		0	0	0		

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

NOTE: This is an ongoing program, with a "sunset" date of July 1, 1984. Funding for this program is included in the Governor's FY'85 budget.

ANALYSIS: Attach a separate page for analysis

Prepared By: Christopher Noah
Phone: 465-2600
Division: Commissioner's Office
Date: 1/30/84
Approved by Commissioner: [illegible]
Date: 1/30/84
Agency: Environmental Conservation

Distribution (by Agency preparing fiscal note):
- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

12/1/83

STATE OF ALASKA 1984 LEGISLATIVE SESSION

FISCAL NOTE

Revision Date: April 30, 1984

REQUEST

Bill/Resolution No.: CSSB 500 (SA)am
Title: Reduction of Litter and Recovery of Materials...from Litter
Sponsor: Rules/Governor
Requestor: DEC
Date of Request: 4/30/84

FISCAL DETAIL

Agency Affected: Environmental Conservation
Program Category Affected: Environmental Quality Management
BRU, Program or Subprogram(s) Affected: Litter Reduction & Resource Recovery Program

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING		0	0	0		
100 PERSONAL SERVICES		0	0	0		
200 TRAVEL		0	0	0		
300 CONTRACTUAL		0	0	0		
400 SUPPLIES		0	0	0		
500 EQUIPMENT		0	0	0		
600 LAND & STRUCTURES		0	0	0		
700 GRANTS, CLAIMS		0	0	0		
800 MISCELLANEOUS		0	0	0		
TOTAL OPERATING		0	0	0		
CAPITAL		0	0	0		
REVENUE		0	0	0		

FUNDING: (Thousands of Dollars)

GENERAL FUND		0	0	0		
FEDERAL FUNDS		0	0	0		
OTHER		0	0	0		
TOTAL		0	0	0		

POSITIONS:

FULL-TIME		0	0	0		
PART-TIME		0	0	0		
TEMPORARY		0	0	0		

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: Christopher Noah — Phone: 465-2600
Division: Office of the Commissioner — Date: 4/30/84

Approved by Commissioner: Christopher Noah — Date: 4/30/84
Agency: Environmental Conservation — Deputy Commissioner

Distribution (by Agency preparing fiscal note):
- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

12/1/83

BILL SHEFFIELD
GOVERNOR

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

February 13, 1984

The Honorable Jalmar Kerttula
Alaska State Senate
Pouch V
Juneau, AK 99811

Dear Senator Kerttula:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill to extend the life of the current Alaska Statutes regarding recycling and reduction of litter, and making other minor amendments to those statutes. The amendments include requirements for degradable beverage packaging material sold in the state (secs. 5 and 8 of the bill).

The Litter Act (AS 46.06.010 -- 46.06.150) expires on July 1, 1984, leaving the state with no framework for an organized statewide program for reducing and ultimately preventing litter, and no state law prohibiting the use of nondegradable beverage packaging.

I believe all Alaskans would benefit by a three-year extension of this law, allowing the vital work of the Department of Environmental Conservation in reducing litter and preserving the unique environment of Alaska to continue. The division of legislative audit recommended extension of the Litter Act in its August 29, 1983 performance report prepared in compliance with sec. 4, ch. 149, SLA 1980.

Sincerely,

Bill Sheffield
Governor

AN ACT

Relating to the reduction of litter and the recovery of materials and energy from litter; and providing for an effective date.

CHAPTER 06. RECYCLING AND REDUCTION OF LITTER

Section

10. Powers and duties of the department
20. Annual report
30. Advisory Council
40. Public awareness; motivation
50. Litter receptacles and anti-litter symbol
60. Litter bags
70. Litter patrol

Section

80. Littering prohibited
90. Prohibited beverage containers
100. Notice to public
110. Enforcement authority
120. Grants
130. Conditions for grants
140. Federal requirements
150. Definitions

Effective date of chapter. Section 6, ch. 149, SLA 1980, makes this chapter effective July 1, 1980. Section 5, ch. 149, SLA 1980, provides: "This Act terminates July 1, 1984."

Editors note. As to intent of 1980 legislation enacting this chapter, see § 1, ch. 149, SLA 1980, in Temporary and Special Acts and Resolves.

LEGISLATIVE INTENT. (a) It is the intent of the legislature to encourage the recovery of resources from litter and maintain the natural environment of the state as nearly litter free as possible so that our cities, boroughs, rural regions, highways, roads, and recreational areas can be viewed and enjoyed by both present and future citizens and visitors in their finest scenic state, unblemished by litter.

(b) It is the belief of the legislature that the official encouragement and stimulation of private and public recovery of materials and energy from litter, through recycling centers and other means, will result in the recovery and reuse of major quantities of basic materials with accompanying significant conservation and savings of energy.

(c) It is the belief of the legislature that a litter-free environment is possible through enactment of a strong and well-balanced program of litter prevention, a program of public awareness designed to make littering an unacceptable practice in the minds of all citizens and visitors, and a program of public education with emphasis on younger people who are the future of the state.

(d) It is the intent of the legislature that appropriations made to finance the programs created under AS 46.06 enacted in this Act should be spent to encourage local solutions for the prevention of littering.

Sec. 46.06.010. POWERS AND DUTIES OF THE DEPARTMENT [Terminates July 1, 1984]. The department shall

(1) serve as the coordinating agency among the various government and private organizations in the state which are involved in litter control and reduction and the recovery of energy or materials from litter;

(2) assist local governments in the adoption and amendment of ordinances relating to litter control and reduction;

(3) encourage, organize and coordinate voluntary local information campaigns which seek to focus the attention of the public on the reduction of litter and the recovery of materials and energy from litter;

(4) encourage, organize and coordinate voluntary or nonprofit local programs for the recovery of materials or energy from litter;

(5) encourage federal, state and local agencies to aid programs for the recovery of materials and energy from litter by providing publicity which encourages those programs and by allowing the use of publicly owned land, buildings, or equipment for those programs whenever possible;

(6) investigate the availability of, apply for, receive, and expend grants, loans or other funds available from any source, and, if it is appropriate and feasible, accept nonmonetary assistance in form of services or equipment for use in programs established under this chapter;

(7) determine the types of materials or energy which may be profitably recovered from litter, and adopt regulations under the Administrative Procedure Act (AS 44.62) which require the recovery of the materials or energy;

(8) adopt other regulations under the Administrative Procedure Act (AS 44.62) necessary to implement this chapter; and

(9) develop methods for the measurement of litter in the state and encourage competition between municipalities to establish which municipality has the least litter. (§ 2 ch 149 SLA 1980)

Sec. 46.06.020. ANNUAL REPORT [Terminates July 1, 1984]. Not later than six months after the end of each fiscal year, the department shall prepare a detailed report describing and evaluating the actions taken and programs established under this chapter for submission to the governor and the legislature. The report must include

(1) the status and results of all grants made under this chapter;

(2) an evaluation of the progress achieved by litter control and reduction programs; and

(3) an evaluation of the resources and energy recovered from litter in the state. (§ 2 ch 149 SLA 1980)

Sec. 46.06.030. ADVISORY COUNCIL [Terminates July 1, 1984]. (a) There is created an advisory council to the department, which shall advise the department concerning the litter control and reduction, source separation and other programs for the recovery of energy and materials from litter under this chapter. The council may encourage the participation of industry, labor, municipalities, and the public in the programs administered by the department.

(b) The council consists of seven members appointed by the governor who are aware of and concerned with achieving the goals of this chapter. The members serve at the pleasure of the governor.

(c) The council shall meet annually, and may meet more frequently if necessary or desired. The members of the council serve without compensation but are entitled to per diem and travel expenses authorized by law for boards and commissions. (§ 2 ch 149 SLA 1980)

Sec. 46.06.040. PUBLIC AWARENESS; MOTIVATION [Terminates July 1, 1984]. The department shall establish, provide advice concerning, and coordinate programs designed to

(1) encourage the public to recover material and energy from litter;

(2) use existing, and develop new, techniques and programs to reduce litter and littering;

(3) encourage the public not to litter and to engage in cleanup efforts; and

(4) advise the public of the state's anti-litter laws and regulations and encourage enforcement of those laws and regulations. (§ 2 ch 149 SLA 1980)

Sec. 46.06.050. LITTER RECEPTACLES AND ANTI-LITTER SYMBOL [Terminates July 1, 1984]. (a) The department shall designate one or more types and sizes of litter receptacles for use in the state. The department shall make available for distribution throughout the state an anti-litter symbol of a uniform color and design adopted by the department. This anti-litter symbol must bear a statement of the penalties for littering, and the department shall design the anti-litter symbol so that it may be attached to litter receptacles. To aid public recognition and use of litter receptacles, the department may adopt an anti-litter symbol used in another state. The anti-litter symbol designed by the department must be attached to litter receptacles located in the public places of the state by the person or agency responsible for the placement of those receptacles.

(b) Litter receptacles designated for use in the state by the department shall be placed at public places in the state unless the public place is specifically exempted by regulations adopted by the commissioner under the Administrative Procedure Act (AS 44.62). The number of receptacles required to be placed in each public place shall be determined by a formula related to the need for those receptacles. The requirements of this subsection are satisfied by the use of a litter receptacle which was in use before July 1, 1980, if the anti-litter symbol of the state is attached to the receptacle.

(c) A person owning or operating a privately owned public place at which litter receptacles are required under (b) of this section shall place litter receptacles at the public place at his own expense.

(d) Compliance with this section requires proper upkeep, maintenance and repair of a litter receptacle sufficient to permit the receptacle to serve the function for which it was designed and to prevent the receptacle from becoming unsightly.

(e) Responsibility for the placement of litter receptacles at publicly owned public places and for the removal of litter from those litter receptacles remains with the municipality or other public agency performing litter removal. Removal of litter from litter receptacles placed at privately owned public places remains the responsibility of the owner or operator of the privately owned public place.

(f) A person may not damage, deface, abuse or misuse a litter receptacle not owned by him so as to interfere with its proper function or to detract from its appearance.

(g) A person may not deposit leaves, clippings, prunings, garden refuse or household waste materials in a litter receptacle unless he has the permission of the owner of that receptacle.

(h) Except as provided in (i) of this section, a person who violates the provisions of (b) - (g) of this section is guilty of a violation and in addition to the punishment imposed by AS 12.55.035(b)(5), the court may order a person who violates this section to gather and dispose of litter in an area and for a length of time determined by the court.

(i) If a municipality of the state adopts an ordinance which prohibits the same conduct prohibited by (b) - (g) of this section, a violation of (b) - (g) of this section which occurs in the municipality is punishable under the provisions of the municipal ordinance if the punishment imposed under the ordinance is equal to or greater than the punishment imposed by AS 12.55.035(b)(5). (§ 2 ch 149 SLA 1980)

Sec. 46.06.060. LITTER BAGS [Terminates July 1, 1984]. The department shall design and have produced a biodegradable litter bag bearing the state anti-litter symbol and a statement of the penalties for littering in the state. The department shall make litter bags available to the division of motor vehicles in the Department of Public Safety for this purpose. To the greatest extent practicable, the division of motor vehicles shall distribute one litter bag to each person who applies for registration or reregistration of his motor vehicle and shall notify the person of his responsibilities under the law. The department shall make litter bags available to all vessel owners and persons entering the state by automobile. The commissioner shall designate distribution points for the broadest possible distribution of litter bags to persons entering the state by automobile or vessel. (§ 2 ch 149 SLA 1980)

Sec. 46.060.070. LITTER PATROL [Terminates July 1, 1984]. (a) The department shall establish a youth litter patrol program for the employment of young people on a seasonal basis. The department shall cooperate with federal, state or municipal programs that either employ young people or encourage their

employment. The department may contract with other state agencies to provide administration and other support for the youth litter patrol established by this section.

(b) The department may adopt regulations under the Administrative Procedure Act (AS 44.62) which are necessary to implement this section. (§ 2 ch 149 SLA 1980)

Sec. 46.06.080. LITTERING PROHIBITED [Terminates July 1, 1984]. (a) A person may not throw, drop, deposit, discard or otherwise dispose of litter from a vehicle or otherwise, on public or private property in the state or in waters in the state or under state jurisdiction unless

(1) the property is designated by a state agency or municipality as a site for the sanitary disposal of garbage or refuse, and the person is authorized to use the site for that purpose; or

(2) litter is placed in a litter receptacle so that the litter is prevented from being carried away or deposited by the elements upon public or private property or waters in the state or under state jurisdiction.

(b) A vehicle may not be driven or moved on a public highway or right-of-way unless it is constructed, loaded or covered to prevent its load from dropping, sifting, leaking or otherwise escaping from the vehicle. This subsection does not apply to a vehicle used (1) to deposit salt or sand to secure traction, (2) by a public agency to clean or maintain highways, or (3) to transport agricultural, mining or timber products. A person who operates a vehicle from which an object has fallen or escaped which obstructs or endangers travel upon a public highway or right-of-way shall immediately remove the object at his own expense or pay the cost of removal incurred by the state or by a person.

(c) A person who violates this section is guilty of a class B misdemeanor, and in addition to the punishment imposed by AS 12.55.035(b)(4) and 12.55.135(b), the court may order the person to gather and dispose of litter in an area and for a length of time determined by the court. (§ 2 ch 149 SLA 1980)

Sec. 46.06.090. PROHIBITED BEVERAGE CONTAINERS [Terminates July 1, 1984]. (a) Beginnning October 1, 1981, a person may not sell or offer to sell a nonglass beverage container which is designed and constructed so that the container is opened by detaching a metal ring or tab. This section does not apply to a beverage container which is opened by a detachable piece of tape, foil, or other soft material.

(b) Beginning October 1, 1981, a person may not sell or offer to sell beverage containers which are held together by plastic rings or similar plastic devices which are not degradable.

(c) A person who violates this section is guilty of a violation. Each sale or offer to sell is a separate offense. (§ 2 ch 149 SLA 1980)

Sec. 46.06.100. NOTICE TO PUBLIC [Terminates July 1, 1984]. The penalties imposed for littering shall be posted along the public highways of the state, at visitor centers, at entrances to state parks and recreational areas, at public beaches, and other publicly owned public places the commissioner determines necessary to accomplish the purposes of this chapter. The state agency or municipality responsible for litter removal from a public place shall post the notice required by this section. (§ 2 ch 149 SLA 1980)

Sec. 46.06.110. ENFORCEMENT AUTHORITY [Terminates July 1, 1984]. (a) The following persons are authorized to enforce the provisions of this chapter:

(1) a state employee authorized by the commissioner; and

(2) a peace officer.

(b) The department shall prescribe a citation form which shall be used by all peace officers and persons in the state who are authorized to enforce the provisions of this chapter. (§ 2 ch 149 SLA 1980)

Sec. 46.06.120. GRANTS [Terminates July 1, 1984]. The department may make grants to state agencies, to municipalities, and to private organizations including nonprofit organizations for the establishment and operation of programs authorized under this chapter. A grant under this section may not exceed 18 months. A program qualifying for a grant under this section may include

(1) courses of instruction at, or the distribution of informative materials to, elementary and secondary schools;

(2) purchase and erection of roadside signs;

(3) organization and operation of litter removal activities conducted by municipalities, private organizations or service groups using volunteer help;

(4) a public information program to inform the public concerning the reduction of litter using the media including use of the electronic media;

(5) expansion of existing, and planning, design and construction of new, facilities for the recovery of materials and energy from litter;

(6) research and evaluation of markets for the materials and energy recovered from litter;

(7) advice and assistance, including information and consultation on available technology, operating procedures, organizational arrangements, markets for materials or energy obtained from litter, transportation alternatives, and publicity techniques;

(8) surveys by public agencies or recognized research organizations to assess the amount and composition of litter, and rates of littering;

(9) the purchase of litter receptacles;

(10) the creation or expansion of litter law enforcement programs;

(11) the initial purchase or lease of recycling equipment, the cost of operating that equipment, and the cost of storing and transporting materials before and after those materials are recycled. (§ 2 ch 149 SLA 1980)

Sec. 46.06.130. CONDITIONS FOR GRANTS [Terminates July 1, 1984]. (a) The department shall adopt regulations under the Administrative Procedure Act (AS 44.62) which establish

(1) eligibility requirements for applicants for a grant under AS 46.06.120;

(2) standards for the evaluation of proposals submitted by applicants for grants under AS 46.06.120; and

(3) other conditions for the receipt of a grant under AS 46.06.120 which are necessary to achieve the purposes of this chapter.

(b) The regulations adopted by the department under (a) of this section must meet the following criteria:

(1) if there is not enough money for grants to all eligible applicants, the following shall receive priority:

(A) a proposed program or project which most efficiently recovers materials or energy from litter;

(B) the proposed program or project which creates the greatest number of new jobs;

(2) the maximum amount for a single grant shall be established so that available money is distributed to a variety of programs;

(3) a grant may be made for new programs or for improvements to or additions to existing programs which were not previously financed by other existing resources of financing. (§ 2 ch 149 SLA 1980)

Sec. 46.06.140. FEDERAL REQUIREMENTS [Terminates July 1, 1984]. If a federal department or agency issues a formal ruling that a section of this chapter will prevent the state from receiving federal financial participation in a program or activity established under this chapter, the section does not apply to the extent that it causes the program or activity to lose federal funding. (§ ch 2 149 SLA 1980)

Sec. 46.06.150. DEFINITIONS [Terminates July 1, 1984]. In this chapter,

(1) "beverage container" means the individual, separate, sealed glass, metal or plastic bottle, can, jar or carton containing beer or other malt beverages or carbonated soft drinks, in liquid form;

(2) "commissioner" means the commissioner of environmental conservation;

(3) "department" means the Department of Environmental Conservation;

(4) "litter" means all waste materials susceptible to being dropped, deposited, discarded or otherwise disposed of upon property in the state or in waters under state jurisdiction; "litter" does not include the waste of the primary processes of mining or other extraction process, logging, sawmilling, farming or manufacturing;

(5) "litter bag" means a bag, sack or other container made of any material which is large enough and suitable to serve as a receptacle for litter inside a vehicle or vessel;

(6) "public place" means public or private property that is used or held out for use by the public, including but not limited to highways or other roads upon which vehicles are moved, parks, campgrounds, trailer parks, drive-in and fast food restaurants, gasoline service stations, parking lots for taverns, shopping centers and grocery stores and other parking lots which have a capacity for more than 50 vehicles, marinas, boat launching areas, boat moorage and fueling stations, public and private piers, beaches, bathing areas, school grounds, sporting event sites with seating capacity for more than 200 spectators, and business district sidewalks;

(7) "vehicle" means a mechanically driven device of any kind which is used for the transportation of a person or property on a public highway, trail or path;

(8) "vessel" means all descriptions of watercraft used or capable of being used as a means of transportation on the water. (§ 2 ch 149 SLA 1980)

* AS 11.46.488 and 19.17.010 are repealed.

STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

DEPT. OF ENVIRONMENTAL CONSERVATION

OFFICE OF THE COMMISSIONER
POUCH O, JUNEAU, ALASKA 99811

Telephone:(907)
Address:

465-2600

May 3, 1984

The Honorable John Ringstad
The Honorable Richard Shultz
Co-Chairmen, House Resources Committee
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Representatives Ringstad and Schultz:

I appreciate the opportunity to respond to the House Resources Committee's questions and suggestions on SB 500 and the Litter Reduction and Resource Recovery Program, brought up during the April 30 Committee hearing.

The intent of SB 500 is to reauthorize the Recycling and Reduction of Litter Act (AS 46.06), originally enacted by the Legislature in 1980, with a sunset date of July 1, 1984. According to the Division of Legislative Audit's August 29, 1983 performance review, the Litter Reduction and Resource Recovery Program has been successful in achieving the provisions of the Act. This review also recommended that the Act and the program be continued. Passage of SB 500 would authorize the program to continue to work toward a litter-free Alaska.

In response to the Committee's recommendation that prison inmates pick up litter, I am pleased to report that the Division of Corrections is planning to start up such a program for parolees in Anchorage. It is planned that residents of the Glennwood Center will start picking up litter in Anchorage within several weeks; this will be coordinated through the Municipality of Anchorage's Community Work Services Program. I have written to Commissioner Endell to encourage him to start up similar program for litter pickups by residents of other community regional centers and inmates of correctional institutions throughout the state.

In addition to these planned activities, there are several excellent programs already in place which supervise litter pickups by people involved in the criminal justice system. In the Fourth Judicial District,

primarily in Fairbanks, there is an effective litter enforcement program which includes litter pickup as an alternative sentence. Participants include not only litter violators, but also people who have committed other types of minor offenses. The longest sentence so far has been 45 days, 8 hours a day of litter pickup. In Anchorage, the Municipality's Community Work Services Program has been very successful in providing alternate ways of sentencing; 350 people have come through this program since its creation in 1983. During the warmer months, one of the main programs is to clean highways and parks in the Anchorage area. Over 100,000 pounds of litter have been picked up since the Community Work Services Program began. The litter crews consist not only of litter law violators but also people sentenced for other crimes such as shoplifting, DWI, and property destruction. They are under the direct supervision of Community Services staff who require quality work. I have enclosed a recent photo from the Anchorage Daily News showing one of the crews in action.

The Department of Law's Pre-trial Diversion Program in Juneau also has a successful progam of litter pickup by people involved in a minor crime or first-time offense. During 1983, 53 court-sentenced individuals in this program performed 1,659 hours of litter pickup. There are several other similar projects statewide, and my staff will continue to work closely to coordinate and encourage these commendable efforts.

We have also looked into the concern about the lack of litter receptacles on the Tok Cut-off Highway. Staff of the Department of Transportation and the Division of Parks informed us that litter barrels are placed and maintained at rest areas and turnouts from mid-May to mid-October. This is the time of major traffic along the highway. During the winter, traffic volume is quite low, and the litter barrels fill with snow and ice, as well as interfering with winter highway maintenance such as snow plowing. During the May 15 - October 15 season, litter barrels are placed and maintained at the following locations along the Tok Cut-off:

Mile 1	-	4 litter barrels
Mile 18	-	3-4 litter barrels
Mile 20	-	4 litter barrels
Mile 24	-	4 litter barrels
Mile 44.4	-	2-4 litter barrels
Mile 63.7	-	several litter barrels
Mile 75.5	-	3 litter barrels
Mile 89	-	2 litter barrels
Mile 90	-	2 litter barrels
Mile 109.3	-	several litter barrels

DEC field staff have been working with the Department of Transportation to encourage receptacle placement along the highways and will continue to monitor compliance of the litter receptacle regulations statewide.

Thank you again for the opportunity to respond. Since the Litter and Recycling Program was originally an idea and creation of the Alaska Legislature, the department is especially concerned to keep you informed on its progress. If my staff or I can provide any additional information, please let me know.

Sincerely,

Dick

Richard A. Neve'
Commissioner

RAN/SS/bs

cc: The Honorable Rick Uehling
The Honorable Charlie Bussell
The Honorable John J. Cowdery
The Honorable Peter Goll
The Honorable Ronald L. Larson
The Honorable John J. Liska
The Honorable Anthony Vaska

Anchorage Daily News Saturday, April 28, 1984

Anchorage Daily News/Paul Brown

Paying his dues

One member of a crew that consists of persons convicted of misdeamearnors was cleaning up the Seward Highway median Friday as part of a community service program. Today the crews will be working along the Glenn Highway.

RECE
MAY
DEPART
ENVIRONMENTAL

STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

DEPT. OF ENVIRONMENTAL CONSERVATION

OFFICE OF THE COMMISSIONER
POUCH O, JUNEAU, ALASKA 99811

Telephone: (907)
Address:
465-2600

May 3, 1984

The Honorable John Ringstad
The Honorable Richard Shultz
Co-Chairmen, House Resources Committee
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Representatives Ringstad and Schultz:

I appreciate the opportunity to respond to the House Resources Committee's questions and suggestions on SB 500 and the Litter Reduction and Resource Recovery Program, brought up during the April 30 Committee hearing.

