

HJR

78

HOUSE COMMITTEE REPORT

3/21

(9)

Date Referred: February 9, 1990

FURTHER REFERRALS:

Date of Committee Action: 3/16/90.

JUDICIARY
FINANCE

The RESOURCES Committee considered:

HJR 78

HOUSE JOINT RES. NO. 78

CREATE ALASKA ENVIRONMENTAL TRUST FUND

Proposing amendments to the Constitution of the State of Alaska to establish an Alaska environmental trust fund.

RECOMMENDATIONS:

- be replaced with _____ the same title
- have attached amendment(s) a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):
(Dept)

APPROVES PREVIOUS:

(Date/Dept)

- fiscal impact _____
- zero fiscal note DEC
- zero with analysis _____

- fiscal note(s) _____
- zero fiscal note(s) _____
- zero fn/analysis _____

SIGNING DO PASS:

SIGNING:
(Check approp. column)

Do Not
PASS
No Rec
Amend

SIGNING DO PASS	SIGNING	Do Not PASS	No Rec	Amend
<u>[Signature]</u> MENARD	<u>[Signature]</u> SHARP		X	
<u>[Signature]</u> NAVARRE	<u>[Signature]</u> FURNACE		X	
<u>[Signature]</u> HUDSON				

[Signature]
C.O. - Chairman's Signature



Alaska Environmental Lobby, Inc.

P.O. Box 22151 Juneau, Alaska 99802

907-463-3366

AEL ISSUE PAPER - HJR 78 ALASKA ENVIRONMENTAL TRUST FUND

The Alaska Environmental Lobby strongly supports this legislation.

- It is appropriate that funds recovered by the State from claims relating to the Exxon Valdez oil spill in excess of legislative appropriations for cleanup be set aside for legislative appropriation in the event of future environmental disasters. Obviously, it is everyone's hope that there will never be cause to tap this fund!
- Allowing for legislative appropriation of the real income from the trust fund for environmental protection, enhancement, and management is also positive and appropriate.
- We applaud this type of creative and forward-thinking legislation.

April 9, 1990
Ellen Wolf
Volunteer Lobbyist

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: Proposing Amendment to Constitution to Establish an Alaska Environmental Trust Fund
Sponsor: Hudson & Ulmer
Requestor: Resources, Judiciary, & Finance

Agency Affected: Department of Revenue
ERU: Treasury

Components: See Analysis

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
OPERATING						
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LANDS & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
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	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: Zero fiscal effect to General Fund. Amounts deposited in the Alaska Environmental Trust Fund cannot be currently estimated since claim amounts are unknown.

Prepared By: Bob Elliott
Division: Treasury

Phone: 465-2350
Date: March 21, 1990

Approved by Commissioner: _____
Agency: Department of Revenue

Date: 3/21/90

Distribution (by preparer):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)



Alaska State Legislature

REPRESENTATIVE BILL HUDSON

P.O. BOX V
Juneau, Alaska
99811
(907)465-3744 or 4991

COMMITTEES:

Transportation
Resources
Foreign Trade

FINANCE SUBCOMMITTEES

DO/PP
C & RA

March 8, 1990

Representative Curt Menard
and
Representative Cliff Davidson
Co-Chairmen - House Resources Committee
Alaska State Legislature
Juneau, Alaska

Dear Mr. Co-Chairmen:

Cliff + Curt

Thank you for the recent hearing in the House Resources Committee in which consideration was given HJR 78, which proposes amendments to the Constitution of the State of Alaska to establish an Alaska environmental trust fund.

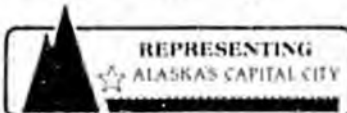
At that same meeting consideration was also given HJR 50.

Both resolutions have merit, but both are entirely different in their approach. HJR 50 proposes a dedicated tax; my bill, HJR 78 does not.