The intent of SB 500 is to reauthorize the Recycling and Reduction of Litter Act (AS 46.06), originally enacted by the Legislature in 1980, with a sunset date of July 1, 1984. According to the Division of Legislative Audit's August 29, 1983 performance review, the Litter Reduction and Resource Recovery Program has been successful in achieving the provisions of the Act. This review also recommended that the Act and the program be continued. Passage of SB 500 would authorize the program to continue to work toward a litter-free Alaska.

In response to the Committee's recommendation that prison inmates pick up litter, I am pleased to report that the Division of Corrections is planning to start up such a program for parolees in Anchorage. It is planned that residents of the Glennwood Center will start picking up litter in Anchorage within several weeks; this will be coordinated through the Municipality of Anchorage's Community Work Services Program. I have written to Commissioner Endell to encourage him to start up similar program for litter pickups by residents of other community regional centers and inmates of correctional institutions throughout the state.

In addition to these planned activities, there are several excellent programs already in place which supervise litter pickups by people involved in the criminal justice system. In the Fourth Judicial District,

primarily in Fairbanks, there is an effective litter enforcement program which includes litter pickup as an alternative sentence. Participants include not only litter violators, but also people who have committed other types of minor offenses. The longest sentence so far has been 45 days, 8 hours a day of litter pickup. In Anchorage, the Municipality's Community Work Services Program has been very successful in providing alternate ways of sentencing; 350 people have come through this program since its creation in 1983. During the warmer months, one of the main programs is to clean highways and parks in the Anchorage area. Over 100,000 pounds of litter have been picked up since the Community Work Services Program began. The litter crews consist not only of litter law violators but also people sentenced for other crimes such as shoplifting, DWI, and property destruction. They are under the direct supervision of Community Services staff who require quality work. I have enclosed a recent photo from the Anchorage Daily News showing one of the crews in action.

The Department of Law's Pre-trial Diversion Program in Juneau also has a successful progam of litter pickup by people involved in a minor crime or first-time offense. During 1983, 53 court-sentenced individuals in this program performed 1,659 hours of litter pickup. There are several other similar projects statewide, and my staff will continue to work closely to coordinate and encourage these commendable efforts.

We have also looked into the concern about the lack of litter receptacles on the Tok Cut-off Highway. Staff of the Department of Transportation and the Division of Parks informed us that litter barrels are placed and maintained at rest areas and turnouts from mid-May to mid-October. This is the time of major traffic along the highway. During the winter, traffic volume is quite low, and the litter barrels fill with snow and ice, as well as interfering with winter highway maintenance such as snow plowing. During the May 15 - October 15 season, litter barrels are placed and maintained at the following locations along the Tok Cut-off:

Mile 1	-	4 litter barrels
Mile 18	-	3-4 litter barrels
Mile 20	-	4 litter barrels
Mile 24	-	4 litter barrels
Mile 44.4	-	2-4 litter barrels
Mile 63.7	-	several litter barrels
Mile 75.5	-	3 litter barrels
Mile 89	-	2 litter barrels
Mile 90	-	2 litter barrels
Mile 109.3	-	several litter barrels

DEC field staff have been working with the Department of Transportation to encourage receptacle placement along the highways and will continue to monitor compliance of the litter receptacle regulations statewide.

Thank you again for the opportunity to respond. Since the Litter and Recycling Program was originally an idea and creation of the Alaska Legislature, the department is especially concerned to keep you informed on its progress. If my staff or I can provide any additional information, please let me know.

Sincerely,

Dick

Richard A. Neve'
Commissioner

RAN/SS/bs

cc: The Honorable Rick Uehling
The Honorable Charlie Bussell
The Honorable John J. Cowdery
The Honorable Peter Goll
The Honorable Ronald L. Larson
The Honorable John J. Liska
The Honorable Anthony Vaska

Offered: 3/12/84
Referred: Rules

Pass Josephson 8:30 CS adopted 6/1/84 FILE COPY CHANGES

Original sponsor: Rules/Governor

1 IN THE SENATE BY THE STATE AFFAIRS COMMITTEE
2 CS FOR SENATE BILL NO. 500 (State Affairs) am
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 THIRTEENTH LEGISLATURE - SECOND SESSION
5 A BILL
6 For an Act entitled: "An Act relating to the reduction of litter and the
7 recovery of materials and energy from litter; and
8 providing for an effective date."
9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:
10 * Section 1. AS 46.06.010 is amended to read:
11 Sec. 46.06.010. POWERS AND DUTIES OF THE DEPARTMENT. The de-
12 partment shall
13 (1) serve as the coordinating agency among the various
14 government and private organizations in the state <u>that</u> [WHICH] are
15 involved in litter control and reduction and the recovery of energy or
16 materials from litter;
17 (2) assist local governments in the adoption and amendment
18 of ordinances relating to litter control and reduction;
19 (3) encourage, organize and coordinate voluntary local
20 information campaigns <u>that</u> [WHICH] seek to focus the attention of the
21 public on the reduction of litter and the recovery of materials and
22 energy from litter;
23 (4) encourage, organize and coordinate voluntary or non-
24 profit local programs for the recovery of materials or energy from
25 litter;
26 (5) encourage federal, state and local agencies to aid
27 programs for the recovery of materials and energy from litter by
28 providing publicity <u>that</u> [WHICH] encourages those programs and by
29 allowing the use of publicly owned land, buildings, or equipment for

1 those programs whenever possible;

2 (6) investigate the availability of, apply for, receive,
3 and expend grants, loans or other funds available from any source,
4 and, if it is appropriate and feasible, accept nonmonetary assistance
5 in the form of services or equipment for use in programs established
6 under this chapter;

7 (7) determine the types of materials or energy that [WHICH]
8 may be profitably recovered from litter, and adopt regulations under
9 the Administrative Procedure Act (AS 44.62) that [WHICH] require the
10 recovery of the materials or energy;

11 (8) adopt other regulations under the Administrative Proce-
12 dure Act (AS 44.62) necessary to implement this chapter; and

13 (9) develop methods for the measurement of litter in the
14 state, and encourage competition between municipalities to reduce
15 littering [ESTABLISH WHICH MUNICIPALITY HAS THE LEAST LITTER].

16 * Sec. 2. AS 46.06.050(a) is amended to read:

17 (a) The department ~~shall~~ may designate one or more types and sizes
18 of litter receptacles for use in the state. The department ~~shall~~ may
19 designate and make available for distribution throughout the state an
20 anti-litter symbol of a uniform color and design adopted by the de-
21 partment. This anti-litter symbol must bear a statement of the pen-
22 alties for littering [,] and must be designed [THE DEPARTMENT SHALL
23 DESIGN THE ANTI-LITTER SYMBOL] so that it may be attached to litter
24 receptacles. To aid public recognition and use of litter receptacles,
25 the department may adopt an anti-litter symbol used in another state.
26 The anti-litter symbol designated [DESIGNED] by the department ~~must~~ shall be
27 attached to litter receptacles located in the public places of the
28 state by the person or agency responsible for the placement of those
29 receptacles.

1 * Sec. 3. AS 46.06.060 is amended to read:

2 Sec. 46.06.060. LITTER BAGS. The department shall design and
3 have produced a [BIODEGRADABLE] litter bag bearing the state anti-
4 litter symbol and a statement of the penalties for littering in the
5 state. The department shall make litter bags available to the divi-
6 sion of motor vehicles in the Department of Public Safety for this
7 purpose. To the greatest extent practicable, the division of motor
8 vehicles shall distribute one litter bag to each person who applies
9 for registration or reregistration of a [HIS] motor vehicle and shall
10 notify the person of the person's [HIS] responsibilities under the
11 law. The department shall make litter bags available to all vehicle
12 and vessel operators [OWNERS AND PERSONS] entering the state [BY
13 AUTOMOBILE]. The commissioner shall designate distribution points for
14 the broadest possible distribution of litter bags to persons entering
15 the state by vehicle [AUTOMOBILE] or vessel.

16 * Sec. 4. AS 46.06.070(a) is amended to read:

17 (a) The department may [SHALL] establish a youth litter patrol
18 program for the employment of young people on a seasonal basis. The
19 department shall cooperate with federal, state or municipal programs
20 that either employ young people or encourage their employment. The
21 department may contract with other state agencies to provide admini-
22 stration and other support for the youth litter patrol established by
23 this section.

24 * Sec. 5. AS 46.06.090 is amended to read:

25 Sec. 46.06.090. PROHIBITED BEVERAGE CONTAINERS; PACKAGING RE-
26 QUIREMENTS. (a) Beginning October 1, 1981, a person may not sell or
27 offer to sell a nonglass beverage container that [WHICH] is designed
28 and constructed so that the container is opened by detaching a metal
29 ring or tab. This section does not apply to a beverage container that

1 [WHICH] is opened by a detachable piece of tape, foil, or other soft
2 material.
3 (b) Beginning January 1, 1985 [OCTOBER 1, 1981], a person may
4 not sell or offer to sell in this state beverage containers that
5 [WHICH] are held together by plastic rings or similar plastic devices
6 unless the rings or devices [WHICH] are [NOT] degradable and bear a
7 distinguishing mark ~~approved by~~ furnished to the department by the manufacturer. The department may
8 require test data that shows that the plastic rings or plastic devices
9 meet or exceed the department's standards of degradability.
10 (c) A person who violates this section is guilty of a violation.
11 Each sale or offer to sell is a separate offense.
12 * Sec. 6. AS 46.06.150(4) is amended to read:
13 (4) "litter" means all waste material including disposable
14 packages or containers disposed of in a manner prohibited by AS 46.-
15 06.080, but [MATERIALS SUSCEPTIBLE TO BEING DROPPED, DEPOSITED, DIS-
16 CARDED OR OTHERWISE DISPOSED OF UPON PROPERTY IN THE STATE OR IN
17 WATERS UNDER STATE JURISDICTION; "LITTER"] does not include the wastes
18 [WASTE] of the primary processes of mining [OR OTHER EXTRACTION PRO-
19 CESS], logging, sawmilling, farming or manufacturing;
20 * Sec. 7. AS 46.06.150(6) is amended to read:
21 (6) "public place" means public or private property that is
22 used or held out for use by the public, whether owned or operated by
23 public or private interests, including but not limited to highways or
24 other roads upon which vehicles are moved, parks, campgrounds, trailer
25 parks, drive-in and fast food restaurants, gasoline service stations,
26 parking lots for taverns, shopping centers and grocery stores and
27 other parking lots that [WHICH] have a capacity for more than 50 at end of list.
28 vehicles, marinas, boat launching areas, boat moorage and fueling
29 stations, public and private piers, beaches, bathing areas, school

1 grounds, sporting event sites with seating capacity for more than 200
2 spectators, and business district sidewalks;
3 * Sec. 8. AS 46.06.150 is amended by adding a new paragraph to read:
4 (9) "degradable" means a characteristic of a material that
5 allows the material to be broken down by biological, chemical, photo-
6 chemical, or other physical processes within two years upon exposure to the elements to a particle
7 size and chemical composition that may be assimilated harmlessly and
8 aesthetically into the environment without producing a residue or
9 by-product determined by the department to be hazardous.
10 * Sec. 9. Section 5, ch. 149, SLA 1980 is amended to read:
11 Sec. 5. TERMINATION. This Act is repealed [TERMINATES] July 1,
12 1987 [1984].
13 * Sec. 10. This Act takes effect July 1, 1984.

Alaska State Legislature

Senate Committee on State Affairs

Vic Fischer, Chair • Pouch V
Juneau, Alaska 99811
(907) 465-4954

Official Business

MEMORANDUM

TO: Senate State Affairs Committee

FROM: Senate State Affairs Committee Staff

RE: SB 500

DATE: March 8, 1984

SB 500 extends the life of the litter program in DEC for three more years. Without this extension, statutory authorization for the program will end on July 1 of this year.

The bill additionally makes clarifying amendments to the program.

DEC has proposed one further amendment to clear up possible confusion in Section 5.

A recent Legislative Budget & Audit Committee audit recommended continuation of the program.

Fiscal information

This bill has a zero fiscal note

Back-up information

Governor's transmittal letter
letter from Commissioner Neve' 2/23/84
position paper Dept. of Environmental /Conserv. 2/27/84
portions of Legislative Audit report 8/29/83

BILL SHEFFIELD
GOVERNOR

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

February 13, 1984

The Honorable Jalmar Kerttula
Alaska State Senate
Pouch V
Juneau, AK 99811

Dear Senator Kerttula:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill to extend the life of the current Alaska Statutes regarding recycling and reduction of litter, and making other minor amendments to those statutes. The amendments include requirements for degradable beverage packaging material sold in the state (secs. 5 and 8 of the bill).

The Litter Act (AS 46.06.010 -- 46.06.150) expires on July 1, 1984, leaving the state with no framework for an organized statewide program for reducing and ultimately preventing litter, and no state law prohibiting the use of nondegradable beverage packaging.

I believe all Alaskans would benefit by a three-year extension of this law, allowing the vital work of the Department of Environmental Conservation in reducing litter and preserving the unique environment of Alaska to continue. The division of legislative audit recommended extension of the Litter Act in its August 29, 1983 performance report prepared in compliance with sec. 4, ch. 149, SLA 1980.

Sincerely,

Bill Sheffield
Governor

Position Paper

Department of Environmental Conservation

Senate Bill 500

For an Act entitled "An Act relating to the reduction of litter and the recovery of materials and energy from litter; and providing for an effective date".

The Department of Environmental Conservation strongly urges passage of SB 500, reauthorizing the Recycling and Reduction of Litter Act (AS 46.06) which expires on July 1, 1984.

AS 46.06 provides the framework for a statewide program to reduce and ultimately prevent litter. The Act authorizes a wide range of projects to achieve a litter-free environment, including community relations, grants, youth patrols, public awareness, enforcement, litter receptacle requirements, distribution of litter bags, and the recycling of litter. The Act also prohibits littering, uncovered truckloads and nondegradable beverage packaging.

Many Alaskans consider litter to be the state's number one environmental problem. The litter/recycling program has strong support from the public and from industry. It has accomplished a great deal in its first three years. Grants were awarded to 36 organizations; "Spring Clean-ups" were held statewide, with 170 communities participating in 1982. The department distributed nearly 120,000 large litter bags for use in the 1982 cleanups. Also, many types of public awareness activities were undertaken to promote recycling and discourage littering, such as radio and television announcements, school curriculum development, and statewide proclamation of Spring Clean-up Month and Recycling Month. Public participation is a vital aspect of the litter/recycling program, and the program's advisory council provides an excellent forum for the public's concerns to be heard. The Litter Reduction and Resource Recovery Advisory Council, as citizen representatives of varied regions of Alaska, has provided invaluable direction to the program and demonstrated a strong commitment to litter reduction and recycling.

If the act were not reauthorized, the positive program activities described above would end. There would also be no statewide law specifically prohibiting littering, uncovered truckloads and nondegradable beverage packaging. It is probable that litter would increase, adversely affecting Alaskans and tourists alike.

Scientific surveys commissioned by the state indicate that during the three years of the litter/recycling program's existence, there has been an overall decrease in litter of appoximately 35%. Additionally, the Division of Legislative Audit recommended continuation of AS 46.06 in their August 29, 1983, performance report. Reenactment of this law will allow the department to continue its vital work in reducing litter and preserving our unique environment, to the benefit of all Alaskan residents and visitors.

SES/ne

for Richard A. Neve', Commissioner

2/27/84
Date

A PERFORMANCE REPORT ON THE LITTER REDUCTION AND RESOURCE RECOVERY PROGRAM

August 29, 1983

Audit Control Number

18-1115-83-R

Commissioner, Department of Environmental Conservation	Richard A. Neve'
Deputy Commissioner, Department of Environmental Conservation	Vacant

AUDIT DIVISION
POUCH W
JUNEAU, ALASKA 99811

THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE

August 29, 1983

Members of the
Legislative Budget and Audit Committee:

In accordance with the provisions of Title 24 of the Alaska Statutes and Chapter 149 of the Temporary and Special Acts, the attached report is submitted for your review.

A PERFORMANCE REPORT
ON THE
LITTER REDUCTION
AND RESOURCE RECOVERY PROGRAM

August 29, 1983

Gerald L. Wilkerson, CPA
Legislative Auditor
Division of Legislative Audit

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PURPOSE OF THE REPORT

In accordance with the provisions of Title 24 of the Alaska Statutes and Chapter 149 of the Temporary and Special Acts, an examination on the Litter Reduction and Resource Recovery Program was conducted to review program activities and accomplishments and determine if the Program has been operating in an effective, efficient, and economical manner.

As required by legislative intent, this report shall be considered during the legislative oversight function in determining whether the Recycling and Reduction of Litter Act should be continued. The law currently specifies that the Act will terminate on July 1, 1984.

ORGANIZATION AND FUNCTION

In 1980, legislation was adopted which established the State's Litter Reduction and Resource Recovery Program (LR/RR). It was the intent of the Legislature to "encourage the recovery of resources from litter and maintain the natural environment of the State as nearly litter free as possible so that our cities, boroughs, rural regions, highways, roads, and recreational areas can be viewed and enjoyed by both present and future citizens and visitors in their finest scenic state, unblemished by litter."

Alaska Statute 46.06 charges the Department of Environmental Conservation (DEC) with the responsibility of implementing the Recycling and Reduction of Litter Act. To enact the State's LR/RR, which was to include an emphasis on litter prevention, public awareness, and public education, as well as provide official encouragement and stimulation of private and public recovery of materials and energy from litter, DEC has performed a varied array of functions. These functions include, but are not limited to: the awarding of grants; the dissemination of litter bags; the design of an anti-litter symbol; the development of litter receptacle regulations; the enforcement of litter and prohibited beverage container laws; the preparation and release of information to the media; and the development of various publications promoting litter reduction and recycling, as well as providing suggestions and technical assistance to organizations and communities on how to operate projects related to litter reduction and resource recovery. For a summary of the Program's accomplishments to date see Appendix D.

In the past, LR/RR maintained seven fully funded positions. However, in Fiscal Year 1984, LR/RR has been reduced to one fully funded resource recovery specialist, one partially funded program coordinator within the Division of Environmental Quality Management, one partially funded public information officer within the Commissioner's office, one fully funded and two partially funded environmental field officers within the Division of Environmental Quality Operations. A Program organization chart is included in Appendix A.

The LR/RR Advisory Council to the Department of Environmental Conservation (DEC) consists of seven members appointed by the Governor. These members serve to advise DEC concerning litter control and reduction, source separation, and other programs for the recovery of energy and materials from litter. The Council currently consists of members from across the State who are associated with various organizations, industries, and municipalities. All members have a commitment to the reduction of litter and to the increase in recycling efforts in Alaska.

REPORT CONCLUSION

In our opinion, the Recycling and Reduction of Litter Act and LR/RR should be continued. Since the enactment of the statutory requirements, LR/RR has been active in providing organization, coordination, and encouragement for local governments and private organizations. In addition, LR/RR has been successful in achieving the provisions of the Act (see Appendix D).

Although LR/RR has met the provisions of the Act, we could not ascertain that the Program had done so in an efficient manner. The Program currently needs to improve its management structure (see Recommendation No. 1) and its management information system (see Recommendation No. 2). By doing so, they would establish a more efficient chain of command and a viable means of monitoring program activities.

LR/RR's Fiscal Year 1984 budget was reduced, which resulted in a reduction of Program personnel. LR/RR personnel will be reduced from seven fully funded positions, to two fully funded positions and four partially funded positions.

We believe with these reductions, it will be essential that one of the retained positions coordinate and organize the Program. The Program can be effective and efficient with reduced funding, if the work is well coordinated and organized.

This reduction would further increase the necessity for an efficient chain of command and workable management information system.

FINDINGS AND RECOMMENDATIONS

Recommendation No. 1

The Department of Environmental Conservation needs to improve their management structure for the Litter Reduction and Resource Recovery Program in order to provide a more efficient chain of command within the Program.

Currently, LR/RR has the following six fully and partially funded positions located in the section listed below:

Position	Location	Percentage Funded by LR/RR
Public Information Officer	Commissioner's office	50%
Litter Program Coordinator, Resource Recovery Development Specialist	Division of Environmental Quality Management	50% 100%
Three Field Officers	Division of Environmental Quality Operations	100% 75% 75%

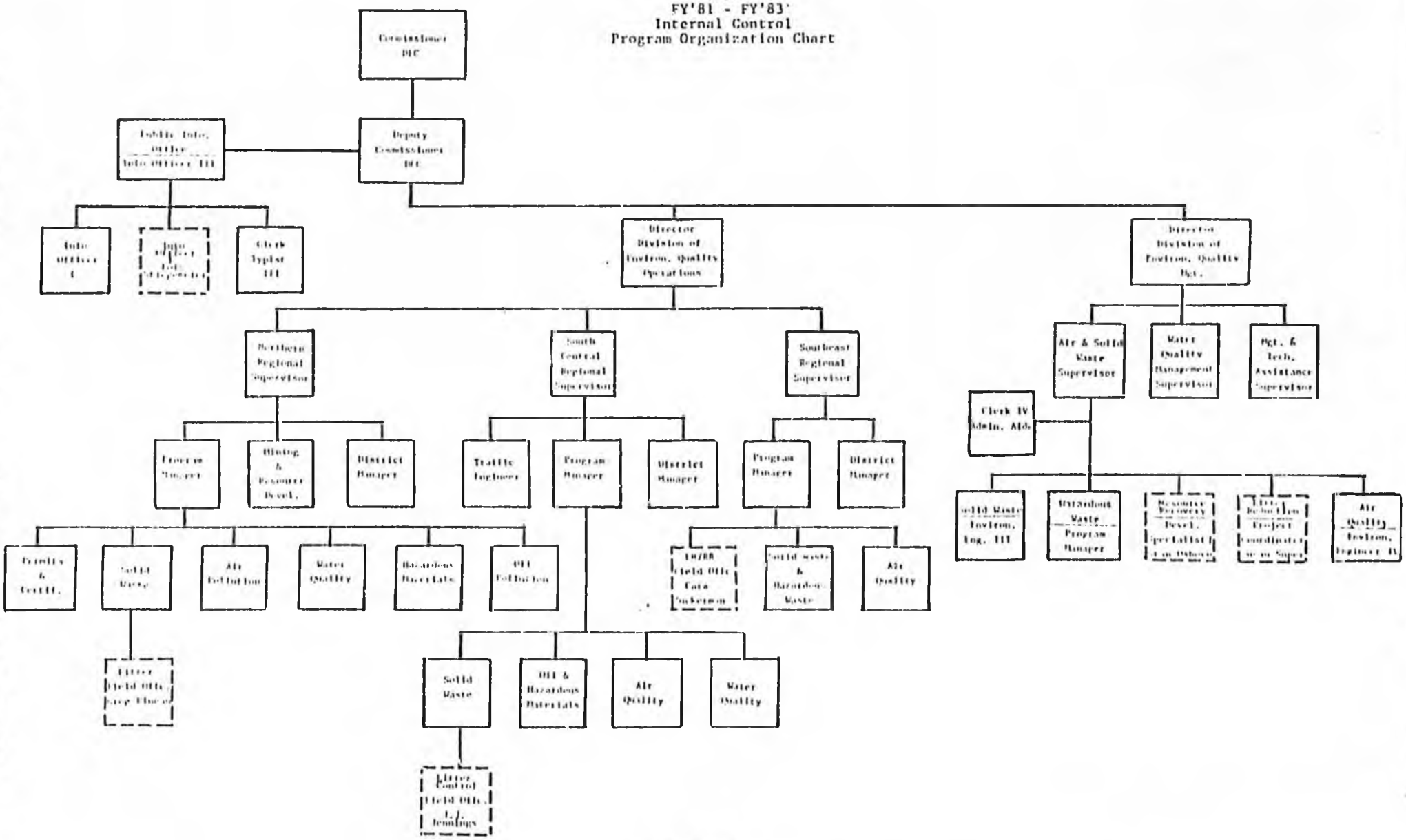
LR/RR personnel are currently directed and supervised by personnel within these agencies, none of LR/RR personnel are supervised or directed by other LR/RR personnel. As a result, the Program has not operated in a cohesive manner and a clear line of communication does not exist between the Program's personnel.

During our review, we noted that LR/RR personnel were required to work on projects other than LR/RR projects, occasionally field officers were making policy decisions without management involvement, and the Program's personnel were not always directing their time towards LR/RR projects. The Program might have had difficulties achieving the prescribed goals and objectives, had it not been for the professional attitude and overall commitment to the Program by the Department's personnel.

The Fiscal Year 1984 budget has reduced Program personnel from seven fully funded positions to two fully funded positions and four partially funded positions. Personnel filling the partially funded positions would be required to spend a portion of their time working on projects not related to LR/RR. This reduction may further reduce coordination and communication within the Program.

APPENDIX A

Department of
Environmental Conservation
LRRA
FY'81 - FY'83
Internal Control
Program Organization Chart



APPENDIX B

PROGRAM GRANTS
GRANTEES FOR FISCAL YEAR 1981

Grantees	Amount of Grant	Purpose
Juneau Aluminum Waste Station	$ [illegible]	To fund a shed for recycling equipment and operations.
Boy Scouts of America, Ketchikan	2,500	To fund a storage shed for aluminum recycling activities.
City of Ketchikan	11,577	To provide mini-grants to local nonprofit organizations for youth litter patrols.
City of Kodiak	4,912	To purchase litter receptacles, dumsters, and launch a public awareness campaign.
Matanuska - Susitna Borough	10,597	To place litter receptacles, remove litter in recreational areas with special litter problems, provide bins for recyclables at landfill and conduct public awareness for recycling.
City of Barrow	14,550	To establish an aluminum recycling center at a local teen club.
Campfire, Chugach Council	13,000	To conduct youth litter patrols and provide anti-litter and recycling educational programs in rural villages.
City of Haines	11,000	To provide mini-grants to local organizations for litter patrols, awareness programs in schools, aluminum recycling, and removal of junk autos.
Homer Chamber of Commerce	10,636	To establish a youth litter and recycling crew.
City of Nome	11,713	To fund a youth litter and recycling crew.
City of Noorvik	8,642	To stimulate awareness of litter reduction and recycling among village youth by offering prizes for litter collection and recycling; to rid village of junk equipment, and to buy an aluminum crusher.
North Star Aluminum Recycling	13,000	To fund a small scale aluminum smelter.
Pelican Youth Tacs Aluminum Recycling Committee	2,446	To purchase recycling equipment and a storage shed in order to start a recycling program.
Polar Foam Insulation	2,100	To fund newspaper drop-off boxes for public use.
Sitka Conservation Society	6,000	To purchase an aluminum can crusher for an existing recycling program.
Takotna Village Council	4,207	To fund a supervised youth litter patrol.
Tenakee Springs Volunteer Fire Department	1,600	To purchase an aluminum can crusher for an existing recycling program.
Tri-Me Teen Club	7,000	To hire teens to collect recyclables from homes and businesses and to fund a vehicle to assist the effort.
FY'81 Grant Total	[illegible]	

Note: This information was obtained from the [illegible] 1981 Annual Report and was not verified in all cases.

APPENDIX C

PROGRAM GRANTS
GRANTEES FOR FISCAL YEAR 1981

Grantees	Amount of Grant	Purpose
City of Alakanuk	$ 7,500	To promote litter reduction, litter receptacles and public awareness of litter.
Alaska Recyclers Association	14,500	To provide funds for a workshop, newsletter, and startup costs.
City of Anderson	9,955	To promote litter reduction, provide anti-litter signs, and promote public awareness through schools.
Cackling Goose Productions	8,000	To produce the anti-litter puppet show to be distributed Statewide on videotape through schools and LEARN television network.
Jim Churen Scrap Metals	14,230	Sweat furnace enabling recycling of irony aluminum in Southeast Alaska.
City of Craig	3,500	Recycling center servicing Prince of Wales Island.
City of Fort Yukon	3,974	To provide youth litter corps, recycling, and public awareness.
City of Galena	6,505	To aid in litter reduction, recycling, public awareness and youth involvement.
Juneau Aluminum Waste Station	8,000	To provide a shelter for a recycling operation.
Kenny Lake Community League	9,991	To provide youth litter and recycling patrols, signs, receptacles and to promote public awareness.
Kotzebue Teen Center	14,400	To promote litter reduction, establish a recycling center and promote community involvement.
McQueen School	8,600	To provide youth litter patrols, recycling community cleanups and promote public awareness.
Ninilchik Chamber of Commerce	2,000	To promote litter reduction and recycling and purchase signs and receptacles.
Northern Institute and Seward Youth Employment Service	15,000	To provide youth litter patrols for the Seward area, cleanup bags, and litter receptacles.
Skagway Recycling	7,000	To establish a recycling center and promote public awareness.
Telida Village Council	3,995	To establish a youth litter patrol, village cleanup, and promote public awareness.
Thermo Kool of Alaska, Inc.	8,000	To purchase equipment for newspaper and cardboard recycling.
City of Wrangell	6,000	To promote community cleanup, expand recycling effort, and promote public awareness.
FY'82 Grant Total	$156,[illegible]	

Note: This information was obtained from the [illegible] Annual Report and was not verified in all cases.

APPENDIX D

PROGRAM ACCOMPLISHMENTS

Provisions of the Recycling and Reduction of Litter Laws AS 46.06.010-.150	Accomplishments
A. The Department shall coordinate various government and private organizations in the State which are involved in litter control, litter reduction, and the recovery of energy or materials from litter as well as to encourage the public not to litter and to engage in cleanup efforts.	A. The DEC Program has expanded to reach more people. The number of annual spring cleanups have increased since the Program's inception. 1980: 25 communities, 57,500 bags distributed 1981: 53 communities, 101,000 bags distributed 1982: 170 communities, 116,000 bags distributed DEC has gained support for litter control and resource recovery from interested businesses and organizations such as: a. SOHIO Alaska Petroleum Company and Pepsi-Cola Bottling Company provide patches and buttons as cleanup incentive. Estimated contribution is $5000 each. b. The Alaskans for Litter Prevention and Recycling have raised nearly $108,000 to help fund projects affected by DEC budget cuts. c. The Alaska Municipal League provided funding for a new PSA on the problem of uncovered truck loads. d. Several companies offer reduced or free backhaul rates for shipping aluminum for recycling. Among those are MARALCO, Arctic Lighterage, Pacific Alaska Lines, Air North, Blackstock's Services, Valentine Transportation, Foss Alaska Lines, and Alaska Outport. e. Other State agencies have cooperated with DEC on the Program.
B. The Department shall establish methods for the measurement of litter in the State and encourage competition between municipalities to establish which municipality has the least litter.	B. DEC has completed the first two phases of a three part litter survey which establishes the Program's baseline data and indicated interim progress. Program personnel use the litter survey information as a guide to develop litter reduction strategies. Program personnel have also organized two awards banquets to honor the individuals, organizations, or municipalities who have conducted outstanding litter reduction or resource recovery projects.
C The Department shall prepare a detailed annual report describing and evaluating the actions taken and the programs established under AS-46.06 for the submission to the Governor and the Legislature.	C. The Program has completed three annual reports to date. The first in April, 1981, the second in January, 1982 and the third in April, 1983.
D. An advisory council shall be created to advise the Department concerning litter control, litter reduction, source separation and other programs for the recovery of energy. The council will consist of seven members appointed by the Governor. The members of the Council shall meet at least on an annual basis.	D. An advisory council has been formed and has met six times.

Note: The information provided above was obtained from LR/SR personnel. Although we were not able to verify each accomplishment or all aspects of those accomplishments, the results of our field work gave us little reason to doubt these accomplishments.

APPENDIX D (cont'd)

Provisions of the Recycling and Reduction of Litter Laws AS [illegible]	Accomplishments
H. The Department shall design and produce a biodegradable litter bag bearing the State's litter symbol and a statement of the penalties for littering in the State. The Department shall make litter bags available to the Division of Motor Vehicles, Department of Public Safety. The Division of Motor Vehicles shall distribute bags to individuals who apply for registration or reregistration of their motor vehicle and shall notify the individuals of their responsibility under the law.	H. The Program has developed and distributes both large trash bags and vehicle litter bags.
I. The Department shall determine the types of materials or energy which may be profitably recovered from litter and adopt regulations under the Administrative Procedures Act which require their recovery. In addition, they shall encourage, organize, and coordinate voluntary or nonprofit local programs for the recovery of recyclable materials.	I. The Program convinced industry to use all aluminum beverage can in Alaska. The Program also increased involvement and support by industry in Alaska's recycling effort. In addition, the Program provided technical assistance to people and agencies throughout the State. The Program was instrumental in the formation of the Alaska Recyclers' Association. Since the inception of the Program, the number of recyclers in the State has increased from 28 to 80. As a result, recycling of most materials have increased significantly with the growth of the Program:

Figures Given in Tons

Material	1980	1981	1982
Aluminum	597	694*	3,810
Batteries	-	694*	1,686
Newspaper	232	1,300	2,395
Non ferrous metals	-	414	2,199
Junk autos	-	21,312	14,271
Other ferrous metals	-	4,626	2,225
Computer paper	249	250	500
Tab cards	94	60	120
Ledger paper	-	10	11
Corrugated Cardboard	1,353	1,619	1,051

* These figures may be low since not all recyclers reported.

J. The Department shall investigate the availability of, apply for, receive and expend grants, loans, or other funds available from any source. If appropriate and feasible, the Program may accept nonmonetary assistance in the form of services or equipment for use in Program projects.	J. No accomplishments noted.
K. The Department may make grants to State agencies, municipalities, and private organizations for the establishment and operation of litter reduction or recycling projects.	K. The Program developed a grant program and has funded 26 litter and recycling grants totalling $285,100.

Note: The information provided above was obtained from LR/RR personnel. Although we were not able to verify each accomplishment or all aspects of those accomplishments, the results of our field work gave us little reason to doubt these accomplishments.

APPENDIX E

PROGRAM FUNDING
(See Note 1)

	FY'81	FY'82	FY'83	FY'84
Personal Services	$150,100	$311,700	$294,300	$141,000
Educational	-0	-0-	-0-	150,000
Grants	131,000	147,100	-0-	-0-
Contractual	125,000	137,400	86,200	42,700
Other	93,900	125,300	103,500	21,600
Total Authorized	$500,000	$721,500	$484,000	$355,300

Note 1: This information was provided by Litter Reduction and Resource Recovery personnel and was not verified in all cases. The amounts per the contractual line includes funding for telephone services, advertising, rentals, and professional fees. The amounts per the other line include totals for travel, commodities, and equipment expenditures. The funding for Fiscal Years 1981 through 1983 was for seven fully funded positions.

BILL SHEFFIELD, GOVERNOR

DEPT. OF ENVIRONMENTAL CONSERVATION

Telephone (907) 465-2600
Address: Pouch O
Juneau 99811

October 17, 1983

RECEIVED
OCT 17 1983
LEGISLATIVE
AUDIT

Gerald L. Wilkerson, CPA
Legislative Budget and Audit
Division of Legislative Audit
Pouch W
Juneau, Alaska 99811

Dear Mr. Wilkerson:

Re: Preliminary Audit Report, August 29, 1983
Department of Environmental Conservation
Litter Reduction and Resource Recovery Program

I have reviewed your preliminary audit report on the performance review of the Litter Reduction and Resource Recovery Program, and appreciate the opportunity to respond to your findings.

The Department of Environmental Conservation concurs that the Litter Reduction and Resource Recovery Program has been successful in achieving the provisions of the Recycling and Reduction of Litter Act, and that the Act should be continued. My responses to your specific recommendations are as follows:

Recommendation No. 1

The Department of Environmental Conservation needs to improve their management structure for the Litter Reduction and Resource Recovery Program in order to provide a more efficient chain of command within the Program.

The department understands the basis for this recommendation. Reviewing the department's management structure to most efficiently meet our goals and objectives is an ongoing process. Giving a single manager authority over any program is one of the options we are considering. However, the department has found, in virtually all our programs, that many of the tasks involving implementation of program goals and objectives are best done at the regional or local level, and that regional staff must often act and make decisions relatively independently. We agree that communication and coordination within the program are the keys to efficiently achieve our goals and objectives, but are not prepared at this time to implement a major organizational change which would cause the structure of the LR/RR Program to differ with the DEC program regionalized organization.

SCR

19

Alaska State Legislature

Senate Committee on State Affairs

Vic Fischer, Chair • Pouch V
Juneau, Alaska 99811
(907) 465-4954

Official Business

MEMORANDUM

TO: Rep. John Ringstad and Richard Shultz
Co-Chairs, House Resources Committee

FROM: Senator Vic Fischer

DATE: February 28, 1984

RE: SCR 19

SCR 19, a resolution urging the Governor to establish a statewide trails system, is currently before the House Resources Committee.

I would greatly appreciate it if you could schedule the bill for hearing before the committee at your convenience.

Attached is back-up material for committee members. Please let me know if additional material is required.

Thanks.

/gb

Alaska State Legislature

Senate Committee on State Affairs

Vic Fischer, Chair • Pouch V
Juneau, Alaska 99811
(907) 465-4954

Official Business

February 28, 1984

TO: Members, House Resources Committee

FROM: Senator Vic Fischer

Re: SCR 19 - establishing a statewide trails system

In 1981, I introduced SB 189, legislation that would have created a statewide system of recretional and scenic trails. I reintroduced basically the same bill in 1983 in the form of SB 9.

Before the Senate Resources committee hearing on SB 9, I met with personal from the Division of Parks, DOTPF, and Senator Fahrenkamps's staff. Those meetings illustrated some major problems with the bill including:

- the state has no comprehensive policy towards trails, in fact, no one is responsible for planning and developing such a policy

- if trails are administered through the Division of Parks they are parks, with all the restrictions associated with parks that may not be applicable to trails

- the Division of Land and Water Management has, in the past, inadvertently included the rights of way for historical, and recreational trails in land disposals. While they are getting much better, lack of adequate surveying and funding to identify and preserve rights-of-way remains a problem

- most of Alaska's major trails cross a mixture of public and private land. How can we preserve and maintain a statewide trail that crosses federal, state, municipal, borough, native, and other privately owned land as an integral unit?

- many of Alaska's trails are used primarily for transportation with recreation use second. Historical trails particularly may be the only access to mining claims and homesteads

- DOTPF is responsible for planning and construction involving transportation corridors. But what about trailheads, recreational trails, water crossings and campsites associated with transportation corridors and recreational trails?

- who, therefore, is the most appropriate agency to administer and plan for trails. How can we assure coordination between agencies in developing and preserving trails?

It became apparent to me that SB 9 may have been premature in that the Govorner should have the opportunity first to provide for interagency coordination in planning and managing statewide trails before such management is "cast in concrete" through legislation.

SCR 19 is an attempt to allow the Governor the freedom to pursue interagency coordination with guidelines set by the legislature as to what we believe a statewide trails system should encompass.

SGR 19 is modeled after SB 9. It asks the Governor to direct appropriate state agencies to develop a plan for a comprehensive statewide system of trails that will

- provide for standards, procedures, and management guidelines for designating trails within the system

- provide access to areas of historical, natural, or recreational interest

- protect and enhance the use and enjoyment of publicly owned land and resources by the public

- protect existing trails now in public ownership and access from loss to the public

- propose a state and local government capital improvement plan which includes inter-agency coordination and cooperation in the design, development and management of a statewide system of trails

Further, SCR 19 requests the Governor to make a report to the legislature on the development and implementation of a statewide trails system plan, including recommendations to the legislature for statutory changes.

This section of the resolution, page 2, lines 28 and 29, will have to be amended in the House as they call for the Governor to report to this session of the legislature. The section obviously reflects a bit of wishful thinking on my part, as I anticipated early passage of this resolution last year.

SCR 19 passed the Senate unanimously in the last weeks of the 1983 session. I hope it finds such favor in the House and I thank you for consideration of the resolution in committee.

/gb

Alaska State Legislature

Senate Committee on State Affairs

Vic Fischer, Chairman • 1024 W. 6th Ave., Suite 204 C,
Anchorage, Alaska 99501
(907) 278-3654

Official Business

November 15, 1983

Honorable William Sheffield
Governor, State of Alaska
Pouch A
Juneau, Alaska 99811

Dear Bill:

I am writing to urge your help in initiating efforts to establish a statewide system of trails, trail-heads, and waterways.

Alaska's vast statewide system of historical and recreational trails has been largely ignored by past administrations. In spite of this, the demand for trail oriented recreation experiences in Alaska has grown phenomenally. With tourism rapidly becoming Alaska's most vital industry short of oil development, it's unlikely this pressure will diminish.

Although the benefits of establishing a comprehensive trails system are obvious and compelling - tourism development, increased recreation opportunities, national and historical interest, expanding state transportation links, connecting existing parks and tourist facilities with local government recreation areas - the potential has never been realized. Alaska will need your direct help and intervention to assure that this resource lives up to it's full promise.

Currently Alaska has no policy or program to identify and catalog known trails, to coordinate efforts in managing and preserving them or, indeed, any overall strategy that recognizes the economic, historic, and recreation potential of trails or encourages their development.

Instead, the state has exacerbated the problem considerably in the last few years by inadvertently including trails in land disposals, failing to acquire rights-of-way, and developing settlements and transportation corridors in conflict with existing historical trails.

While the benefits are clear, we should also weigh the costs of doing nothing. The list of known state trails reads like the pages of Alaska's history book: Iditarod, Chilkoot, Resurrection Pass, Eagle Summit. Many of these will quickly become history lost without your intervention.

I have enclosed a copy of SCR19 - a resolution basically urging the same action I'm urging through this letter. SCR 19 passed the Senate unanimously last year and is currently in the House Resources Committee. While I anticipate no problems with it's final passage, I'd rather not pursue a legislative solution for what may require simple executive action.

Since first introducing legislation in 1981 to establish a trails system, I've had the opportunity to attend several public hearings/teleconferences where overwhelming support was voiced from constituents, recreation enthusiasts, Alaska's historical community, tourists, and citizens generally interested in parks and recreation issues.

While that statewide support and enthusiasm has not diminished, when it came to the "nuts and bolts" of drafting the bill, serious policy considerations and problems became apparent. These problems should be thoroughly considered by the Governor and pertinent state agencies in order to decide what subsequent action, if any, should be pursued. Among the issues that concern me are:

- The state has no policy towards trails and no state agency is responsible for planning and developing a policy. In this case, the buck hasn't stopped anywhere - it never got started in the first place.

- In the absence of a state policy, plan, or system for surveying, identifying and designating trails, we are continuously and forever loosing patents, rights-of-ways and ownership/management authority of state owned trails.

- Which is the most appropriate agency to administer and plan for trails? How can we assure coordination between agencies in identifying, cataloging, developing and preserving trails, trail heads and associated waterways? Can we have joint management or at least a coordinated agreement between state agencies dealing with trails that could include joint management agreements with local governments?

- Many of Alaska's trails, particularly historical ones, were created and used primarily for transportation, specifically mining operations, with recreation as a "second" use. How can we administer trails as "parks" and still allow adequate access and use as transportation corridors?

- If trails are administered through the Division of Parks they are parks, with all the perhaps unwanted or inappropriate restrictions associated with parks that may not be applicable to trails. If trails are to be administered as "long, skinny parks," how can we dilute park restrictions without also diluting the Division's authority to protect established units?

- Finally, can an "in-house" coordinated effort adequately establish and preserve a comprehensive statewide trails system without creating a new agency or authority, reams of regulations and red tape, and subsequent increased budget demands? Can the administration at least assure that the most immediate and pressing problems - acquiring rights-of-way that are about to be lost and not disposing of or endangering existing state owned trails - are taken care of while it plans for longer term considerations?

Bill, I have faith that the new energy and direction of your administration can be applied here. You have the people, the brains, and the commitment to see that Alaska's history, long with our growing recreation and tourism industry, is enhanced and encouraged by a nationally recognized trails system stretching from Ketchikan to Barrow.

What we need here is a fresh look, a businessman's perspective, and a decision to do what to be needs done. I'll help in any way I can.

Best regards,

Senator Vic Fischer

cc: Dan Casey, Commissioner of DOTPF
Esther Wunnike, Commissioner DNR
Tom Hawkins, Division of Lands
Neil Johannsen, Division of Parks

/gb

SJR

5

Senator Vic Fischer
Alaska State Legislature
Pouch V • Juneau, Alaska 99811 • (907) 465-4954

MEMORANDUM

TO: Members, Senate Finance Committee

FROM: Senator Vic Fischer

DATE: April 22, 1983

SUBJ: State CZM Budget and Federal OCS Revenue Sharing

Concerned about potential effects of pending coastal zone management program cuts on prospective federal-state-local sharing of outer continental revenue sharing, I asked the state's Washington office to check into the matter. The response is attached.

The way things look now, the state stands to receive $20-40 million under pending legislation. Between 50 and 90 percent of these funds, or $10 to $36 million, would depend on maintaining federal approval of Alaska's Coastal Management Program (ACMP).

At least 30 percent of the state's share must be passed through to local coastal communities. Loss of federal approval of ACMP could cost these communities between $3 and $12 million.

There are several factors which determine maintaining federal approvability. Among the more substantial ones are: maintaining an Office of Coastal Management (OCM) and a Coordinator on for OCM (or changing the Alaska Statute which which requires this); providing adequate and visible support for the Alaska Coastal Policy Council; ensuring that State agency actions in the State's coastal areas are processed uniformly and are consistent with the ACMP; maintaining a single contact entity (or process) to perform the federal consistency function; and continuing progress in the development and approval of local programs. Of course, state budgetary actions are one way to measure the state's performance and commitment in these areas, particularly if existing federal grant funds are used to pay for some or all of these tasks.

I suggest that we take another look at page 111 in the DC&RA budget and make sure the state and communities don't lose millions of dollars in the long run by cutting out Coastal Policy Council staff and administrative support.

cc: Representative Al Adams, Chairman House Finance

Attachments

AGO 886921

Bill aimed at sharing feds' profits

Coastal states would benefit from offshore oil development

WASHINGTON (AP) — Legislation requiring the federal government to share its revenues from oil and gas development on the outer continental shelf with coastal states was approved by the Senate Commerce Committee today.

Under the bill introduced by Sens. Ted Stevens and Frank Murkowski of Alaska, 5 percent of such federal revenues would be earmarked for sharing with coastal states.

Before approving the bill, the committee placed a 15 percent limit on the amount of funds any one state could receive from the total amount of federal money distributed.

Thirty percent of the amount each state received would have to go to local coastal communities most affected by offshore oil and gas development.

Stevens said the provision was necessary to assure local communities that they will receive a portion of revenues from offshore development.

"Offshore development will continue to be delayed by lawsuits until the local people most affected are assured that they will have the funds to help offset the impact of this development," Stevens said.

"I would love to have members of this committee come to my state. You'd see communities where there are no roads, no docks, no facilities to handle population increases, and yet these villages could be 50 miles from one of the largest offshore petroleum deposits in the world."