As we continue to sort out the many horrendous impacts of the EXXON Valdez oil spill last year, it becomes more and more critical that we make sure Alaska is financially ready to respond to environmental disasters.

Imagine the scenario if the spill had been caused by a ship operated by a less financially solvent corporation. It strikes fear to wonder how the State of Alaska could have paid for the clean up effort of last spring, summer and fall, and again this spring, and still finance schools and other basic and essential services to Alaskans. Would we have had to raid the Permanent Fund? Would there be a Railbelt Energy Fund left today?

The trust fund proposed in HJR 78 will create the necessary financial security that all Alaskans now realize we must have when and if we are ever again faced with such a disaster. The interest from the trust fund will be available for the legislature's appropriation for the protection, management and enhancement of Alaska's environment.



HJR 50 and HJR 78 are completely separate issues as well as approaches; they should not be incorporated into one resolution.

Your favorable consideration to schedule HJR 78 for further hearing and reporting to the next committee of referral will be very much appreciated.

Respectfully,

A handwritten signature in cursive script that reads "Bill".

Bill Hudson

BH:lh

STATE OF ALASKA

DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

STEVE COWPER, GOVERNOR

REPLY TO:

1031 W 4th AVENUE SUITE 200
ANCHORAGE, ALASKA 99501-1994
PHONE: (907) 276-3550
FAX: (907) 276-3697

1st NATIONAL CENTER
100 CUSHMAN ST. SUITE 400
FAIRBANKS, ALASKA 99701-4679
PHONE: (907) 452-1568
FAX: (907) 456-1317

P.O. BOX K—STATE CAPITOL
JUNEAU, ALASKA 99811-0300
PHONE: (907) 465-3600
FAX: (907) 463-5295

April 6, 1990

Hon. Peter Goll, Co-chairs
Hon. Max Gruenberg
House Judiciary Committee
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Re: HJR 78 -- Environmental Trust
Fund

Dear Representatives Goll and Gruenberg:

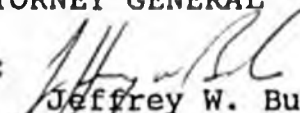
The Department of Law is concerned about the current version of House Joint Resolution 78, which proposes to amend the Alaska Constitution to establish an Environmental Trust Fund. Under the proposal, all recoveries by the state as a result of the Exxon Valdez spill over and above incurred expenses would be placed in this fund. Fund principal could only be used to respond to a declared disaster, while fund interest could be used for environmental protection, enhancement and management. The use of both principal and interest would be subject to legislative appropriation.

This department's principal concern is that this proposed restriction on the use of Exxon Valdez recoveries would severely and negatively impact the ability of this department to work in concert with the federal government in the current litigation against Exxon. We therefore strongly urge the committee to consider a committee substitute along the lines of the enclosed; we have made a similar request of the Senate Finance Committee, which is considering SJR 70. I will be available to discuss this matter further with individual committee members or with the entire committee when this resolution is next scheduled for hearing.

Sincerely yours,

DOUGLAS B. BAILY
ATTORNEY GENERAL

By:


Jeffrey W. Bush
Assistant Attorney General

Hon. Peter Goll, Co-chairs
Hon. Max Gruenberg
House Judiciary Committee

April 6, 1990

JWB:jf

cc: Representative Bill Hudson

Barbara Herman
Assistant Attorney General
Anchorage

Proposed revision to Section 2 of HJR 78

* Sec. 2. Article IX, Constitution of the State of Alaska, is amended by adding a new section to read:

SECTION 17. ALASKA ENVIRONMENTAL TRUST FUND. A. Except as otherwise required by the laws of the United States, amounts recovered by the State for natural resource damage claims relating to the discharge of crude oil or a hazardous substance that exceed by at least \$_____ the unreimbursed amounts expended by the State in connection with the discharge, including, without limitation, expenses for containment, cleanup, damage assessment, and restoration, shall be placed in an Alaska Environmental Trust Fund. The principal of the Alaska Environmental Trust Fund shall be managed in the manner authorized for management of the Alaska permanent fund by Section 15 of this article, and may be appropriated by the legislature only to meet the cleanup and restoration costs of a declared environmental disaster. The real income of the Alaska Environmental Trust Fund may be appropriated by the legislature for environmental protection or enhancement, as defined by law, but the real income that is not so appropriated shall be deposited annually into the trust fund. An appropriation may be made under this section only if the appropriation is approved by three-fourths of the membership of each house of the legislature. The legislature shall implement this section.

B. Notwithstanding section A., those recoveries described in A. may be placed in a trust fund established by court

order or by an agreement entered into between the State and any other government asserting trusteeship over natural resources damaged by such a discharge. The principal of and the income from such trust fund shall be managed as provided in the court order or agreement.

Original sponsor(s): SEN. HALFORD, Eliason, Coghill, Jones, Zharoff,
Rodey, Karttula, Fischer, Duncan, Kelly, Pearce, Frank, Sturgulewski

1 IN THE SENATE BY THE JUDICIARY COMMITTEE

2 CS FOR SENATE JOINT RESOLUTION NO. 70 (Judiciary)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 Proposing amendments to the Constitution
6 of the State of Alaska to establish an
7 Alaska environmental trust fund.

8 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 * Section 1. Article II, sec. 14, Constitution of the State of Alaska,
10 is amended to read:

11 SECTION 14. PASSAGE OF BILLS. The legislature shall establish
12 the procedure for enactment of bills into law. No bill may become law
13 unless it has passed three readings in each house on three separate
14 days, except that any bill may be advanced from second to third read-
15 ing on the same day by concurrence of three-fourths of the house
16 considering it. Except for appropriations of the principal and real
17 income of the Alaska environmental trust fund under Article IX,
18 Section 17, no [NO] bill may become law without an affirmative vote of
19 a majority of the membership of each house. The yeas and nays on
20 final passage shall be entered in the journal.

21 * Sec. 2. Article IX, sec. 7, Constitution of the State of Alaska, is
22 repealed and readopted to read:

23 SECTION 7. DEDICATED FUNDS PROHIBITED. The proceeds of any
24 State tax or license shall not be dedicated to any special purpose.
25 This provision shall not prohibit the continuance of any dedication
26 for special purposes existing on April 24, 1956, and shall not pro-
27 hibit the dedication of revenue under Sections 15 and 17 of this
28 article or when required by the federal government for State par-
29 ticipation in federal programs.

1 * Sec. 3. Article IX, Constitution of the State of Alaska, is amended
2 by adding a new section to read:

3 SECTION 17. ALASKA ENVIRONMENTAL TRUST FUND. Amounts recovered
4 by the State from claims relating to the discharge of crude oil or a
5 hazardous substance that exceed by at least \$25,000,000 the amounts
6 appropriated by the legislature for expenses of containment and clean-
7 up of the discharge on which the claims were made shall be placed in
8 an Alaska environmental trust fund. The principal of the trust fund
9 shall be managed in the manner authorized for management of the Alaska
10 permanent fund by Section 15 of this article, and may be appropriated
11 by the legislature only to meet the cleanup and restoration costs of a
12 declared environmental disaster. The real income of the trust fund
13 may be appropriated by the legislature for environmental protection or
14 enhancement, as defined by law, but the real income that is not so
15 appropriated shall be deposited annually into the trust fund. An
16 appropriation may be made under this section only if the appropriation
17 is approved by three-fourths of the membership of each house of the
18 legislature. The legislature shall implement this section.

19 * Sec. 4. The amendments proposed by this resolution shall be placed
20 before the voters of the state at the next general election in conformity
21 with art. XIII, sec. 1, Constitution of the State of Alaska, and the elec-
22 tion laws of the state.