Under current law, the federal government retains all revenues received from offshore hydrocarbon activities, although it does share revenues from mineral extraction on onshore federal lands.

The Stevens-Murkowski bill would allow the states to use the federal revenues for fisheries and and ocean research, coastal management and conservation, roads, schools, ports and other facilities to support offshore development.

AGO 886922

Alaska State Legislature

BETTYE FAHRENKAMP, Chairman
ROBERT H. ZIEGLER, SR., Vice Chairman
DICK ELIASON
PAUL FISCHER
VIC FISCHER
BOB MULCAHY
ARLISS STURGULEWSKI

POUCH V
STATE CAPITAL
JUNEAU, ALASKA 99811
(907) 465-3834
(907) 465-3835

Senate

Committee on Resources

TO: Senate Resources Committee Members

FROM: Senate Resources Committee Staff

RE: SJR 5, Relating to revenue sharing from Outer Continental Shelf oil and gas development.

DATE: April 26, 1983

The prospects of new federal legislation governing revenue sharing from development of the Outer Continental Shelf seem bright at the present time. The principal persons dealing with this issue, Senator Stevens and Senator Hollings of South Carolina, have reached a tentative agreement on this issue. This agreement would provide that 30% of the state's share of OCS revenue would be a direct pass-through to local governments. The State of Alaska would receive between $20-40 million depending on the total revenue generated under outer continental oil and gas development.

SJR 5 expresses the support of the Legislature for the direct pass-through funding system and for the direct use of these funds by the local governmental unit. The Department of Community and Regional Affairs has expressed support for this concept (see position paper dated February 4, 1983).

AGO 886923

BILL SHEFFIELD
GOVERNOR

STATE OF ALASKA
OFFICE OF THE GOVERNOR
WASHINGTON, D.C.

March 23, 1983

TO: THE HONORABLE BILL SHEFFIELD
Governor of the State of Alaska

THROUGH: JOHN W. KATZ
Director State/Federal Relations
& Special Counsel to the Governor

FROM: BILL ROSS
Policy Analyst

SUBJECT: Informational Paper on OCS-Revenue Sharing

On March 11, 1983 Senator Stevens and Murkowski introduced S.800 a bill which would share a small portion of federal Outer Continental Shelf oil and gas revenues with coastal states and territories. Although legislation such as this faces a rough and uncertain road to final enactment, the introduction of S.800 is a major step forward.

The salient features of S.800 are:
(1) 5% of all OCS bonus and royalty revenues are to be shared in the form of block grants with coastal states and territories starting in federal FY 84. (Estimated total amount of grants is $500 million yearly.)
(2) All coastal states are to share in the revenues - including the Great Lakes states.
(3) The Fund is not subject to the annual appropriation process - all proceeds are to be shared directly with states yearly.
(4) Each state's share is determined by this formula:
(A) 1.5% off the top to each state with a federally approved Coastal Zone Management Program. (Alaska's was approved in 1979.)
(B) The remaining funds (about 65%) are distributed accordingly - 50% oil and gas impact=
25% actual production
25% leasing activity
35% coastal population / Only states with
15% coastal population /approved CZM programs eligible for these funds.
There is a sliding scale, "progressive" cap on any one state's share of the Fund. Alaska's share is reduced by about 1% of the Fund by this cap, to 8% of the fund or $40 million yearly.
(5) States must submit reports specifying the planned use of the funds. Some money must be spent in <u>each</u> of the following categories, with states determining the actual amounts:

AGO 886924

(A) living marine resources, including fisheries;
(B) coastal management planning and implementation;
(C) assessment and mitigation of OCS impact;
(D) long range coastal and ocean research and education; and
(E) coastal infrastructure necessitated by OCS activity.

(6) At least 40% of any state's block grant must be provided to local coastal governments.

(7) States are subject to a post grant audit to ensure funds are spent properly.

(8) A "National Coastal Resources Research and Development Institute" is established in Oregon and will receive 1% of the fund.

Hearings were held Thursday, March 17, in an attempt to move the bill quickly. Senator Hollings (D) (S.C.) introduced his bill on March 22. The delay of Holling's introduction has introduced confusion and a regrettable sense of partisan politics into this affair. Ability to work out differences quickly will be critical if OCS revenue sharing is to have a chance this year in the Senate. The major differences are that Hollings wants the amount to be granted to States from the fund to undergo the annual appropriations process (#3 above), and he would set specific percentages of a state's share (earmarking) that would have to be spent on eligible activities or uses (#5 above), such as coastal zone management. The latter issue is particularly contentious, since earmarking is what the Administration grumbles most loudly about while testifying against OCS revenue sharing.

This office has been working closely with Senate staff and the Coastal States Organization (CSO) to move the legislation forward. CSO testified March 17 on behalf of all States. They endorsed the concept of OCS revenue sharing, and urged quick action, thus skirting the potential partisan battle on the bills. We work behind the scenes, offering compromise language and setting strategy which can resolve differences. Our efforts are widely acknowledged as being the catalyst which sparks productive action on this issue.

The House has completed its hearings on H.R.5, which is identical to the bill which passed the House 261-134 last session. The House bill has a smaller total fund, does go through the appropriations process and does earmark funds. H.R.5 will be marked up soon, and will probably be brought to the House floor in May. We are in close contact with House staff, in anticipation of an eventual House-Senate conference on the legislation.

If you have additional questions or concerns, please contact me.

cc: Commissioner Lewis
Lennie Boston
Pete Spivey
Tom

AGO 886925

BILL SHEFFIELD
GOVERNOR

STATE OF ALASKA
OFFICE OF THE GOVERNOR
WASHINGTON, D.C.

April 21, 1983

LEGISLATIVE BRIEFING MEMORANDUM

TO: THE HONORABLE VIC FISCHER
Alaska State Legislature

FROM: BILL ROSS
Associate Director

You have requested information regarding the status of pending federal legislation which would share a portion of Outer Continental Shelf Oil and gas receipts with coastal states, including Alaska. While it is too early to accurately predict final Congressional action (and a possible veto by the President due to the legislation's fiscal impact cannot be ruled out), the legislation is moving forward quickly through each House of the Congress. The Senate Commerce Committee completed markup today on its bill, S.800, and it has strong bi-partisan support. The House Merchant Marine and Fisheries Committee will complete markup on its version, H.R.5, next week, and it, too, is a bill that is supported strongly by both Democrats and Republicans.

I anticipate that full floor action by each House will occur in May. The conference to resolve differences would then happen in June; hopefully a bill will be on the President's before the July recess.

You have also inquired what the effect of maintaining federal approval of Alaska's Coastal Management Program (ACMP) would have on Alaska's share of OCS revenue sharing funds. I will give you broad estimates, since there are differences between S.800 and H.R.5, but you can use these ranges with certainty as the Legislature reviews the performance and annual budget of ACMP. Alaska will receive between $20 and $40 million annually if OCS revenue sharing is enacted into law. Between 50% - 90% of these funds (i.e., between $10 and $36 million) will be dependent upon maintaining a federally approved ACMP. Put another way, if the ACMP loses federal approval, Alaska's share of OCS revenue sharing funds would decrease by 50-90%.

At least 30% of the State's share must be passed through to local coastal communities. Thus, loss of federal approval for the ACMP

AGO 886926

will cost local communities at least $3 million (30% of 10 million) and up to $12 million (30% of $36 million) annually.

There are several factors which determine maintaining federal approvability. Among the more substantial ones are: maintaining an Office of Coastal Management (OCM) and a Coordinator on for OCM (or changing the Alaska Statute which require this); providing adequate and visible support for the Alaska Coastal Policy Council; ensuring that State agency actions in the State's coastal areas are processed uniformly and are consistent with the ACMP; maintaining a single contact entity (or process) to perform the federal consistency function; and continuing progress in the development and approval of local programs. Of course, State budgetary actions are one way to measure the State's performance and commitment in these areas, particularly if existing federal grant funds are used to pay for some or all of these tasks.

I hope that this answers your inquiry. Do not hesitate to contact me if you have any additional questions or concerns.

cc: JOHN KATZ
JAY HOGAN

AGO 886927

Alaska State Legislature

Senate

Official Business

Pouch V
State Capitol
Juneau, Alaska 99811

M E M O R A N D U M

TO: Senator Josephson

FROM: Senator Ferguson

DATE: February 27, 1984

SUBJ: Senate Joint Resolution 5

Attached is a proposed amendment to CS for SJR 5(Resources). I intended the original resolution to show legislative concern that OCS revenue sharing monies be distributed to communities which are most impacted by OCS development. The proposed language changes which are attached were suggested by the Governor's Office to bring SJR 5 in line with HR 5 which is pending action in Congress.

Also attached is additional back-up material.

AGO 886928

SENATE AMENDMENT

By _____

To: CS _____ SENATE ~~Bill No.~~ Joint Resolution No.

To: _____ HOUSE BILL No. _____

PAGE: 1 LINE: 28-29

Delete the Be it Resolved clause, and insert with new language as follows:

"BE IT RESOLVED the the Thirteenth Alaska State Legislature supports legislation in the 98th Congress that would share federal revenues from Outer Continental Shelf oil and gas activity with coastal states, ensuring that adequate revenues are available for local government units impacted by Outer Continental Shelf development."

On page 2, line 2, after "the", insert "Honorable Ronald Reagan, President of the United States;"

On page 2, after "Congress" insert "and Mr. William Clark, Secretary of the Interior."

S 70

AGO 886929

STATE OF ALASKA

Bill Sheffield, Governor

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

POUCH B
JUNEAU, ALASKA 99811
PHONE: (907) 465-4700

February 4, 1983

POSITION PAPER

RE: SJR 5

SPONSOR: Senator Ferguson

Program Effect of Bill

Supports the provision of federal pass-through funds derived from Outer Continental Shelf revenues to communities impacted by OCS activities.

Comments

The Department supports this effort to make federal OCS revenues available to local government units that are or will be experiencing impacts as a result of OCS lease sales.

These funds are doubly important with the demise of the Coastal Energy Impact Program.

Marland

AGO 886930

THE FOLLOWING DOCUMENT(S) MAY NOT FILM LEGIBLY BECAUSE OF POOR QUALITY OF THE ORIGINAL.

January 28, 1983

TO: Senator Frank Ferguson

Attn: Mike Scott

FROM: David W. Freer

SUBJECT: Justification in Support of SJR 5, "Relating to Revenue Sharing from OCS Oil & Gas Development"

The issue of sharing revenue with Coastal states from OCS development has been before the Congress for several years. The traditional approach to sharing revenue has been along the lines of other long time federal revenue sharing programs; that is, return it to the State(s) and let them determine how to spend it.

However, there is a growing body of opinion that when sharing revenue as a result of OCS development that the affected local communities should directly benefit from the impacts, if any, deriving from the development and not have the State act as the administrator of the funds. There are six reasons for this approach:

1. Local governments are best able to determine the impacts and the needs deriving from those impacts.

2. Local governments are far more sophisticated and equipped with educated and trained personnel to handle such a revenue sharing program.

3. OCS impacted areas need the revenue sharing dollars for increased goods and services, not planning and studies. All too often, states fall into the habit of using revenue sharing for purposes other than that most necessary - assist the people most directly in need of services.

4. The current 5-year OCS program offshore Alaska will affect rural Alaskans the greatest - as a consequence, they will need the ~~[illegible]~~ flexibility to have federally generated OCS revenue sharing funds directly at their disposal so they can meet the changes as a result of the development of an OCS area adjacent to their community.

AGO 886931

5. There currently is pending before the Congress OCS revenue sharing bill: H.R. 5, "To Establish an Ocean and Coastal Resources Management and Development Fund from which Coastal States shall receive block grants." This bill does not allow for funds to be directly passed through to local government units. Instead, Sec. 5(c) states: "Each Coastal State shall be encouraged to provide financial assistance under this title to units of local government within each state." Such discretionary authority certainly does not enhance the opportunity for local government units to receive necessary funds.

6. The Congress needs the message from Alaska, the State with the highest number of OCS lease sales scheduled over the next 5 years (16) that any OCS revenue sharing bill must incorporate language for direct passthrough. Without it, areas along the Alaska coastline, which may bear the brunt of OCS development may not have the resources to cope with those associated impacts.

AGO 886932

THE PRECEDING DOCUMENT(S) MAY NOT FILM LEGIBLY BECAUSE OF POOR QUALITY OF THE ORIGINAL.

RESOLUTION OF THE ALASKA MUNICIPAL LEAGUE

A RESOLUTION SUPPORTING OUTER
CONTINENTAL SHELF REVENUE SHARING

WHEREAS, the United States House of Representatives has passed legislation and the U. S. Senate is now considering legislation establishing a program of revenue sharing from development of the Outer Continental Shelf (OCS), and

WHEREAS, a significaant number of OCS lease sales over the next five years are to occur offshore Alaska, and

WHEREAS, the development of oil and gas resources in the OSC offshore Alaska will cause economic, social, and cultural impact to Alaska's citizens, and

WHEREAS, people residing in local governments in Alaska are best able to determine the impact of OCS oil and gas development on their communities, and

WHEREAS, these local governments have the expertise and ability to monitor and expend revenue for their impacted communities, and

WHEREAS, the state should be required to consult with local governments on the distribution of OCS revenue sharing, with funds passed through directly to those affected areas and not tied to existing state and federal programs and regulations;

NOW, THEREFORE, BE IT RESOLVED:

That the League supports legislation in the 98th Congress to allocate revenue for local governments impacted by OCS development.

BE IT FURTHER RESOLVED:

That the League appreciates the efforts of Senator Ted Stevens, Senator Frank Murkowski, and Representative Don Young and urges them to continue their work to have the OCS Revenue Sharing program enacted by the U.S. Congress this year.

Adopted the 5th day of November, 1983.

AGO 886933

STATE OF ALASKA
PRELIMINARY STATEMENT OF FISCAL IMPACT

Bill No: SJR 5 Date on Bill: 1/18/83
Title: Revenue Sharing/Outer Continental Shelf/Oil Gas
Sponsor: Ferguson
Requestor: Senate Community & Regional Affairs Committee

1. Estimated fiscal impacts on: Department of Community & Regional Affairs

a. Expenditures:

(Thousands of Dollars)

			FY 83	FY 84	FY 85	FY 86		
Capital				-0-	-0-	-0-		
Operating				-0-	-0-	-0-		
Total				-0-	-0-	-0-		

b. Revenues:

Revenue								

2. Source of funds to offset fiscal impact of bill:

3. Assumptions: The passage of this resolution does not affect any State of Alaska programs. The resolution addresses pending federal legislation.

No fiscal impact.

4. Disclaimer:
This statement has not been reviewed by the OMB in the Office of the Governor. It does not represent the policy of the Sheffield Administration or the final estimate of fiscal impact.

Prepared By: Richard Rainery RR Phone: 465-4703
Division: Commissioner's Office Date: 2/10/83

Approved by Commissioner: [signature] Date: 2/18/83
Department: Community & Regional Affairs

5. Distribution:
Original to Legislative Finance
Copy to OMB
Copy to Sponsor
Copy to Requestor

AGO 886934

SJR

21

GRACE LAKE WAS ORIGIONALLY PLANNED AS A HYDRO-ELECTRIC SITE BUT IT WAS FELT THAT SWAN LAKE, BEING CLOSER, WOULD BE A BETTER SITE. ONE OF THE MAIN REASONS THAT THE RESOLUTION IS BEING PROPOSED AT THIS TIME IS TO SET THE WHEELS IN MOTION. I AM SURE THAT ALL MEMBERS OF THE COMMITTEE ARE AWARE OF HOW LONG IT TAKES FOR SOMETHING LIKE THIS TO BECOME A REALITY ESPECIALLY IN VIEW OF THE DESIGNATION OF THE AREA AS A WILDERNESS AREA.

AS AN AFTERTHOUGHT, NO ONE CAN SAY WHY, UNLESS IT HAS SOMETHING TO DO WITH THE MINERALS IN THE AREA, BUT THE LAKE IS COMPLETELY BARREN OF FISH. AFTER MANY HOURS OF FISHING, SENATOR ZIEGLER CAN ATTEST TO THAT FACT AS CAN MANY OTHER LOCAL FISHERPERSONS.,,,,,,,,

WE WOULD APPRECIATE YOUR FAVORABLE CONSIDERATION!!

SENATE AMENDMENT #1

By Senator Ziegler

To: Amend SENATE BILL No. SJR 21

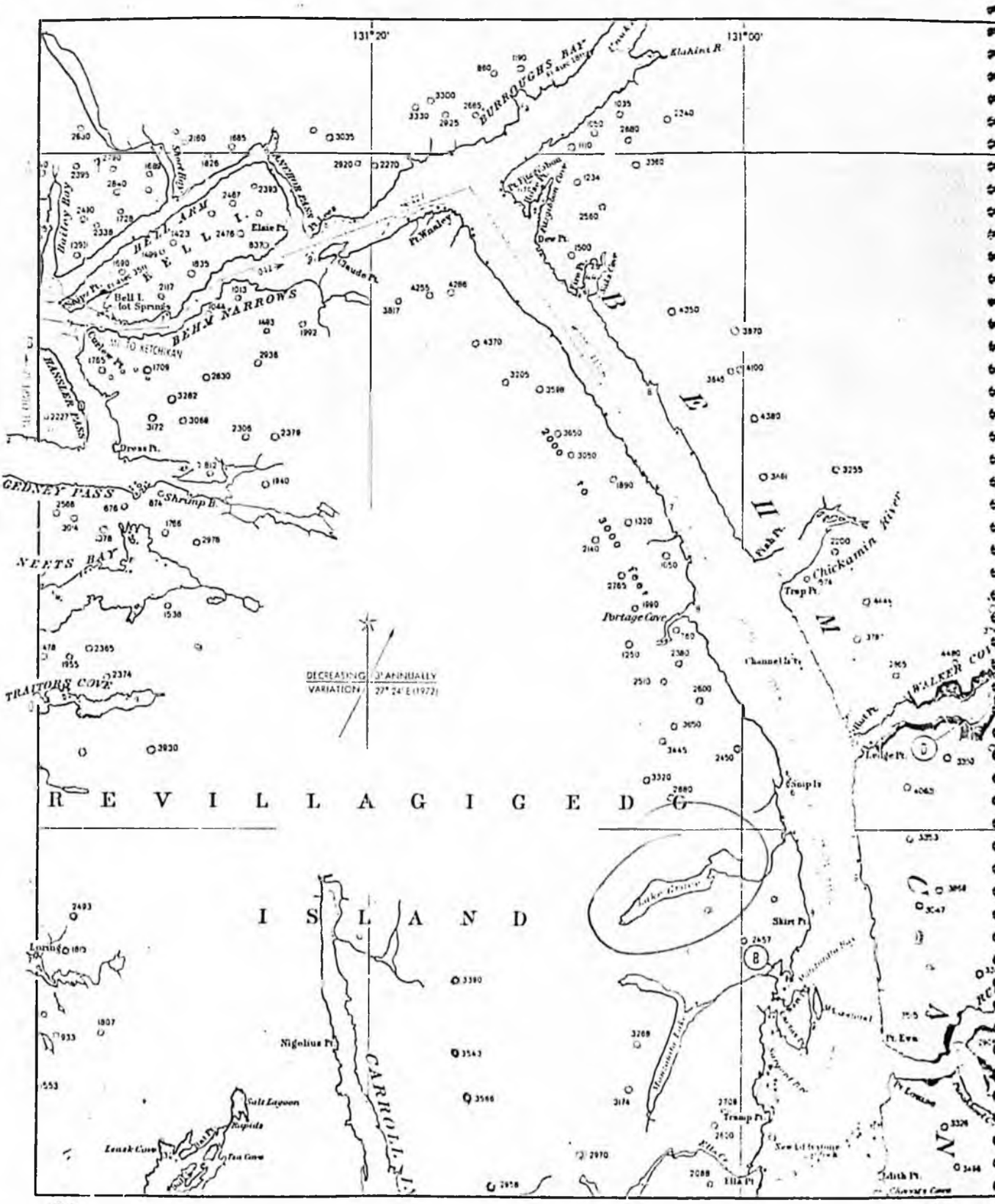
To: HOUSE BILL No.

PAGE: 2 LINE: 1

After the word "to" insert:

the Honorable Ronald Reagan, President of the United States,

DISTRIBUTED BY SENATOR ZIEGLER



29

From: Fritz
Re: Analysis of the laws applicable to the development of the Grace Lake Power Project
Date: March 22, 1983

Subject

You have asked me to research how the Alaska Lands Act (ANILCA) affected the Grace Lake Power Project withdrawal.

Grace Lake is within an area designated by ANILCA as the Misty Fjords National Monument Wilderness. Not only did Congress designate this area as a national monument, with substantial restrictions on the use of the monument lands, it also designated the area as a national wilderness area, with a different set of restrictions. Under the terms of ANILCA, wilderness areas are to be administered under the terms of the Wilderness Act of 1964, except where expressly provided for in other provisions of ANILCA. Under the provisions of the Wilderness Act, wilderness areas are to be "devoted to the public purposes of recreational, scenic, scientific, educational, conservation, and historical use." That act, however, does give the President the power to authorize power projects and transmission lines when it will serve the public interests better than denial of the project. Russ Brown and Tony Bevinetto of the Energy Committee advise, however, that a power project has never gone forward in a Congressionally designated wilderness area, due to the likelihood of strong opposition from the environmental community

Earlier I mentioned that the Misty Fjords National Wilderness was to be administered as a wilderness area, except where other provisions of ANILCA expressly provide. The section dealing with monuments states that monuments designated by ANILCA shall be managed to "protect objects of ecological, cultural, geological, historical, prehistorical, and scientific interest." It is an open question as to whether a power project would be consistent with protecting those objects. This section also provides that right-of-ways, including those for electric transmission lines, through these monuments must be approved both by the President and Congress. Consideration of Congressional Resolutions of Approval would occur under ANGST type debate restrictions. While it is unclear whether a power project on Grace Lake would fall under the right-of-way provisions of this section, an electric transmission line from the project would probably be covered, and would require Congressional approval.

If FERC has retained control over the power site withdrawal, and if it has the power to allow the State or a private party to develop the power project (discussed below), then it may be possible to get around the requirement of Presidential and Congressional approval of the right-of-way. Another section of ANILCA states: "Notwithstanding any other provisions of this act or other law. in any case in which State owned or privately owned land...or other valid occupancy is within or is effectively surrounded by one or more conservation systems..., the State or private owner or occupier shall be given by the Secretary such rights as may be necessary to assure adequate and feasible access for economic and other purposes to the concerned land." This section arguably is broad enough to cover an electric transmission line from Grace Lake.

There is also a provision in ANILCA which states that nothing in the Act shall be construed as "superceding, modifying, or repealing, except as specifically set forth in this Act, existing laws applicable to the various Federal agencies which are authorized to develop or participate in the development of water resources or to exercise licensing or regulatory functions in relation thereto." It is unclear whether this provision gives FERC the authority to allow the development of a power project on Lake Grace power withdrawal without having to meet the requirements of the ANILCA provisions discussed above. The language of the provision is ambiguous, and the legislativ history on it is sparse. It is, however, similar to language in the Federal Land Management Act of 1976 (FLPMA). As a result of that language, FERC and the Department of Interior have engaged in a longstanding dispute over who has control over power projects on Federal lands, with each agency claiming that it has control.

Conclusion

The conflicting provisions of ANILCA makes it difficult to determine whether a power project can be built on Grace Lake. The matter is one that will probably be resolved in the courts, with the outcome of such a suit uncertain. Based on the fact that Congress (and the environmentalists) were concerned enough about preserving this area to designate it as both a wilderness area, and a national monument, any attempt to have any development in the Misty Fjords National Monument Wilderness is likely to result in litigation by the environmentalists. Whoever tries to develop a power project at Grace Lake is buying a lawsuit. In addition, an electric transmission line across the Misty Fjords National Monument Wilderness area from Grace Lake might have to be approved by Congress. Although it would be possible to get Senate approval for such a line, it is doubtful whether the House Interior and Insular Affairs Committee would report out a Resolution of Approval.

United States Department of Agriculture
Forest Service
RO
P.O. Box 1628
Juneau, AK 99802

Reply to: 1510

Date: APR 18 1983

Honorable Bettye Fahrenkamp
Chairperson, Resources Committee
Alaska State Legislature
Pouch V
Juneau, AK 99811

Dear Ms. Fahrenkamp:

Regarding Senate Joint Resolution No. 21, the Forest Service recognizes the importance and need for hydroelectic power for Ketchikan, and that Ketchikan is partially dependent on fossil fuel for its generation of electrical power.

Additionally, we recognize that several potential power sites are located within conservation system units in Southeast Alaska, including Lake Grace in the Misty Fiords National Monument Wilderness. Based on a February 15, 1983 meeting between the Regional Forester and Senator Murkowski, we have agreed to prepare a map which identifies all hydroelectric power site withdrawals located within the Tongass National Forest conservation system units. We expect this map to be completed by May 15, 1983.

Development of hydroelectric sites within established Wilderness may be permitted with approval of the President. Associated transmission facilities may also be permitted with approval of the President and Congress. The applicable laws include ANILCA Section 503e, ANILCA Title 11, Wilderness Act Section 4(d)4, Federal Power Act, and National Environmental Policy Act. We understand the authorities of the Wilderness Act Section 4(d)4 have never been exercised.

In accordance with these laws, the Forest Service will work with cooperating agencies such as the Federal Energy Regulatory Commission, to expedite the processing of future applications on Lake Grace or other sites. The Federal Energy Regulatory Commission would probably be the lead agency in this matter.

With the necessary Presidential and Congressional approvals, authority currently exists to approve access and development of a hydroelectric facility and transmission lines within established Wilderness.

Again, we recognize the importance and need of hydroelectric power to Ketchikan and other communities. The development of Lake Grace and other Southeast Alaska sites could be accomplished through an inter-tie system. We would be pleased to work with the State and others in the study of proposals for such a system.

Sincerely,

Michael A Barton

for JOHN A. SANDOR
Regional Forester

HOUSE RESOURCES COMMITTEE OBSERVER/WITNESS SIGN-UP SHEET

SJR 21

DATE: MAY 9, 1983 SPONSOR: ZIEGLER

SUBJECT(S): USE OF GRACE LAKE FOR HYDRO

PLEASE FILL IN A COMPLETE ROW

NAME	REPRESENTING	ADDRESS	PHONE	Observer	Witness	For	Against
Gary Van Dorzen	Sen. Ziegler				✓	✓	

SJR

25

HOUSE RESOURCES COMMITTEE OBSERVER/WITNESS SIGN-UP SHEET

DATE: MAY 9, 1983 SPONSOR: SEN. RESOURCES

SJR 25

SUBJECT(S): REMOVE BIRCH/BEAVER CREEKS FR. WILD RIVER DESIG.

PLEASE FILL IN A COMPLETE ROW

NAME	REPRESENTING	ADDRESS	PHONE	Observer	Witness	For	Against
BILL ZYBACH	FBKS N. STAR BORO	P.O. Box 1267 FBKS 99707	452-4761		X	X	

SJR

29

FLOOR COMMENTS FOR

CSSJR 29 (Res)

The essence of the resolution is to urge the EPA to grant the two pulp mills a variance from the national effluent discharge standards for the type and volume of pulp they produce.

They currently discharge 75 lbs of effluent per ton of pulp manufactured, and are operating under a variance from the required standard of 60 lbs/ton. The new "guideline best practical technology" standard is 46 lbs/ton, for which the mills have requested a variance.

To comply with the new standards would require that the mills burn a sludge produced by further processing of the effluent, which according to DEC, would foul the air beyond acceptable levels. On the other hand, the effluent level being discharged into the bays on which the mills are located has not adversely affected water quality, and would not be appreciably improved by the further treatment.

The question involves not merely the mills inability or unwillingness to meet an EPA standard of treatment for treatment's sake, but should be examined in economic terms. These include not only the cost to the mills of complying, and the devastating cost to the communities, the region and the state if they close rather than comply, but also the economics of the international dissolving pulp market. The EPA and the Alaska mills have gotten an enormous amount of pressure to comply from representatives of the three competing mills in Washington state, as well as the public officials of that state. It is important to bear in mind the connection between ITT Rayonier and the competing pulp mills in Port Alice, BC, where EPA standards are not in effect.

PLEASE REMEMBER

WE'RE PASSING: SENATE RESOURCES COMMITTEE SUBSTITUTE WITH RULES AMENDMENT OF QUOTE MARKS AROUND "GUIDELINE BEST PRACTICAL TECHNOLOGY"

Forest Service Presentation to the House Resources Committee,
Alaska Legislature, Regarding
HJR 54 -- "Supporting Variance Requests
by Pulp Mills in Southeast Alaska"

3:00 p.m., January 23, 1984, Room 118, Alaska Capitol Building
Konrad B. Reinke, Director, Office of Information

The Forest Service is pleased to provide testimony on House Joint Resolution 54 relating to EPA's decision to deny the Fundamentally Different Factor Variance for secondary treatment of effluent from Alaskan pulpmills. James S. Watson, former Ketchikan Area Forest Supervisor, presented testimony on this matter to the EPA at a hearing in Ketchikan on May 11, 1976, concerning secondary treatment for the Ketchikan Pulp Company. Forest Service Supervisors Gee and Green also provided testimony to EPA on the subject at two hearings in November, 1983.

The significance of the timber industry to the economy of Alaska is fully recognized by the Forest Service. At the same time, the Forest Service is in full agreement with objectives of the Clean Water Act. We believe that a healthy timber-based economy can exist within the framework of this Act.

The value of the pulp industry to the economy of Southeast Alaska has been recognized since near the turn of the century. The efforts of many Alaskans during the first half of the century were instrumental in the development of the pulp industry in Alaska during the early 1950's. Some of the original and still valid objectives are: (1) encouraging the development of Alaska, (2) the establishment of new industry with a commercially sound and permanently economical basis while providing due regard for the protection of the natural resources of Alaska, and (3) specifically for the establishment of the pulpmill industry for the efficient utilization of forest products.

The nature and composition of the commercial forests of Southeast Alaska along with Pacific Rim markets dictate the type of industry needed to efficiently utilize the timber. Most of the timber stands are mature and overmature western hemlock with considerable defect. The optimal market for these stands is pulpwood. Without the pulp market, less than one-half of these stands would be marketable. There is no feasible economical opportunity to harvest saw logs only with such operations being silviculturally or environmentally acceptable. Integrated and balanced markets for both pulpwood and saw logs are key to sustaining the timber base economy of Southeast Alaska.

The Sitka and Ketchikan pulpmills provide the only economic outlet for pulpwood in Southeast Alaska. The plants have a total capacity of 392,000 short tons of pulp annually. Approximately 334 MMBF of logs are required each year for this production level. The material comes from National Forest, State of Alaska, and Alaska Native Corporation lands.

Closure of one or both mills will have a significant impact on Southeast Alaska and reverse decades of effort on the part of many to strengthen and diversify the economy. Well over 2,500 jobs could be lost to the Regional economy with the closure of these pulpmills.

We have recently evaluated the effects of closure of both pulp mills upon the economy of Alaska. A conservative estimate of the direct and indirect reduction in income as a result of the closure of both mills is $147.6 million annually. This estimate assumes no alternative market for pulp logs and hemlock cant production can continue independent of pulp production.

This was derived by using the Alaska Interactive Policy Analysis Simulation System developed by the Forest Service (Pacific Northwest Forest and Range Experiment Station) in cooperation with the University of Minnesota.

Indirectly, the pulp industry has also provided benefits to Alaska and the country as a whole that exceeded the original objectives. These benefits relate to the continuing development of a critically needed ground transportation network in Southeast Alaska and the balance of payments through heavy export of timber products from Alaska.

An example of the benefits to the transportation network is the approximately 70 miles of State highway system on Prince of Wales Island which links several island communities to the Alaska Marine Highway system. These State highways were developed by improving existing roads that wre originally constructed for the harvest of timber. Currently there are about 300 miles of State highways in Alaska that were developed in this fashion, and more are planned.

Since most of Alaska's wood products are exported, indirect benefits may be more significant than the direct contribution to the Nation's economy. Alaska has historically exported many of its resource-based products in raw or semi-processed form. Logs, lumber, dissolving pulp, minerals, fish, and natural gas are the primary exports. Alaska major trading area is the Pacific Rim, accounting for nearly two-thirds of Alaska's domestic and foreign trade. Japan is Alaska's principal trading partner, representing more than 90 percent of Alaska's foreign import/export trade. The value of forest products exported has increased roughly 65 percent since 1976, with the greatest growth in round log and pulp exports. Forest exports represent approximately one-quarter of the total value of exports from Alaska, or about $190 million dollars in 1983.

However, Alaska is supplying less than 1 percent of the total volume of wood being used in Japan, South Korea, the Peoples Republic of China, and Taiwan. Competition from Canada and other exporting countries is keen. Purchasers of National Forest timber in Alaska must meet much higher utilization, environmental practices, and primary manufacturing requirements than those required by these competing countries. These requirements add to the cost of production, and with the current poor market situation both the long-term pulp

timber sales are at or near "base rates" with little room to absorb additional production costs. Under present markets, these two pulpmills may not be able to operate if these requirements are to be imposed at this time.

Although we foresee some improvement in markets for the next rate redeterminations on the long-term sales, there is little chance that markets will improve to the point of absorbing the construction and operating costs of the additional secondary treatment requirements being considered. To date the mills have spent approximately $49 million for environmental protection measures.

In our statement we have avoided making judgments on the impacts of effluent discharge on water quality. We recognize that the law simply does not provide for consideration of effects on receiving waters as the criterion for granting a variance. However, requiring sizeable expenditures if there is no improvement in water quality would seem inconsistent with the objective of environmental protection as well as the efforts to improve the competitive position of the United States in world markets.

STATEMENT

OF

W. E. FISHER

MANAGER

WARD COVE OPERATIONS

ON BEHALF OF

KPC EMPLOYEES

ESOT STUDY

COMMITTEE

AND

LOUISIANA-PACIFIC CORPORATION

IN SUPPORT OF

HOUSE JOINT RESOLUTION NO. 54

JANUARY 23, 1984
Before the Alaska
State Legislature
House of Representatives
Resources Committee

Honorable Members of the House Resources Committee:

My name is Ed Fisher and I am manager of the Ward Cove operations of Louisiana-Pacific Corporation, Ketchikan Division. I am here not only on behalf of Louisiana-Pacific Corporation but also on behalf of the approximately 800 employees who have been offered the opportunity to purchase the Ketchikan Division which includes a pulp mill, three sawmills and various logging facilities. On behalf of those employees, I would like to thank this committee for the opportunity to be here today.

As you are aware, the Environmental Protection Agency is presently considering the requests of Louisiana-Pacific in Ketchikan and Alaska Lumber and Pulp in Sitka for a Fundamentally Different Factors Variance from the Clean Water Act guideline limitations on waste stream effluents applicable to the Pulp and Paper Industry. Many of the criteria in assessing the applicability of the variance provisions are quite technical and perhaps boring in nature, however this procedure was provided as a mechanism to enable the Agency to tailor the requirements of the Clean Water Act to individual mills which exhibit significant differences from those contemplated by the agency in establishing National Water Effluent Guidelines.

Both Alaskan Mills qualify for this tailoring under the FDF variance procedures. The mills requests have been before the Agency since the Carter Administration over 3 1/2 years ago. It is clear that the Agency has the power to grant the variances and the legal basis to exercise that power. The constraints placed

on the Alaskan mills compared to the mills in the Lower 48 are fundamentally more adverse than those considered in the guideline development documents. These constraints are common to Southeast Alaska. The mills are faced with geographical limitations preventing landfilling of waste materials. They are also required to generate their own power. There is limited space for plant expansion and construction costs are significantly greater. At the same time the dilution and buffering effects of twenty foot tides even further reduce the minimal effects of the present effluent levels on receiving waters.

LPK has spent $52.5 million in 1980 dollars on pollution control projects to date which has reduced BOD_5 pollutants to a discharge level of 75 lb of pollutant/ton of pulp produced thus eliminating 93% of the total discharge. The total annual cost to operate this equipment amounts to $55,000/day. If the mills were required to go to BPT or Best Practicable Treatment Levels of 46.8 lb of pollutant/ton of pulp produced, this would be an incremental reduction of 3.0% and has been estimated to cost $35 million.

It should be noted that in reaching our present level, we have used up much of our margin of safety in our energy system and must therefore replace that energy by burning greater quantities of oil. These additional costs in energy restoration if required to go to BPT are included in the $35 million dollar figure. The total annual operating cost associated with this 3% reduction is an additional $28,000/day. This represents a 50% increase over present environmental operating costs for a very

insig[illegible] improvement in total mill discharges and according to our [illegible]rtment of Environmental Conservation will result in no pe[illegible]le improvement in Ward Cove water quality.

LPK produces specialty dissolving pulp marketed world wide. 85% of our production over the last 3 years was sold in the Export Market bringing $50 million a year into the United States and thus improving the United St[illegible] balance of payments. The industry also has a major impact on Southeast Alaska as indicated by the USFS testimony at a Senate Resources Committee hearing on January 17. The United States Forest Service indicated that the two mills were responsible for injecting $147.6 million into the Southeast Economy each year. There is a need for an integrated Forest Products Industry in Alaska. Without a Pulp Mill to consume the 30 to 40% of the Tongass which is too low in quality to saw, the Timber industry will cease to exist as we know it now. If the Ketchikan Division were to close, the impacts would be devastating. LPK's annual payroll is $23 million and benefits are $7 million. LPK injects additional money into the economy of Southern Southeast Alaska through Towing ($3 million), Local purchases ($25 million including contracts with loggers), and Road Building ($15 million).

Although the markets have suffered through the last 3 years recession, LPK has managed to agressively maintain sales volumes. Volume was maintained at great costs to the company's profitability, with the expectation that when markets returned to more normal levels, LPK would have managed to develop a steady long term customer base and thus ensure that the company would be

able to take full advantage of an economic recovery. In spite of extensive cost savings and attempts to reduce the average delivered cost of logs to our manufacturing facilities, LPK has continued to lose money. LP has in fact decided to leave Alaska. After attempting unsuccessfully to market the Alaskan operations worldwide, Louisiana-Pacific offered to sell the facilities to the Employees.

The KPC Employees ESOT Study Committee was formed as a representative employee group to study the feasibility of continued operations under Employee ownership. Although it may seem presumptuous for an Employee owned company to believe that it can do what LP and ALP have failed to do over the last 3 years, ie., show a profit, the group presently feels it is possible if certain events occur. Our present plans if we are successful in purchasing the operations include cost savings through modernization of the equipment, decreasing labor costs, increasing productivity and decreasing the cost of raw materials by working with the United States Forest Service.

If an additional capital investment which has no return is forced upon the company for pollution control then the result would be that much more savings which necessarily must be found elsewhere. The task is extremely difficult and risky at best and would be almost impossible if an extra layer of cost were added by the EPA. Please support the attempt to make our company an All Alaskan year round industry to provide jobs in Alaska and money for further investment in Alaska's Future. Thank you on behalf of all the Employees and their families.

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date:

REQUEST CSSJR 29 (Res)
Bill/Resolution No.: HJR No. 54
Title: Supporting variance requests by pulp mills in SE AK
Sponsor: Wendte
Requestor:
Date of Request:

FISCAL DETAIL
Agency Affected: none
Program Category Affected: none
BRU, Program or Subprogram(s) Affected:

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING	0	0	0	0	0	0
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: Alex Viereck, Jr. Phone: 465-2653
Division: EQM Date: 1/17/84

Approved by Commissioner: Richard A. Neve' /LR Date: 1/17/84
Agency: Environmental Conservation

Distribution (by Agency preparing fiscal note):
- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

12/1/83

FISCAL NOTE ANALYSIS
House Joint Resolution No. 54

Supporting Variance Request by
Pulp Mills in Southeastern Alaska

Passage of this resolution will not impact state capital funds or federal grant funds.

If the U.S. Environmental Protection Agency denies the pulp mills' variance request, an estimated 6,000 jobs will be directly or indirectly impacted (Department of Commerce and Economic Development estimate). The projected fiscal impact of this on the state's future capital budget in terms of increased unemployment benefits, lost loans, et.al. cannot now be accurately estimated.

ADEC
January 12, 1984

Official Business

Alaska State Legislature
House Resources Committee

SIGN-IN

JAN. 23, 1984

HJR 54
PULP MILL VARIANCES

NAME	ADDRESS	PHONE	REPRESENTING
ED FISHER	BOX 6600 KETCHIKAN AK	225 2151	LOUISIANA PACIFIC
KONRAD REINKE	BOX 1628 JUNEAU AK 99802	586-7282	U.S. FOREST SERVICE
BEN GRUSSENDORF	POUCH V JUNEAU AK 99811	465-3824	
RON WENDTE	POUCH V JUNEAU AK 99811	465-4944	DIST. 1

3:00 - Ring, Liska, Cowdery, Vehring
Shultz, Larson, Goll, Vaska

0008 - Grussendorf Purely economic matter
EPA - Water Quality
State - Air Quality
Competition primarily out of Seattle
Marketing agreement - ITT Rayonier & Port Alice

0044 Wendte
Not a matter of environmental degradation, but bureaucratic models
Heads corp. that raises fish, provided several 1000 fry to LPK to see effects of effluent on fry.
Had no impact on salmon
Burning sludge would create more pollution than discharging into water.
EPA Decision expected in march

0128 Vaska - How many people at LPK -
Deferred to Fischer -

0138 Liska - What brought this about - Wendte gave history.

15-90
40-92

0165 Alex Viteri - DEC
Fiscal Note & Bill analysis
Could approach 6000 job loss.
212 Vaska - measurable amounts of discharge now and if industry expands
Veteri -
Under economic variance on air discharge while

water quality stabilized

0268 Goll - asked Question re secondary treatment
Viteri - Primary 1974/75 - took out 20-30%
of solids - Secondary 1980 took out 80%

330 Goll
Why is limit same now as in 1972.
Viteri - thinks its at 60 lb/ton

0355 Liska - Tidal effect -
Viteri - receiving environment better able to cleanse itself,
but not determined whether any adverse
effect -
Actually seems to improve environment for fish

0438 Ed Fisher Read statement
800 employees (ESOP option)

0501 Tape change
Ed Fisher Continued

0560 Goll - amount of effluent 60 - 75
Fisher - at 75 lbs raw waste load over 190 lbs/ton at beginning
1976 negotiated settlement with EPA with 5 yr consent

0593 Liska - If no problem w/ water & fish, what's problem -
- EPA national guideline - treatment for treatment's
sake - fishable, swimmable waters

0620 Vayka when do employees hope to take over
Fisher - agreement in principle this week possibly
rest by May

~~Vasta~~

0642 Larson - How employees going to reduce labor costs

Everyone realizes cuts in wages & benefits

10 million in costs have to be cut

0665 Conrad Rienke - USFS

0700 Oehling moved CSSJR 29 (Res)

No Objections

Meeting adjourned 3 45

STATE OF ALASKA

OFFICE OF THE GOVERNOR

BILL ANALYSIS

DEPARTMENT	BILL NUMBER	SPONSOR
Environmental C[illegible]ter Quality Mangt.	HJR No. 54	Wendte, Grussendorf, McBride

DEPARTMENT POSITION

Support passa[illegible] resolution

PREPARED BY	DATE	COMMISSIONER'S SIGNATURE	DATE
Joe Cladouhos	1/17/84		1/17/84

SUMMARY

OTHER AGENCIES AFFECTED BY BILL	CONSTITUENT GROUP(S) AFFECTED BY BILL
(none)	Alaska Lumber and Pulp Company Louisiana Pacific Corporation, Ketchikan Division
ORGANIZATIONAL SUPPORT FOR BILL	**ORGANIZATIONAL OPPOSITION TO BILL**
Save Our Community Committee, Ketchikan U.S. Forest Service Sitkans for ALP Alaska State Chamber Of Commerce	

FISCAL IMPACT: ☒ NONE ☒ FISCAL NOTE ATTACHED

BACKGROUND/LEGISLATIVE INTENT

United Paperworkers International Union, AFL-CIO
International Longshoreman's and Warehousemen's Union
Alaska Loggers Association
Union Pacific Railroad and others

ANALYSIS OF BILL/PROGRAM EFFECTS

(none)

AMENDMENTS PROPOSED

(none)

PLEASE ATTACH A SEPARATE SHEET FOR ADDITIONAL COMMENTS OR ANALYSIS.

01 009 (Rev. 12/83)

COMMENTS
HOUSE JOINT RESOLUTION NO. 54

Supporting Varience Request By
Pulp Mills In Southeastern Alaska

The department does not support EPA's tentative decision to deny the pulp mill's request for a variance. In an effort to protect the environment EPA has an equal responsiblitiy to realize and consider the effects these regulations will have on other parts of the environment and on the people for whom the environment was created. We do not advocate relaxation of state water quality standards. Based on our review of water quality surveys, it is our opinion that the existing discharges are not causing an adverse impact on the receiving water. We recognize EPA's difficulty in properly applying their requirements to Southeastern Alaska's unique environment. It is important that the federal government find ways to allow Alaska's pulp mill industry to continue while doing so.

ADEC
January 17, 1984

M E M O R A N D U M

To: Rep. Ringstad

From: Committee Staff

Date: January 18, 1984

Re: Individuals contacted for meeting on HJR 54

NAME	ASSOCIATION	NUMBER	COMMENT
Wally Kubley	LPK	586-2660	Left message with Wendte's office
Jim Clark	ALP	586-3340	Left message with his secretary. He is in Japan, will be back 1/23/84.
Billie Trent	DEC Liaison	465-2600	Will have someone attend
Alex Viteri	Water Quality Management/DEC	465-2653	Will attend
Ray Gillespie	Gov's Liaison	465-3500	Left msg. w/secty
Lennie Boston	Gov's office	465-3500	Left msg. w/secty
Wally Scarborough	EPA/Juneau	586-7619	Will attend
John Sanders	USFS/Juneau	586-7263	Left msg. w/secty
Jay Nelson	AK Environ. Lobby	586-2345	Will attend
George Kruse	State Chamber	586-2323	Left msg. w/secty
Phil [illegible]	DMA	586-1383	

19 We are asking EPA to avoid a needless threat to
20 the viability of the two pulp mills and to thousands of
21 primary and associated jobs in our State. We are not
22 asking EPA to avoid this threat at the risk of degrading
23 the environment or abandoning their official responsi-
24 bilities.
25 In EPA's effort to develop our nation's water

1 quality program, it has an obligation to consider the
2 effects of its controls on specific geographical areas
3 and in light of other environmental impacts. In the case
4 of Alaska's two pulp mills, EPA must consider this.
5 The two mills, in Sitka and Ketchikan, are
6 still reeling from the effects of a nation-wide depres-
7 sion, as is the nation's entire timber and pulp industry.
8 The mills are being told to spend millions of dollars for
9 an environmental improvement that cannot be measured in
10 terms of appreciable or significantly improved water
11 quality, and which may result in discernible air quality
12 degradation.
13 In the past, when we faced the question of how
14 to achieve the mutually-shared goal of cost effective
15 environmental protection, the Federal EPA and the State
16 Department of Environmental Conservation have always
17 worked closely together to obtain a satisfactory resolu-
18 tion. Usually, everyone has engaged in some give-and-
19 take and then concluded an agreement. In order to con-
20 tinue this history of cooperation, I hope these hearings
21 do not serve to start a confrontation. They must be the
22 beginning of a new attempt at dialogue. A fresh effort
23 focused on reaching an agreement acceptable to the State
24 and to EPA is of crucial importance to me. I commit
25 myself and my Administration to this goal and ask that

At my request, Commissioner Nevé has developed options available to the State to deal with EPA's tentative decision, including a review of the State's responsibilities and obligations under Section 401 of the Clean Water Act, and the Coastal Zone Management Act. They have been provided to me and we are assessing these options carefully. To allow time to work together with EPA and to explore collectively these options, I would like to request that EPA extend the public comment period on the proposed water discharge permits.

To be sure that the public docket is complete, I would also like to submit as written testimony the letter I sent last month with attachments to EPA Administrator Ruckelshaus. The attachments include the Alaska Department of Environmental Conservation's testimony at the previous hearing on the issues being discussed today, and various letters from Alaska residents which discuss these issues.

JUDGE YOST: You've got about a minute, Governor.

GOVERNOR SHEFFIELD: And in conclusion, I would simply like to reiterate that denial of these waivers, if it were to occur, will have a significant adverse impact on my State, both economically and environmentally.

Alaska State Legislature

BETTYE FAHRENKAMP, Chairman
ROBERT H. ZIEGLER, SR., Vice Chairman
DICK ELIASON
PAUL FISCHER
VIC FISCHER
BOB MULCAHY
ARLISS STURGULEWSKI

POUCH V
STATE CAPITAL
JUNEAU, ALASKA 99811
(907) 465-3834
(907) 465-3835

Senate

Committee on Resources

TO: Senate Resources Committee

FROM: Senate Resources Committee Staff

RE: Hearing on SJR 29, Supporting variance requests by pulp mills in Southeast Alaska.

DATE: January 13, 1984

On Monday, January 16, 1984 at 2:30 pm in the Beltz Room, the Senate Resources Committee will hear SJR 29, Supporting variance requests by pulp mills in Southeast Alaska.

The Alaska Lumber and Pulp Company (ALP), near Sitka, and Louisiana-Pacific/Ketchikan (LP/K), near Ketchikan, both engaged in the production of dissolving sulfite pulp, have requested a waiver from the national water pollution standards. These standards are to be met by all point source dischargers pursuant to the Clean Water Act.

In 1972, standards were established to limit the effluent discharge from pulp mills nationwide. Because of the "peculiar land, energy, and logistic constraints" which the Environmental Protection Agency (EPA) associated with ALP and LP/K, in 1974 they applied for and were granted permits allowing greater effluent discharge than pulp mills nationwide. [75 lbs./ton daily average, as compared to 60 lbs./ton nationwide.] In 1977, national standards were changed to limit discharge to 46.8 lbs./ton.

When the ALP and LP/K permits expired in 1979, the pulp mills requested a continued variance from EPA to allow discharge at the level determined in 1974 (75 lbs./ton). EPA regulations provide that upon finding factors relating to a particular discharge that are "fundamentally different" from the factors considered by EPA in establishing the national standards, alternative effluent limitations may be established for that discharge. The basis of ALP and LP/K's variance request centered around four factors:

1) Lack of land for disposal of wastewater solids.

2) Non-water quality environmental impacts, particularly the unavailability of external power sources.

3) The cost of compliance with the standards.

4) The lack of effect compliance would have on water quality.

In August, 1983, EPA made a tentative decision to deny the Fundamentally Different Factors variance request, based on the following findings:

1) The wastewater solids can be incinerated rather than landfilled.

2) ALP and LP/K have the capability of generating sufficient electricity.

3) Costs of compliance would not be disproportionate to the costs used in the guidelines.

4) According to EPA regulation, water quality is not a factor on which a variance can be granted.

Public comment was accepted on the tentative decision through December; a final decision by EPA is pending.

SJR 29 urges EPA to grant the variances requested by the mills, citing the economic impact of compliance with the national standard, the air pollution problem that would be created if the wastewater solids were burned, and the finding by the Alaska Department of Environmental Conservation that continued discharge will not violate state water quality standards.

TESTIMONY OF GOVERNOR SHEFFIELD BEFORE THE EPA
SEATTLE, WASHINGTON NOVEMBER 7, 1983

GOOD AFTERNOON. MY NAME IS BILL SHEFFIELD, AND I AM THE GOVERNOR OF THE STATE OF ALASKA. I AM HERE TO DISCUSS THE STATE'S POSITION IN REGARD TO THE ENVIRONMENTAL PROTECTION AGENCY'S PROPOSED DENIAL OF WAIVERS TO CERTAIN WATER POLLUTION CONTROL REQUIREMENTS REQUESTED BY TWO PULP AND PAPER MILLS IN SOUTHEAST ALASKA.

I HAVE RECEIVED MANY, MANY LETTERS OF CONCERN LATELY FROM CITIZENS OF MY STATE ABOUT EPA'S TENTATIVE DECISION. THEREFORE I AM PRESENTING IN MY TESTIMONY THE STATE'S SENTIMENTS -- WHICH ARE SHARED BY MY CONSTITUENTS -- ABOUT THE SOLID REASONS WHICH WE BELIEVE SHOULD BE CAUSE FOR EPA TO REVIEW AND HOPEFULLY GRANT THE REQUEST FOR WAIVERS.

I SHOULD ADD THAT DUE TO THE IMPORTANCE OF THIS ISSUE TO THE STATE, I HAVE REQUESTED COMMISSIONER NEVE' OF THE STATE DEPARTMENT OF ENVIRONMENTAL CONSERVATION AND COMMISSIONER LYON OF THE STATE DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT TO WORK WITH EPA AND OTHER RELEVANT PARTIES TO ACHIEVE A RESOLUTION OF THIS ISSUE THAT WILL BE REASONABLE, FAIR AND JUST.

THEY WILL BE TESTIFYING SEPARATELY ABOUT THE DETAILS OF THE MILLS' SITUATION, SO I WILL CONFINE MY REMARKS TO THE BROADER POLICY ISSUES. MY HOPE TODAY IS TO MAKE A CONVINCING CASE FOR EPA TO ACCEPT OUR OFFER OF TAKING ANOTHER LOOK AT THE PULP MILLS' REQUEST, AND TO WORK WITH THE STATE TO DEVELOP A EQUITABLE DECISION FOR THE MILLS.

THE CRUX OF OUR CONCERNS IS THAT EPA'S PROPOSED ACTION WILL HAVE SIGNIFICANT NEGATIVE ECONOMIC EFFECTS ON THE MILLS. EPA'S ACTION WILL BE TAKEN MERELY TO ACHIEVE WASTE DISCHARGE REDUCTIONS WHICH ARE NOT NECESSARY IN TERMS OF ENVIRONMENTAL PROTECTION.

I RECOGNIZE THAT THE ENVIRONMENTAL PROTECTION AGENCY AND THE TWO PULP MILLS HAVE BEEN IN DISCUSSIONS OVER THIS ISSUE FOR A LONG TIME. I ALSO UNDERSTAND THAT THE THRUST OF EPA'S CASE SUPPORTING ITS PROPOSED ACTION DOES NOT FUNDAMENTALLY HAVE TO DO WITH THE EFFECT OF THE MILLS' DISCHARGE ON LOCAL WATER QUALITY. RATHER, IT CENTERS AROUND THE CONCLUSION THAT THE COSTS OF INSTALLING ADDITIONAL POLLUTION CONTROL EQUIPMENT ARE NOT EXCESSIVE, ACCORDING TO EPA'S CURRENT INTERPRETATION OF LAW.

OUR DEPARTMENT OF ENVIRONMENTAL CONSERVATION HAS MONITORED THE TWO SITES IN QUESTION EXTENSIVELY FOR A NUMBER OF YEARS. WE CONCLUDE, CATEGORICALLY, THAT THERE IS NO APPRECIABLE ADVERSE EFFECT ON WATER QUALITY BY THE MILLS AT THE CURRENT LEVEL OF DISCHARGE. THEREFORE THE EPA DECISION, IF SUSTAINED, MAY WELL BE A CLASSIC EXAMPLE OF IMPOSING ADDITIONAL POLLUTION CONTROL REQUIREMENTS FOR THEIR OWN SAKE, AND NOT FOR ANY IDENTIFIABLE AND NEEDED ENVIRONMENTAL PROTECTION.

I AM SURE EPA IS SUBJECT TO LEGAL AND POLICY CONSTRAINTS WHICH HAVE CONTRIBUTED TO THE TENTATIVE DECISION. BUT I MUST BELIEVE THERE IS FLEXIBILITY TO ENABLE THE AGENCY TO REACH A DIFFERENT CONCLUSION BASED ON ALASKA ENVIRONMENTAL CONDITIONS OR ON THE RESULTANT COSTS TO THE MILLS.

AS GOVERNOR, I CANNOT STAND BY WHILE UNNECESSARY COSTS AND SEVERE ECONOMIC HARDSHIP TO MANY OF OUR CITIZENS IN SOUTHEAST ALASKA ARE LOOMING AS A RESULT OF WHAT APPEARS TO BE EPA'S DETERMINATION TO PREVAIL IN THIS MATTER, DESPITE THE MERITS.

WE ARE ASKING EPA TO AVOID A NEEDLESS THREAT TO THE VIABILITY OF THE TWO PULP MILLS AND TO THOUSANDS OF PRIMARY AND ASSOCIATED JOBS IN OUR STATE. WE ARE NOT ASKING EPA TO

AND THE COASTAL ZONE MANAGEMENT ACT. THEY HAVE BEEN PROVIDED TO ME, AND WE ARE ASSESSING THESE OPTIONS CAREFULLY. TO ALLOW TIME TO WORK TOGETHER WITH EPA AND TO EXPLORE COLLECTIVELY THESE OPTIONS, I WOULD LIKE TO REQUEST THAT EPA EXTEND THE PUBLIC COMMENT PERIOD ON THE PROPOSED WATER DISCHARGE PERMITS.

TO BE SURE THAT THE PUBLIC DOCKET IS COMPLETE, I WOULD ALSO LIKE TO SUBMIT AS WRITTEN TESTIMONY THE LETTER I SENT LAST MONTH WITH ATTACHMENTS TO EPA ADMINISTRATOR RUCKELSHAUS. THE ATTACHMENTS INCLUDE THE ALASKA DEPARTMENT OF ENVIRONMENTAL CONSERVATION'S TESTIMONY AT THE PREVIOUS HEARING ON THE ISSUES BEING DISCUSSED TONIGHT AND VARIOUS LETTERS FROM ALASKA RESIDENTS WHICH DISCUSS THESE ISSUES.

IN CONCLUSION, I WOULD SIMPLY LIKE TO REITERATE THAT DENIAL OF THESE WAIVERS, IF IT WERE TO OCCUR, WILL HAVE A SIGNIFICANT ADVERSE IMPACT ON MY STATE -- BOTH ECONOMICALLY AND ENVIRONMENTALLY. THUS, I URGE EPA TO RE-EXAMINE ITS POSITION AND ASK WHETHER THESE IMPACTS ARE REALLY NECESSARY -- ON GROUNDS OF ENVIRONMENTAL BENEFITS, ECONOMIC CONSEQUENCES, OR AS A MATTER OF SOUND PUBLIC POLICY. THE STATE OF ALASKA REMAINS HOPEFUL THAT EPA WILL CONCLUDE THAT A DIFFERENT COURSE OF ACTION SHOULD BE TAKEN.

THANK YOU.

TESTIMONY OF
THE ALASKA DEPARTMENT OF ENVIRONMENTAL CONSERVATION
BEFORE
THE U. S. ENVIRONMENTAL PROTECTION AGENCY
CONCERNING EPA'S PROPOSED DECISIONS
REGARDING
THE TWO ALASKA PULP MILLS

MY NAME IS DOCTOR RICHARD A. NEVE', COMMISSIONER OF THE ALASKA DEPARTMENT OF ENVIRONMENTAL CONSERVATION. I AM HERE TODAY TO TESTIFY ON THE ENVIRONMENTAL PROTECTION AGENCY'S PROPOSED DENIAL OF THE FUNDAMENTALLY DIFFERENT FACTORS VARIANCE REQUEST FROM THE ALASKA LUMBER AND PULP COMPANY, INCORPORATED, FOR THEIR SITKA MILL, AND THE LOUISIANA PACIFIC CORPORATION, KETCHIKAN DIVISION, FOR THEIR KETCHIKAN MILL.

THE EPA'S TENTATIVE DECISION TO DENY THE MILLS' REQUEST FOR A VARIANCE IS THE RESULT OF YEARS OF COMPLEX STUDY AND TECHNICAL WORK BY BOTH THE MILLS AND THE EPA. THE EPA'S FINAL DECISION WILL SUBSTANTIALLY CHANGE OUR VIEW OF BOTH MILLS' DRAFT NPDES PERMITS AND THE STATE OF ALASKA'S CLEAN WATER ACT SECTION 401 CERTIFICATION. BOTH THE PUBLIC AND THE STATE OF ALASKA NEED ADEQUATE TIME TO EVALUATE THE RELEVANT VERBAL AND WRITTEN COMMENTS PRESENTED AT THESE HEARINGS BEFORE PROVIDING MEANINGFUL INPUT ON THE EPA DRAFT NPDES PERMIT FOR THE MILLS. THEREFORE, I PETITION THE EPA TO EXTEND THE PUBLIC HEARING COMMENT PERIOD ON THE DRAFT NPDES PERMIT UNTIL IT HAS REACHED A FINAL DECISION ON THE VARIANCE REQUEST AND THE PROPOSAL FOR A SEPARATE SUB-CATEGORY FOR ALASKA.

OUR COMMENTS ON THE ESTABLISHMENT OF A SEPARATE ALASKA SUBCATEGORY OF THE PULP, PAPER, AND PAPERBOARD INDUSTRY WILL BE SENT TO ROBERT W. DELLINGER AS REQUESTED IN THE EPA'S PUBLIC NOTICE OF SEPTEMBER 23, 1983. I WILL MAIL YOU A COPY OF THAT LETTER FOR INCLUSION AS PART OF MY TESTIMONY HERE TODAY.

MY TESTIMONY, WITH THE ATTACHED WRITTEN DOCUMENTS, IS INTENDED TO HELP THE EPA AND THE ALASKAN MILLS SATISFACTORILY RESOLVE QUESTIONS SURROUNDING THE VARIANCE REQUEST. THESE WRITTEN DOCUMENTS IDENTIFY THE ITEMS WHICH MY DEPARTMENT BELIEVES NEED ADDITIONAL ATTENTION BEFORE THE EPA REACHES ITS FINAL DETERMINATION. THEY INCLUDE THE DEPARTMENT'S ANALYSIS OF THE EPA'S DECISION ON RESTORATION OF EXISTING COSTS THAT CONTRIBUTE TO ACHIEVING BEST PRACTICABLE TECHNOLOGY EFFLUENT LIMITATIONS AND A DISCUSSION OF COST ESTIMATES OF EXPANDED TREATMENT SYSTEMS THAT MAY BE NEEDED TO ACHIEVE BPT EFFLUENT LIMITATIONS.

THE EPA'S DECISION DOCUMENT DATED AUGUST 24, 1983, INDICATED THE NEED FOR BETTER QUANTIFICATION OF ADVERSE IMPACTS ON AIR QUALITY THAT WOULD RESULT FROM THE BURNING OF ADDITIONAL WASTEWATER SLUDGE. THE DOCUMENT ALSO POINTED OUT A LACK OF SUFFICIENT DATA TO IDENTIFY THE NON-WATER QUALITY ENVIRONMENTAL IMPACTS WHICH MAY RESULT IF THE VARIANCE REQUEST IS DENIED. MY STAFF HAS REVIEWED THE DECISION DOCUMENT WHICH SET THE STAGE FOR THE EPA'S PRELIMINARY DECISION TO DENY THE VARIANCE. OUR REVIEW OF THE EPA'S ANALYSIS REVEALED SOME AREAS THAT NEED FURTHER EXAMINATION BEFORE A FINAL DECISION IS MADE.

A PORTION OF THE COSTS INCURRED BY THE INITIAL EXPANSION OF THE WASTEWATER TREATMENT SYSTEMS IN THE LATE SEVENTIES HAS BEEN ESTIMATED BY THE INSTALLATION OF AN OIL BOILER. WHILE THIS MAY BE VALID TO ACCOUNT FOR THE POWER REQUIRED TO OPERATE THE WASTEWATER TREATMENT SYSTEM, THERE IS NO CREDIT ALLOWED FOR AN INCINERATOR TO BURN THE SLUDGE, THE POWER LOST IN EVAPORATING THE SLUDGE, AND, MOST IMPORTANTLY, THE <u>COST OF CONTROLLING THE AIR POLLUTION</u> FOR THE EMISSIONS FROM SLUDGE BURNING.

INCINERATION OF THE SLUDGE GENERATED BY OPERATION OF EXISTING SECONDARY WASTE-WATER TREATMENT CONTROLS HAS DELAYED BOTH MILLS' PROGRESS TOWARD COMPLIANCE WITH AIR QUALITY REGULATIONS. EXTENSIVE STUDIES AND THE INSTALLATION OF ADDITIONAL PROCESS CONTROLS HAVE BEEN NEEDED TO MINIMIZE THE SIGNIFICANT INCREASE IN AIR POLLUTANT EMISSIONS. ADDITIONAL CONTROLS ARE STILL NEEDED AT BOTH MILLS TO COMPLETELY CONTROL THE INCREASED AIR POLLUTION CREATED SINCE THE WASTEWATER TREATMENT PLANT SYSTEMS WERE INSTALLED IN THE LATE SEVENTIES.

THE COSTS OF THESE CONTROLS MUST BE CONSIDERED IN THE ANALYSIS OF WHETHER THE MILLS ARE BEING ASKED TO SPEND CONSIDERABLY MORE DOLLARS THAN EPA'S MODEL MILL.

A SECOND AREA THAT IS UNCLEAR IS THE ELIMINATION OF A LARGE PORTION OF CREDIT FOR THE REVISED SOLIDS HANDLING FACILITIES AT BOTH MILLS. THE REVISIONS PERFORMED AFTER THE INSTALLATION OF THE SECONDARY TREATMENT FACILITY ARE A RESULT OF THE WATER DISCHARGE REQUIREMENTS, AND SHOULD BE ALLOWED.

FINALLY, IN THE EVALUATION FOR THE COSTS OF WHAT WILL BE NEEDED TO BE INSTALLED TO MEET THE GUIDELINES TREATMENT, IT IS NOT CLEAR HOW THE ADDITIONAL SLUDGE GENERATED WILL BE HANDLED AND BURNED. IT IS POSSIBLE, HOWEVER, THAT THE ONLY VIABLE OPTION IS THE REPLACEMENT OF A POWER BOILER. IF THIS PROVES TO BE THE CASE, THEN THE COSTS TO MEET GUIDELINE LIMITS WILL NEED TO REFLECT THIS POSSIBILITY.

ALSO, THE COSTS OF ANY NEW PERMITS REQUIRED BY THE INSTALLATION OF A NEW BOILER OR SLUDGE INCINERATOR OR BY THE MODIFICATION OF AN EXISTING WOODWASTE BOILER MUST BE INCLUDED. ADDITIONAL SLUDGE BURNING WILL PROBABLY FALL INTO THE REQUIREMENTS OF A PREVENTION OF SIGNIFICANT DETERIORATION AIR QUALITY

PERMIT. THESE PERMITS CAN REQUIRE UP TO ONE YEAR OF BACKGROUND METEOROLOGICAL AND AIR QUALITY MONITORING DATA AND EXTENSIVE COMPUTER MODELING TO SHOW VIOLATIONS OF AIR QUALITY REGULATIONS WILL NOT OCCUR ON THE NEARBY HILLSIDES. THIS ANALYSIS CAN BE VERY EXPENSIVE.

OTHER PORTIONS OF THE DECISION DOCUMENT ARE UNCLEAR BUT IT IS MORE APPROPRIATELY DISCUSSED BY THE PULP MILLS. I REQUEST THE PULP MILL REPRESENTATIVES PROVIDE SPECIFIC INFORMATION REGARDING THE ADDITIONAL COSTS IN THESE AREAS ALONG WITH PROOF OF NON-WATER QUALITY ENVIRONMENTAL IMPACTS AS REQUESTED BY THE EPA.

SINCE THE EXPANSION OF THE SLUDGE HANDLING AND DISPOSAL SYSTEM IS A DIRECT RESULT OF THE EPA'S PROPOSED DENIAL OF THE VARIANCE, PROOF THAT THE PROPOSED SOLUTION TO SLUDGE DISPOSAL WILL NOT IMPACT AIR QUALITY IS NEEDED BEFORE THE VARIANCE REQUEST IS RESCINDED. WE DO NOT WANT TO BE IN THE POSITION WE WERE IN, IN 1980,OF COPING WITH AN AIR POLLUTION PROBLEM CAUSED BY WATER DISCHARGE CONTROLS. IN FACT, THAT PROBLEM STILL EXISTS TODAY.

MY DEPARTMENT IS COMMITTED TO REQUIRING THAT BOTH ALASKA LUMBER & PULP AND LOUISIANA-PACIFIC, KETCHIKAN DIVISION, MEET THE AIR QUALITY REGULATIONS FOR THEIR PULP MILLS. WERE THERE NO WASTEWATER SLUDGE TO INCINERATE IT IS PROBABLE THE MILLS WOULD ALREADY BE MEETING AIR QUALITY REQUIREMENTS. MY DEPARTMENT IS ALSO ON RECORD AS STATING THAT WATER QUALITY NEAR THE PULP MILLS, SIGNIFICANTLY IMPROVED OVER EARLIER YEARS, WOULD NOT BE MEASURABLY BETTER AS A RESULT OF EPA'S REQUIREMENTS. THE ADDITIONAL END-OF-PIPE TREATMENT TO REMOVE BIOLOGICAL OXYGEN DEMAND BY 28 POUNDS PER TON OF PULP PRODUCED WOULD NOT RESULT IN A MARKED IMPROVEMENT OF THE WATERS NEAR THE PULP MILLS.

THE PROPOSED VARIANCE WOULD ALLOW THE PULP MILLS TO MAINTAIN A WASTEWATER DISCHARGE WITH A BOD_5 LEVEL OF 75 POUNDS PER TON OF PULP PRODUCED. BASED ON OUR WATER QUALITY SURVEY IN 1980, IT IS OUR OPINION THAT THE EXISTING LEVEL OF BOD_5 CONTROL IS NOT CAUSING AN ADVERSE IMPACT ON THE RECEIVING WATERS.

EVEN THE AMOUNT OF CONTROL REALIZED BY THE DENIAL OF THE VARIANCE IS MISLEADING. UNDER THE PROPOSED GUIDELINES FOR BOD_5 CONTROL THE MILLS WOULD LOWER THEIR BOD_5 DISCHARGE BY ABOUT 28 POUNDS PER TON OF PULP PRODUCED. THE GUIDELINES, HOWEVER, WOULD ALSO ALLOW THE MILLS TO RAISE THEIR WASTEWATER EMISSIONS OF TOTAL SUSPENDED SOLIDS IN THE WASTEWATER DISCHARGE BY ABOUT 12 POUNDS PER TON OF PULP PRODUCED. THIS OCCURS BECAUSE THE VERY ACT OF TREATMENT TO REMOVE BOD_5 FROM THE WASTEWATER STREAM CREATES SLUDGE AND SUSPENDED SOLIDS.

PREVIOUS COMMISSIONERS OF THE DEPARTMENT OF ENVIRONMENTAL CONSERVATION HAVE VOICED THIS SAME CONCERN, THAT THE REDUCTION OF BOD FROM THE EFFLUENT RESULTS IN SLUDGE TO BE BURNED AND ADDITIONAL SUSPENDED SOLIDS TO BE DISCHARGED. OUR OBJECTIONS TO PERMITS PROPOSED IN 1973 AND 1980 WERE BASED ON THAT VERY SAME POINT.

WE AS REGULATORS IN AN EFFORT TO PROTECT THE ENVIRONMENT HAVE AN EQUAL RESPONSIBILITY TO REALIZE AND CONSIDER THE EFFECTS THESE REGULATIONS WILL HAVE IN OTHER PARTS OF THE ENVIRONMENT AND ON THE PEOPLE FOR WHOM THE ENVIRONMENT WAS CREATED. IN THIS CASE, IT APPEARS TO BE A MATTER OF MINIMAL GAIN IN ONE AREA FOR AGGRAVATED LOSSES IN OTHERS. IF THE PULP MILLS WERE PROVEN TO BE DESTROYING THE WATER QUALITY NEAR THE MILLS AND IF THE SECONDARY TREATMENT HAD NOT AND WILL NOT IMPACT THE AIR QUALITY OF THE AREA, YOUR DECISION WOULD MORE THAN LIKELY BE EASIER.

IN CONCLUSION, I WOULD LIKE TO STATE THAT THE DEPARTMENT DOES NOT PRESENTLY SUPPORT THE EPA'S TENTATIVE DECISION TO DENY THE PULP MILLS' REQUEST FOR A VARIANCE. IT APPEARS TO US THAT RECENT, UPDATED INFORMATION ON THE ECONOMIC FACTORS AFFECTING THE MILLS' VARIANCE REQUESTS IS VITAL TO THE FINAL DECISION AND MUST BE GIVEN SERIOUS ATTENTION. I URGE THE EPA TO CAREFULLY CONSIDER THE TESTIMONY BEING PRESENTED HERE, AND I LOOK FORWARD TO CONTINUING OUR COOPERATIVE EFFORT TO ACHIEVE A REALISTIC RESOLUTION OF THE ISSUE OF WASTEWATER CONTROL FOR THE PULP MILLS.

THANK YOU FOR THIS OPPORTUNITY TO PRESENT MY DEPARTMENT'S VIEWS.

Luke Popovich is contributing editor-national affairs for Pulp & Paper.

Treatment for its own sake

Press reports last month confirmed our doubts about the future of the Administration's dwindling effort to deregulate business. Officials at the Office of Management & Budget (OMB) told reporters the effort for now was dead—"ended," as they delicately put it. Since OMB was the *locus maximus* of the deregulation effort, sadly we must take these officials at their word that little will be done to discourage environmental regulation until after the 1984 election, assuming the home team wins.

Vice President Bush chaired the President's Task Force on Regulatory Relief, which closed down this summer, leaving to OMB the day-to-day vigilance over unnecessary rules. In signaling an end to the much-touted deregulatory effort, the Administration has borrowed liberally from the Vietnam antiwar strategy propounded by former Vermont Senator George Aiken: simply declare a victory, allow a self-satisfied smile, and withdraw. But if a thumping victory has been won against environmental regulation, the paper industry has yet to be informed.

AN ALASKAN CASE. Battlefield conditions still suggest that the war against treatment for treatment's sake is far from over. A story from Alaska illustrates the enemy's tenacity. Ketchikan Paper Co. and Alaska Lumber & Pulp Co. of Sitka applied to the Environmental Protection Agency for variances from secondary-treatment requirements under the Clean Water Act in December 1981. The companies had good reasons for asking a waiver from compliance with costly best practicable technology (BPT) requirements beyond the secondary treatment they had already employed.

First, the companies cited insufficient sites for installing sludge disposal facilities. Second, alternative power sources were not available to run generators during installation of control technology. Third, the additional treatment would harm other, nonwater values. Together, they said, additional requirements to treat then-nonhazardous wastes would cost more than EPA's model for similar reductions in the lower 48 states had suggested was proper. Nor would the treatment result in cleaner water.

Their case looked persuasive. The state's Department of Environmental Conservation and congressional delegation okayed the variance. So too did EPA's then-Region X administrator John Spencer on Dec. 28, 1981 recommended that the variance be approved. Again on May 10, he wrote to his EPA superiors in Washington for a variance, citing EPA's own view, dating back to 1974, that "the Alaska mills are entitled to different treatment . . . because of peculiar land, energy, and logistical constraints." Not only were the companies entitled to a variance, he said, but since EPA staff thought the BPT rule for the sulfite pulp category was "too stringent," the rule ought to be reviewed for immediate suspension.

So it was somewhat surprising that on Aug. 29, EPA announced it had tentatively decided to deny the variance, citing the absence of "fundamentally different factors" in the Alaskan case that would justify suspension of the additional secondary treatment requirements. "We did a thorough economic test and didn't find that their costs were out of line" with those facilities in the lower 48, said one EPA official in Washington.

INSIDE EPA. But an internal EPA memo from the Washington staff to EPA's acting water chief dated Feb. 3, 1982 suggests a different motivation for the denial. "A variance based on these problems does not appear to be entirely foreclosed," conceded EPA staff. "Nevertheless," the memo continued, "this [approval] could present a legal problem" because the "Natural Resource Defense Council has been closely following" the case. Worse, the memo alluded to the many other variance applications EPA would be forced to answer if it granted this one, thus upsetting its priorities for approving industrial permits.

Instead of granting the variance, EPA staff suggested the agency grant the two firms a temporary suspension of the BPT rules for the pulp category. And what of the quality of receiving water in all this decision making? It seems that consideration was irrelevant; water quality per se is expressly forbidden to bear on the issue of BPT compliance, and so it is irrelevant to the approval or disapproval of a variance. "If what these companies must do doesn't affect water quality one bit, they still have to install [BPT technology]," said EPA water effluent expert Bob Dellinger in Washington, D.C.

Treatment for treatment's sake is not only pointless but expensive. If the tentative decision isn't overturned after the Nov. 15 comment period expires, officials of Alaska Lumber & Pulp claim they'll be forced to spend $53 million to achieve mandated reductions of 28 lb/ton. That's in addition to the $45 million they've already spent to get from 275 lb to 75 lb/ton. "We don't have $51 million to dump into this project," complained one company spokesman. Too bad money, like environmental quality, has nothing to do with the issue.

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
Region 10 - Seattle, Washington

DATE DEC 28 [illegible]

SUBJECT Alaska Pulp Mill Variance Request

FROM John R. Spencer
Regional Administrator

TO Anne M. Gorsuch A100
Administrator

Thru: John E. Daniel A100
Chief of Staff

Consider this a request for the Administrator's concurrence with my recommendation that Alaska Lumber and Pulp Company and Louisiana - Pacific Corporation be granted variances from wastewater effluent guideline limits (BPT) for mills located at Sitka, Alaska and Ketchikan, Alaska respectively.

Both companies have requested variances under EPA regulations pertaining to fundamentally different factors (FDF). The most basic issue raised by the companies in support of their variance requests is that the cost of compliance with national effluent guidelines would result in waste treatment and operation costs significantly greater than costs for the model mill described in EPA effluent limitations development documents. Other issues raised in support of the variance requests include the lack of land for waste treatment sludge disposal and the lack of external sources of electricity.

Background Both Alaska Lumber and Pulp (ALP) and Louisiana - Pacific (LPK) are currently operating secondary waste treatment facilities at their southeast Alaska mills. The EPA issued permits controlling their wastewater discharges, were originally issued in 1973 and later amended in 1974. In 1977, EPA promulgated BPT guidelines for the dissolving grade sulfite subcategory which the two Alaska mills fall under. ALP and LPK are requesting variances from the biochemical oxygen demand (BOD) effluent limitation and variances from the total suspended solids (TSS) limitation specified in their present permits. These are summarized below:

Variance Requests

	Present Permit Limits	BPT	Variance Request
1. ALP & LPK			
* BOD, Lbs/T	75	46.8	75
* TSS, Lbs/T	60	76.3	76.3

* (Lbs per ton of mill production)

Region 10 staff have thoroughly analyzed the variance requests, and in particular, the water pollution control costs. The cost figures incorporate incurred costs for existing water pollution control facilities plus the future costs to meet BPT. They include capital and O&M costs expressed in March 1980 dollars. A comparison of the model mill costs with the two Alaskan mills is as follows:

	Capital Cost	Total Annual Cost	Total Annual Cost/T
A. Model mill (scaled up to 700 T/day production)	$49.34 mm	$15.2 mm	$63.9 mm
LPK (700 T/day)	$68.9 mm	$21.9 mm	$92.0 mm

The ratios of the costs (LPK: Model mill) are therefore: 1.40, 1.44, and 1.44.

	Capital Cost	Total Annual Cost	Total Annual Cost/T
B. Model mill (scaled up to 621 T/day production)	$42.7 mm	$14.4 mm	$ 69.9 mm
ALP (621 T/day)	$84.4 mm	$26.9 mm	$123.5 mm

The ratios of the costs (ALP: Model mill) are therefore: 2.0, 1.9, and 1.8.

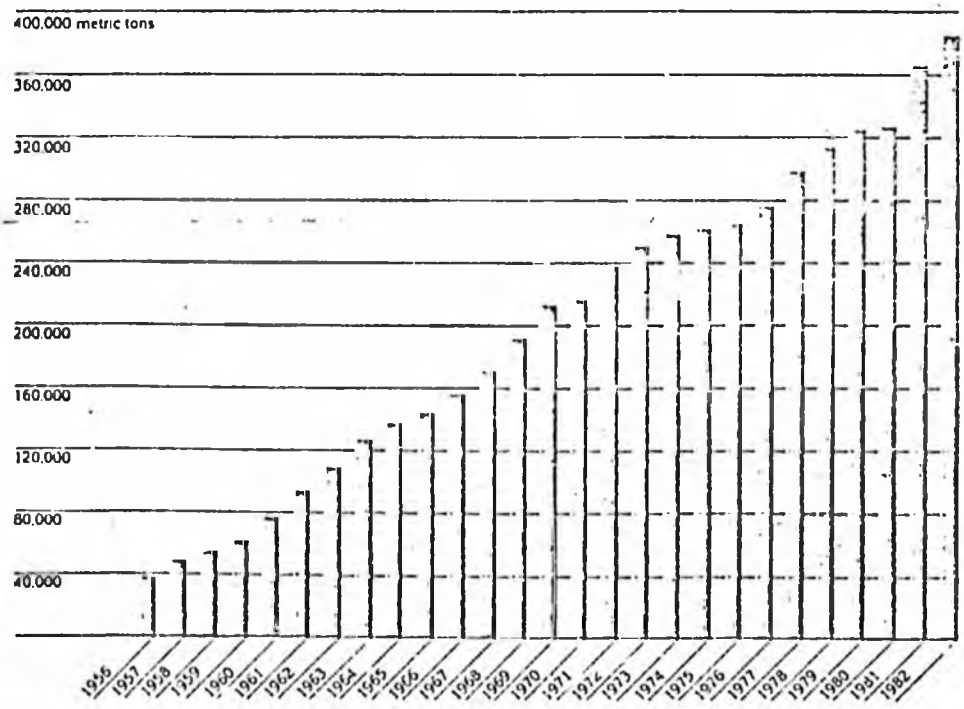
In summary, my recommendation that variances be approved is principally based on LPK's costs being 40 to 50 percent greater than the model mill and ALP's cost being essentially double the model mill costs.

Finally, attached is a letter from the State of Alaska certifying there will be no known water quality impacts resulting from granting a variance to either mill. Further support for a variance based on solids disposal is provided in that letter: "Of the possible alternatives disposal to the air and land are precluded by unique local conditions or may have substantial adverse effects on the environment". Also, attached is a staff analysis of the variance request. As indicated, some of the material is confidential and should not be released outside the agency.

Concurrence _____

Non-Concurrence _____

SAICCOR's production performance is one of which the Group is justifiably proud, showing a ten-fold increase since 1956. In the first year, the mill manufactured 38,000 tons compared to 386,000 tons in 1982. The Group's on-going research programme has made a material contribution to this expansion which has been achieved over the years. Three major areas of concentration have been responsible for SAICCOR's regular growth: progressive refinements in the process, modernisation of plant and equipment and regular capital investment. Without exception, every one of the intervening twenty six years has seen a boost in production capacity.



Alaska State Legislature

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BOB MULCAHY
ARLISS STURGULEWSKI

POUCH V
STATE CAPITAL
JUNEAU, ALASKA 99811
(907) 465-3834
(907) 465-3835

Senate

Committee on Resources

M E M O R A N D U M

TO: Senate Resources Committee

FROM: Senate Resources Committee Staff

RE: SJR 29, Supporting variance requests by pulp mills in Southeast Alaska.

DATE: January 17, 1984

Please find attached further information provided by Frank Roppel of Alaska Lumber and Pulp Company at our recent hearing on SJR 29, Supporting variance requests by pulp mills in Southeast Alaska.

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

February 16, 1982

OFFICE OF THE
ADMINISTRATOR

MEMORANDUM FOR BRUCE BARRETT

I have read the papers relating to the FDF variances for the Alaska pulp mills. I'm not persuaded by the writers' views that we should proceed by suspending the applicable regulations rather than issuing FDF variances.

For instance, the argument that these "fundamental differences" were taken into account in impact analyses may be correct, but the differences were not accounted for in the most important measure - effluent limits themselves. A FDF variance is the mechanism for doing this. The "resource requirement" argument is also the best argument for relying on states to handle variances. Also, I think it is disingenous to say that these mills' problems were "dealt with" when in the next paragraph it is stated that the problems were "considered. . . in a general way." That a mill was "considered" in guidelines development should not be the sole determinative of ineligibility for a FDF variance. As for NRDC's interest in this matter, it seems to me that issuance of the "Tentative Decision" should smoke them out. Additionally, the FDF route is more judicially economical since only one court challenge would result; suspension of guidelines and issuance of BPJ permits would open us to two largely duplicative lawsuits.

Unless your view is widely at variance from mine, let's ask John Spencer to publish the Tentative Decision, receive comments, and make the appropriate decision.

John E. Daniel
John E. Daniel
Chief of Staff

cc: John Spencer-RA-Seattle
Martha Prothro
Steve Schatzow
Bruce Diamond

ENVIRONMENTAL PROTECTION AGENCY

NOTICE OF (1) TENTATIVE DECISION TO DENY FUNDAMENTALLY DIFFERENT FACTORS VARIANCE REQUESTS OF ALASKA LUMBER AND PULP CO., INC., SITKA, ALASKA AND LOUISIANA-PACIFIC CORPORATION, KETCHIKAN, ALASKA, (2) PROPOSED REISSUANCE OF NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM PERMITS TO DISCHARGES TO WATERS OF THE UNITED STATES, (3) PUBLIC HEARING ON THE TENTATIVE DECISION AND THE PROPOSED REISSUANCE OF NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM PERMITS, (4) STATE CERTIFICATION, AND (5) TENTATIVE DECISION TO DENY PETITION TO ESTABLISH AN ALASKA SUBCATEGORY IN THE PULP, PAPER, AND PAPERBOARD POINT SOURCE CATEGORY.

AGENCY: Environmental Protection Agency.

ACTION: Notice of Tentative NPDES Permit Decisions and Tentative Decision to Deny Petition to Establish an Alaska Subcategory.

SUMMARY: The Environmental Protection Agency (EPA), Region X and the Assistant Administrator for Water, are today providing notice of (1) a Tentative Decision to deny fundamentally different factors (FDF) variance requests submitted by Alaska Lumber and Pulp Co., Inc., Sitka, Alaska (ALP) and Louisiana-Pacific Corporation, Ketchikan, Alaska (LPK), (2) proposed reissuance of National Pollutant Discharge Elimination System (NPDES) permits to discharges of ALP and LPK to waters of the United States, (3) public hearings on the Tentative Decision and the proposed reissuance of NPDES permits, and (4) request for certification of the NPDES permits by the Alaska Department of Environmental Conservation (ADEC).

At this time, EPA is also notifying ALP and LPK that EPA is tentatively denying their petition for establishment of a new Alaska subcategory in the pulp, paper, and paperboard point source category.

DATES:

Comment Period - Interested persons may submit written comments on the Tentative Decision to deny the FDF variance requests, the proposed reissuance of NPDES permits, and the administrative record to the Region X Administrator at the address below no later than (60 days after publication). Persons wishing to comment on the Tentative Decision to deny the request for establishment of an Alaska subcategory should submit written comments to the Effluent Guidelines Division at the address below no later than (60 days after publication). Persons wishing to comment on the State certification should submit written comments to the Alaska Department of Environmental Conservation at the address below no later than (60 days after publication).

Public Hearing - The Hearing Officer designated by the Regional Administrator will conduct a public hearing on the Tentative Decision to deny the FDF variance requests and the proposed reissuance of the NPDES permits on November 8, 1983 at 7:00 pm in Sitka, Alaska and on November 9, 1983 at 7:00 pm in Saxman, Alaska at the addresses indicated below.

ADDRESSES:

Public Comments - Send comments on the Tentative Decision to deny the FDF variance requests and the proposed reissuance of NPDES permits to: Region X Administrator, Environmental Protection Agency, 1200 Sixth Avenue, Seattle, Washington 98101.

Send comments on the Tentative Decision to deny the request for establishing a new Alaska subcategory to: Robert W. Dellinger, Effluent Guidelines Division (WH-552), Environmental Protection Agency, 401 M Street, SW, Washington, D. C. 20460.

Send comments on State Certification to: Commissioner, Alaska Department of Environmental Conservation, Pouch O, Juneau, Alaska 99801.

Public Hearings - EPA will conduct public hearings on November 8, 1983 at 7:00 pm in Sitka, Alaska at Centennial Building, 330 Harbor Drive, Sitka, Alaska 99835 and on November 9, 1983 at 7:00 pm in Saxman, Alaska (which is near Ketchikan, Alaska) at Saxman Community Hall, Saxman, Alaska 99901.

Administrative Record - These actions are based on the administrative record available for public review during normal prevailing business hours at the offices of the Environmental Protection Agency described below. The major documents are the Tentative Decision and the Tentative Decision Support Document, which may be obtained free of charge from Messrs. Danforth Bodien and Robert W. Dellinger at the addresses indicated below in "FOR MORE INFORMATION CONTACT".

Library
Region X
Environmental Protection Agency
1200 Sixth Avenue
Seattle, Washington 98101
8:00 am to 4:30 pm
(206) 442-1259

Alaska Operations Office
Environmental Protection Agency
3200 Hospital Drive, Suite 101
Juneau, Alaska 99801
8:00 am to 4:30 pm
(907) 586-7619

Library
Region IV
Environmental Protection Agency
345 Courtland Street, N.E.
Atlanta, Georgia 30365
8:30 am to 4:30 pm
(404) 881-4216

Public Information Reference Unit
Room 2922 (Library)
Environmental Protection Agency
401 M Street, S.W.
Washington, D.C. 20460
8:00 am to 4:30 pm
(202) 382-5926

Copying machines are available at the EPA Libraries in Seattle, Washington, Atlanta, Georgia, and Washington, D.C. The EPA information regulation (40 CFR Part 2) provides that a reasonable fee may be charged for copying.

FOR FURTHER INFORMATION CONTACT: Further information on these actions, and requests for copies of the Tentative Decision, Tentative Decision Support Document and draft NPDES permits, may be obtained from Mr. Danforth Bodien, Region X, Environmental Protection Agency (M/S 329), 1200 Sixth Avenue, Seattle, Washington 98101 (Telephone No. (206) 442-1531) or Mr. Robert W. Dellinger, Environmental Protection Agency (WH-552), 401 M Street, SW, Washington, D.C. 20460 (Telephone No. (202) 382-7137).

SUPPLEMENTARY INFORMATION

Background

The following companies applied for reissuance of their NPDES permit to discharge pollutants to waters of the United States in March 1980.

Alaska Lumber and Pulp Co., Inc.
Post Office Box 1050
Sitka, Alaska 99835
NPDES Permit No. AK000053-1

Louisiana-Pacific Corporation
Post Office Box 6600
Ketchikan, Alaska 99901
NPDES Permit Number AK000092-2

ALP is engaged in the production of dissolving sulfite pulp at their facility near Sitka, Alaska. ALP discharges from two outfalls into Sawmill Creek and Silver Bay which are presently protected for the following uses according to the State's federally approved water quality standards: water supply; water recreation; growth and propagation of fish, shellfish and other aquatic life; and harvesting for consumption of raw mollusks.

LPK is engaged in the production of dissolving sulfite pulp at their facility near Ketchikan, Alaska. LPK discharges from three outfalls into Ward Cove which is presently protected for the following uses according to the State's federally approved water quality standards: water supply; water recreation; growth and propagation of fish, shellfish and other aquatic life; and harvesting for consumption of raw mollusks.

At the same time that ALP and LPK applied for reissued permits, they requested variances from EPA's best practicable control technology currently available (BPT) effluent limitations guidelines for biochemical oxygen demand (BOD_5) for the Dissolving Sulfite Pulp Subcategory of the Pulp,

Paper, and Paperboard Point Source Category (40 CFR 430, Subpart K). These EPA regulations are national standards which are to be met by all point source dischargers pursuant to Sections 301(b)(1)(A) and 304(b)(1)(A) of the Clean Water Act unless the discharger obtains a FDF variance. EPA regulations provide that, upon finding factors relating to a particular discharger that are "fundamentally different" from the factors considered by EPA in establishing the national guidelines regulations, alternative effluent limitations may be established for that discharger. The criteria to qualify for such a FDF variance are contained in EPA regulations at 40 CFR Part 125, Subpart D. The procedures for handling FDF variance requests are contained in EPA regulations at 40 CFR §§124.62 - 124.63.

Today's action announces EPA's tentative decision to deny the variance requests. After the public comment period, EPA Region X will make its Final Decision. If the decision of Region X is to approve the FDF variance requests, that decision must be submitted to the Director, Office of Water Enforcement and Permits, EPA Headquarters in Washington, D.C. for concurrence. Appeals of variance decisions are governed by EPA regulations at 40 CFR §124.64.

The basis of both ALP's and LPK's FDF variance requests can be reduced to four factors claimed to be fundamentally different:

1. the lack of land and the unavailability of external power sources and the resulting necessity to produce all power requirements,
2. non-water quality environmental impacts, particularly energy requirements,
3. costs of compliance, and
4. lack of effect on receiving water quality.

Both ALP and LPK have requested, in their FDF variance requests, that the BOD_5 be set at 75 pounds/ton (daily average) instead of the 46.8 pounds/ton (daily average) required by the BPT effluent limitations guideline. In addition, both have requested that their new total suspended solids (TSS) limitations be relaxed from their current TSS permit limitation and instead be based on the BPT effluent limitations guideline for TSS which is 76.3 pound/ton (daily average). The FDF regulations are not applicable to the companies' requests concerning TSS, as discussed subsequently.

Finally, ALP and LPK also requested that EPA create a separate subcategory within the pulp, paper, and paperboard industry for pulp production in the State of Alaska. Both facilities are currently within the dissolving sulfite pulp subcategory (40 CFR Part 430, Subpart K). They cited non-water quality environmental impacts relating to energy and solid waste disposal as factors that would justify establishing a separate Alaska subcategory.

Tentative Decision

A. Requests for Alternative Limitations

1. BOD_5 FDF Variance Requests

ALP and LPK have claimed that the lack of land and the unavailability of external power sources and the resulting necessity to produce all power requirements; certain non-water quality environmental impacts, particularly energy requirements; the costs of compliance with the guidelines; and the lack of effect on receiving water quality are individually, and in combination, factors that are fundamentally different from those considered by EPA in establishing the guidelines.

EPA has tentatively decided to deny ALP's and LPK's FDF variance requests from the BOD_5 effluent limitations guidelines. Detailed examination of all available information indicates that factors related to the ALP and LPK facilities are not fundamentally different from those considered in developing the national guidelines. ALP and LPK have provided data to support their claims of fundamental difference; the detailed analysis of this data is reflected in the Tentative Decision, the Tentative Decision Support Document and the administrative record.

EPA has determined that the unavailability of land for disposal of excess wastewater sludge at ALP and LPK is not fundamentally different from factors considered in the

guidelines development. When developing the national guidelines, EPA considered that some mills would have to incinerate, rather than landfill, excess wastewater solids. This technology is available to both ALP and LPK. In addition, EPA has determined that special site preparation claimed to be necessary at ALP to expand their treatment system is not fundamentally different from factors considered in guidelines development. When developing BPT effluent limitations, EPA included an engineering contingency factor to account for such situations. Second, EPA has determined that both ALP and LPK have the capability of generating sufficient electricity to enable compliance with the effluent limitations guidelines and, therefore, finds that the unavailability of external power sources, by itself, is not fundamentally different from factors considered in guidelines development. EPA has determined that, taken together or alone, none of the non-water quality environmental impacts, including energy impacts, discussed by ALP and LPK are fundamentally different from those factors considered in guidelines development.

EPA also has evaluated whether ALP's and LPK's energy, solid waste disposal and site preparation costs would result in compliance costs that are fundamentally different from and wholly disproportionate to those considered in guidelines development. EPA evaluated the costs that ALP and LPK have already expended for wastewater treatment now in place, plus the costs of any additional treatment claimed to be necessary

to attain the appropriate guidelines limitations. EPA has also factored in costs necessary to compensate for the necessity to burn excess sludge in a power boiler and the unavailability of external power sources. EPA disallowed those costs claimed by ALP and LPK that EPA found were not properly attributable to the attainment of BPT established by the guidelines. A summary of cost data appears below.

	ALP		LPK	
	Capital	Total Annual	Capital	Total Annual
	(In $ Millions, March 1980)			
In-Place Allowed (EPA) Wastewater Pollution Control Costs to Meet Guidelines BPT	44.1	18.2	37.3	16.2
Additional Allowed (EPA) Wastewater Pollution Control Costs Necessary to Meet Guidelines BPT	16.3	5.5	17.9	5.0
Total Allowed (EPA) Wastewater Pollution Control Costs Necessary to Meet Guidelines BPT	60.4	23.7	55.2	21.2
EPA Model Mill Wastewater Pollution Control Costs Necessary to Meet Guidelines BPT	57.0	21.2	62.3	23.3

The estimated capital and total annual costs at ALP to attain the national BPT limitations are 6.0 and 11.9 percent, respectively, higher than the model mill costs developed by EPA, while the capital and total annual costs at LPK to attain the national BPT limitations are lower than the model mill costs developed by EPA. EPA has determined that the

cost of compliance with the national BPT effluent limitations guidelines at ALP and LPK is neither fundamentally different from nor wholly disproportionate to those costs used by EPA in guidelines development. Thus, EPA has not identified any factor that makes ALP and LPK fundamentally different from other dissolving sulfite pulp mills. Further, the lack of effect on receiving water quality is not a factor upon which a FDF variance may be granted. 40 CFR §125.31(e)(4). EPA is, therefore, proposing to deny the FDF variance requests and to reissue the NPDES permits for ALP and LPK based upon the effluent limitations contained in the dissolving sulfite pulp subcategory effluent guidelines.

The detailed justification of this decision may be found in the Tentative Decision, the Tentative Decision Support Document and the administrative record.

2. Request for Guidelines TSS Limitations

ALP and LPK have requested that their reissued permits reflect the TSS limitation in the national BPT guidelines (76.3 pounds/ton, daily average) instead of the TSS limitations in their current permits (60 pounds/ton, daily average). At various times, the companies have characterized this request as one for a FDF variance. That characterization is incorrect; FDF variances are available only from promulgated effluent limitations guidelines, not from previous permit limitations imposed under Section 402(a)(1) of the Clean Water Act.

The companies have made a special request to have the national TSS limitations incorporated into their reissued permits, apparently in the belief that 40 CFR §122.44(l) would require that the lower TSS limitation in their current permits be incorporated into their new permits instead of the higher national TSS limitation. As discussed further in the Tentative Decision, we have determined that the national TSS and BOD_5 limitations are not less stringent than those included in the current permits. Therefore, the prohibition in 40 CFR §122.44(l) against establishing less stringent permit limitations in reissued permits is inapplicable in this sitation and the TSS limitation in the draft permits is based on the promulgated effluent limitations guidelines.

B. Resubcategorization

EPA is also tentatively denying ALP's and LPK's petition to establish a separate Alaska subcategory of the pulp, paper, and paperboard industry. Both facilities are currently in the dissolving sulfite pulp subcategory of the pulp, paper, and paperboard point source category (40 CFR Part 430, Subpart K). After examining the factors specified in Section 304(b) of the Clean Water Act which EPA considers when developing the subcategorization scheme for an industrial category, we have found that the factors that exist at the Alaska mills are very similar to the factors that exist at other mills in the dissolving sulfite pulp subcategory.

ALP and LPK are two of the newer mills in the dissolving sulfite pulp subcategory. Their raw wastewater flows and pollutant loadings are lower than those which formed the basis of the national BPT effluent limitations applicable to viscose grade production in the dissolving sulfite pulp subcategory. Both ALP and LPK are capable of meeting the national BPT effluent limitations through the installation and operation of biological treatment, the technology identified by EPA as the best practicable control technology currently available for the dissolving sulfite pulp subcategory. The total costs of meeting BPT at ALP and LPK are not significantly different from costs projected for similarly sized model viscose grade dissolving sulfite pulp mills. Additionally, we determined that installation and operation of available wastewater treatment technologies, including solid waste disposal and energy generating facilities, have not been shown to lead to non-water quality environmental impacts that differ significantly from those that EPA anticipated when issuing the national BPT limitations. For the above reasons, we have tentatively concluded that there is no basis for establishing a new Alaska subcategory.

Draft NPDES Permits

EPA has developed draft NPDES permits for ALP and LPK that require compliance with the national BPT, best available technology economically achievable (BAT) and best conventional pollutant control technology (BCT) effluent

limitations. The permits continue to require compliance with the mills' current BPT limitations, as required by the Clean Water Act. A July 1, 1984 compliance deadline will be established for the national BPT and BCT effluent limitations. (As explained in the fact sheets for the draft permits, EPA has determined that BCT will be equal to the national BPT limitations.) Finally, an immediate BAT compliance deadline will be established since the mills are already meeting the BAT limitations.

Neither ALP nor LPK are expected to be able to comply by July 1, 1984 with the national BPT/BCT effluent limitations. Consequently, through administrative orders, an amendment to the existing consent decrees, or some other enforcement mechanism, both ALP and LPK will be placed on the following compliance schedule to meet the national BPT effluent limitations. EPA specifically invites comment as to the appropriateness of this compliance schedule.

April 1, 1984 - Completion and submittal of final engineering plans.

June 1, 1984 - Commencement of construction.

December 1, 1984 - Report on construction progress.

June 1, 1985 - Completion of construction.

July 1, 1985 - Attainment of operational level.

State Certification

This notice will also serve as public notice of the intent of the Alaska Department of Environmental Conservation to consider certifying that the subject discharges will comply with the applicable provisions of Sections 208(e), 301, 302, 303, 306 and 307 of the Clean Water Act. The NPDES permits will not be issued until the certification requirements of Section 401 have been met.

Public Comments and Public Hearing

Persons wishing to comment on the tentative decisions relative to the FDF variance requests and the proposed reissuance of the NPDES permits may do so in writing, within 60 days of the date of this public notice. Written comments must be received within this 60 day period to be considered in the formulation of final determinations regarding the applications. All written comments should include the name, address, and telephone number of the commenter and a concise statement of the exact basis of any comment and the relevant facts upon which it is based. All written comments should be submitted to the Region X Administrator as indicated above.

Public hearings will be held in both Sitka, Alaska and Saxman ~~Ketchikan~~, Alaska, at the times and locations as indicated earlier in this notice, to receive both oral and written testimony on the tentative decisions and the proposed reissuance of the NPDES permits.

Persons wishing to comment on the Tentative Decision relative to establishing a new Alaska subcategory should submit written comments within this 60 day period to the Effluent Guidelines Division as indicated above.

Persons wishing to comment on State Certification should submit written comments within this 60 day period to the Alaska Department of Environmental Conservation as indicated above.

It is important to note that this will be the only opportunity to comment on these matters prior to EPA's final decisions on these matters.

24 Aug. 1983
Date

Ernesta B. Barnes
Ernesta B. Barnes
Regional Administrator
EPA Region X

24 Aug 1983
Date

Rebecca W. Hanmer
Rebecca W. Hanmer
Acting Assistant Administrator
for Water

ALASKA STATE LEGISLATURE - SENATE

SENATOR RICHARD I. ELIASON

LABOR AND COMMERCE COMMITTEE, CHAIRMAN
RESOURCES COMMITTEE
JUDICIARY COMMITTEE
FISHERIES SUB-COMMITTEE

P.O. BOX 143
SITKA, ALASKA 99835

POUCH V
JUNEAU, ALASKA 99811
(907) 465-4916

November 10, 1983

The Honorable William Ruckelshaus
Administrator
Environmental Protection Agency
401 M Street, SW
Washington, D.C. 20640

Dear Mr. Ruckelshaus:

I am writing to urge you to grant the variance requested by Alaska Lumber & Pulp Co. The variance would allow this pulp mill, located at Silver Bay in Southeast Alaska, to continue to operate in a productive manner. Without the variance, the mill will most likely be forced to shut down.

Currently, the mill flushes its waste into Silver Bay. EPA regulations say the mill waste should be treated and disposed. The problem is that to treat and dispose the waste is extremely expensive, not to mention that the burning of the treated waste creates air pollution.

I am a commercial fisherman. Water quality is a concern to me because it effects the fish I catch. I can assure you there is no water quality problem in Silver Bay. In fact, you can catch fish right up to the mill!

As the state senator for Sitka, the town near Silver Bay, I must urge you to grant this variance. The mill provides many jobs for the people of Sitka. Fishing and the pulp mill are our economic base. For years the two have been compatible. The variance will allow this harmonious economy to continue.

Sincerely,

Sen. Dick Eliason

Alaska State Legislature

BETTYE FAHRENKAMP, Chairman
ROBERT H. ZIEGLER, SR., Vice Chairman
DICK ELIASON
PAUL FISCHER
VIC FISCHER
BOB MULCAHY
ARLISS STURGULEWSKI

POUCH V
STATE CAPITAL
JUNEAU, ALASKA 99811
(907) 465-3834
(907) 465-3835

Senate
Committee on Resources

TO: Willy Berrier, Director
Legal Services Division

FROM: Senator Fahrenkamp, Chairman
Senate Resources Committee

RE: SJR 29, Supporting variance requests by pulp mills in Southeast Alaska.

DATE: January 16, 1984

Please prepare a Resources Committee Substitute for the above referenced bill as specified on the attached copy of the bill.

Introduced: 1/9/84
Referred: Resources

Original sponsors: Eliason, Ziegler, Ray and Fahrenkamp

BY THE RESOURCES COMMITTEE

IN THE SENATE

CS FOR SENATE JOINT RESOLUTION NO. 29

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTEENTH LEGISLATURE - SECOND SESSION

Supporting variance requests by pulp mills in Southeast Alaska.

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

WHEREAS the Environmental Protection Agency is now considering variance requests from the pulp mills in Southeast Alaska; and

WHEREAS the pulp mills in Sitka and Ketchikan provide an economic base by employing many residents of Southeast Alaska; and

WHEREAS the quality of water and marine life is not adversely affected by the current effluent discharge from the pulp mills; and

WHEREAS the Alaska Department of Environmental Conservation has found that continued discharge will not impact state water quality standards and supports the issuance of the variance; and

WHEREAS the former Environmental Protection Agency Regional Administrator issued a tentative decision on December 23, 1981, that would have granted the variance; and

WHEREAS the variance being considered would enable the pulp mills to continue to treat their waste products in a more efficient and economical manner; and

WHEREAS the denial of the variance would constitute treatment for treatment's sake, would create an air pollution problem if the mills did comply and would most likely cause the pulp mills and related facilities to cease operating because the cost of additional waste treatment is prohibitive; and

WHEREAS the United States Forest Service has determined that the closure of the pulp mills would cause a $143 million per year loss of

$147.6

1 income in Southeast Alaska;

2 BE IT RESOLVED that the Alaska State Legislature urges that the vari-
3 ances requested by the mills be granted; and be it

4 FURTHER RESOLVED that the Alaska State Legislature urges the Environ-
5 mental Protection Agency to consider the loss of income in the event of the
6 mills' closure as part of the cost of achieving guideline best ~~practicable~~ practical
7 technology in determining whether the cost of compliance is wholly out of
8 proportion to the model mill.

9 COPIES of this resolution shall be sent to the Honorable Ronald
10 Reagan, President of the United States; the Honorable William Ruckelshaus,
11 Administrator of the Environmental Protection Agency; Ernesta Barnes,
12 Regional Administrator of the Environmental Protection Agency; and to the
13 Honorable Ted Stevens and the Honorable Frank Murkowski, U.S. Senators, and
14 the Honorable Don Young, U.S. Representative, members of the Alaska delega-
15 tion in Congress.

Alaska State Legislature

BETTYE FAHRENKAMP, Chairman
ROBERT H. ZIEGLER, SR., Vice Chairman
DICK ELIASON
PAUL FISCHER
VIC FISCHER
BOB MULCAHY
ARLISS STURGULEWSKI

POUCH V
STATE CAPITAL
JUNEAU, ALASKA 99811
(907) 465-3834
(907) 465-3835

Senate

Committee on Resources

MINUTES

January 16, 1984
2:32 pm

Beltz Room
Room 211, Capitol

MEMBERS PRESENT

Senator Ziegler, Vice Chair
Senator Eliason
Senator P. Fischer
Senator V. Fischer
Senator Mulcahy
Senator Sturgulewski

CALENDAR

SJR 29 Supporting variance requests by pulp mills in Southeast Alaska

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Frank Roppel, Executive Vice President, Alaska Lumber and Pulp Company, ALP, Sitka, testified against the Environmental Protection Agency (EPA) decision to deny the Fundamentally Different Factor Variance for secondary treatment of effluent from Alaskan pulp mills. Compliance with EPA's environmental standards would cause the shut down of ALP's Sitka pulp mill, severely impacting the economic base of several Southeast communities. Over 3,000 loggers and millworkers would be affected.

Michael A. Barton, Deputy Regional Forester, U.S. Forest Service submitted written testimony. He asked to amend the Resolution, page 1, line 29, changing the figure $143 million to $147.6 million. The amendment was adopted without objection.

Senator Eliason stated for the record that at recent EPA hearings in Seattle, Governor Sheffield and Commissionner Neve' testified in support of the variance. He moved to adopt the Committee Substitute and report it out with individual recommendations. There was no objection.

The meeting adjourned at 2:50 pm

Senate

Committee on Resources

1-16-84

WITNESS SIGN-UP SHEET

Date: ~~2/13/83~~

Bill Wish to Testify On	Name	Address/Phone	Representing
SJR 29	Mike Barton	Federal Bldg Juneau AK	USDA Forest Service
SJR 29	Frank Roppel	Sitka	ALP

SJR

31

FOR BACK-UP,
SEE HJR 58

COMMITTEE REPORT

HOUSE

(9) FURTHER: JUDICIARY

4/12/84 Date: MAY 4 1984

The Committee on RESOURCES has had CSSJR 31(R1s)

Relating to the capture of orcas in Alaska waters.

under consideration and recommends:

[ ] do pass [ ] do not pass

[ ] do pass with attached amendments(s)

[X] replace with HCS for CSSJR 31(R1s) [X] same title [ ] new title

and recommends DO PASS

[ ] AND attaches a "Letter of Intent" [ ] New Fiscal Note [ ] Zero Fiscal Note Attached

[ ] reports it back without recommendation

[ ] referred to the _____ Committee

MEMBERS SIGNING DO PASS

MEMBERS HAVING OTHER RECOMMENDATIONS:

CHAIRMAN

SJR

42

COMMITTEE REPORT

HOUSE

(9) FURTHER:

Date: MARCH 5, 1984

3/5/84

The Committee on RESOURCES has had SJR 42

Relating to the establishment of an Environmental Protection Agency regional office in Alaska.

under consideration and recommends:

[X] do pass [ ] do not pass

[ ] do pass with attached amendments(s)

[ ] replace with CS for _____ [ ] same title [ ] new title

and recommends _____

[ ] AND attaches a "Letter of Intent" [ ] New Fiscal Note [ ] Zero Fiscal Note Attached

[ ] reports it back without recommendation

[ ] referred to the _____ Committee

MEMBERS SIGNING DO PASS

MEMBERS HAVING OTHER RECOMMENDATIONS:

CHAIRMAN

SJR 42 requests the Administrator of the U.S. Environmental Protection Agency to establish an EPA regional office in Alaska. Senator Murkowski proposed this idea to the Legislature during his address to the Joint Session in mid-February. Two newspaper articles are attached for your additional information.

Fairbanks Daily News-Miner

Help from the EPA

Inviting a federal agency to find a sort of new home in Alaska at first glance seems contrary to the state's desire to get out from under the enduring federal yoke.

But Sen. Frank Murkowski's proposal to the federal government that it make Alaska a separate region for the Environmental Protection Agency—though it would increase the federal presence here—makes sense.

Working out of its Region 10 office in Seattle, the EPA has been making plenty of trouble for Alaskans lately.

In Fairbanks, we're struggling to come up with a plan that will clean up our air in an efficient way and satisfy the EPA too; in Anchorage, they've knuckled under to EPA threats and drawn up an air clean up plan.

Throughout Alaska—including the Interior—miners are struggling to convince the EPA that wastewater discharge rules are technically impossible to comply with. If the EPA enforces them almost all miners will be forced out of business.

In Southeast Alaska, the pulp mills are having the same trouble over water discharge regulations. They'll be forced to shut down unless variances are granted.

In a speech to the Legislature last week, Sen. Murkowski urged Alaskans to "continue to struggle against outside domination—particularly from the federal government."

One way to do that, he believes, is to urge the federal officials with whom we must deal to make their headquarters in our state.

"I propose that we create a special EPA Alaska regional headquarters here in Alaska, not Seattle," the senator said. "Our new EPA region must be headed by an administrator who is vested with the knowledge and authority to create standards specifically tailored to meet Alaska's unique requirements while protecting our environment, and to insure that the beauty of our state and the lifestyle of our people is maintained."

Sen. Murkowski has been meeting with the EPA to pursue this idea. If necessary, he says, he'll introduce federal legislation to accomplish it.

Though it might make Alaskans a bit uncomfortable to invite the EPA to, in a sense, increase its presence here, we believe our state would gain from it. As it is now, EPA is well on the way to hamstringing several of our basic industries. If the officials lived and worked in the affected communities, they would be working from a different sort of background—a background of knowledge of Alaska, instead of somewhere else.

We think it's worth a try.

Murkowski seeks Alaskan EPA office

Anch Times 8/17

Associated Press

Juneau — The Alaska legislature should back a proposal to create an Alaska regional office of the Environmental Protection Agency, Sen. Frank Murkowski, R-Alaska told state lawmakers Thursday.

Murkowski berated the EPA for requiring two Southeast Alaska pulp mills to meet national water quality standards. The senator urged the legislature to back his proposal to create an Alaska region of EPA, forcing the agency to establish headquarters in the state.

Alaska is now part of EPA's Region X, which encompasses the Pacific Northwest.

On the subject of exporting North Slope oil, Murkowski said Congress is likely to extend the ban on overseas sales, but efforts to overturn the Export Administration Act could pay off in the long run, Murkowski said.

"If Alaskans were to simply roll over and give up on the issue, we would fail to show Congress how important it is to us," Murkowski told a joint legislative session.

"We must continue to fight for our right to sell our natural resources in the market of our choice," Alaska's junior senator said in his fourth address to lawmakers since his 1980 election.

Murkowski explained to legislators why he thinks the odds are long on stopping Congress from extending the oil export ban, which expires at the end of the month.

"The deck is stacked, and the politics may override the merits of the export legislation," Murkowski said.

The maritime lobby has generously contributed Congressional campaign funds in order to block efforts at ending the ban, he said. Shippers oppose the export of North Slope oil because it would reduce the shipping distances for the oil, he said.

Apprehension about the pace of the federal leasing of Alaska's Outer Continental Shelf for oil and gas leasing should be balanced with the recognition that oil provides most of the state's revenues, he said.

"Before we initiate too many delays in the OCS sale process, we must remind ourselves that these sales are really only rights to look for oil," he said, and there's no guarantee fossil fuels will be found

Fairbanks Daily News-Miner

Help from the EPA

Inviting a federal agency to find a sort of new home in Alaska at first glance seems contrary to the state's desire to get out from under the enduring federal yoke.

But Sen. Frank Murkowski's proposal to the federal government that it make Alaska a separate region for the Environmental Protection Agency—though it would increase the federal presence here—makes sense.

Working out of its Region 10 office in Seattle, the EPA has been making plenty of trouble for Alaskans lately.

In Fairbanks, we're struggling to come up with a plan that will clean up our air in an efficient way and satisfy the EPA too; in Anchorage, they've knuckled under to EPA threats and drawn up an air clean up plan.

Throughout Alaska—including the Interior—miners are struggling to convince the EPA that wastewater discharge rules are technically impossible to comply with. If the EPA enforces them, almost all miners will be forced out of business.

In Southeast Alaska, the pulp mills are having the same trouble over water discharge regulations. They'll be forced to shut down unless variances are granted.

In a speech to the Legislature last week, Sen. Murkowski urged Alaskans to "continue to struggle against outside domination—particularly from the federal government."

One way to do that, he believes, is to urge the federal officials with whom we must deal to make their headquarters in our state.

"I propose that we create a special EPA Alaska regional headquarters here in Alaska, not Seattle," the senator said. "Our new EPA region must be headed by an administrator who is vested with the knowledge and authority to create standards specifically tailored to meet Alaska's unique requirements while protecting our environment, and to insure that the beauty of our state and the lifestyle of our people is maintained."

Sen. Murkowski has been meeting with the EPA to pursue this idea. If necessary, he says, he'll introduce federal legislation to accomplish it.

Though it might make Alaskans a bit uncomfortable to invite the EPA to, in a sense, increase its presence here, we believe our state would gain from it. As it is now, EPA is well on the way to hamstringing several of our basic industries. If the officials lived and worked in the affected communities, they would be working from a different sort of background—a background of knowledge of Alaska, instead of somewhere else.

We think it's worth a try.

Murkowski seeks Alaskan EPA office

Anch Times 2/17

Associated Press

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House Resources Committee
SIGN-IN

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EPA REGION

NAME	ADDRESS	PHONE	REPRESENTING
Doni Kubley	1270 Trity Cove, Juneau	789-21849	C.H.A.R.R. Gateway Boroough, City of Ketchikan, City of Saxman, City of Mitlakatla, M.M.P., B.d.M. (Witness)