

HB

Q

SENATE COMMITTEE REPORT

FURTHER

4/11/89

DATE TURNED INTO OFFICE 5/7/89

Mr. President:

FINANCE Committee considered CASHB 9 (RES)

special appropriation to the Office of the Governor to promote support for oil and gas development in the Arctic National Wildlife Refuge; efd and recommended

- replace with SCS CS HB 9 (Fin)) same title
- or adopt _____ CS _____) new title
- attached amendment(s) and technical title change (HB only)
- SCS letter of intent adopted

- do pass
- do not pass
- no recommendation
- individual recommendations
- further referral to _____

FISCAL NOTE(S) zero fiscal impact appropriation no FN
 new updated previous
 same as previous fiscal note(s) published _____

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

Chairman signature and recommendation
[Signature] Co-Chair
 Do Pass
 RINKLEY

Committee Backup attached
 Finance - see attached letter from Resources

**Letter of Intent for Senate Finance Committee Substitute
for House Bill 9**

For the past several years the State of Alaska has lobbied in Washington, D.C. for the opening of the Arctic National Wildlife Range to oil and gas exploration. In light of the Prince William Sound oil spill, it has become apparent that any future efforts to convince Congress to open the coastal plain of ANWR to environmentally responsible oil and gas development are inextricably tied to Congressional resolution of the issues surrounding the oil spill. It appears likely that Congress will complete action on oil spill legislation and investigations before moving to consideration of ANWR legislation. Given this scenario, it is the intent of the Legislature that using the appropriation to the Office of the Governor listed in Section 1 of this bill, the State should focus its efforts on responding to oil spill related matters in Congress and on promoting wise and environmentally responsible development of Alaska's oil and gas resources.

It is expected that State activities will include, but not be limited to, continued lobbying of members of Congress; participation by State personnel in hearings and briefings on oil spill and ANWR legislation; and the continuation of one full-time staff person in the Governor's Washington, D.C. Office devoted solely to these issues.

The interception of millions of North American salmon and steelhead by foreign fishermen on the high seas, and the resultant death of hundreds of thousands of marine mammals and seabirds, has continued to be of major concern to the State of Alaska. This issue will have a high profile this year both on the national and the international fronts.

Activities in Washington, D.C. this year include reauthorization of the Magnuson Act, oversight of the Driftnet Act, possible certification and sanctions against those nations not in compliance with the Driftnet Act, expansion of the Pelly Amendment, and opposition to legislation authorizing Japanese fishing within the United States' 200 mile limit.

Action on the international level includes negotiations with the Soviet Union for a new multi-lateral salmon conservation organization and for management of the groundfish resources in the central Bering Sea, with South Korea, Taiwan and Japan on their squid driftnet fleets, and with Japan on its directed high seas salmon fisheries.

It is the intent of the Legislature that the appropriation listed in Section 2 of this bill will be used to promote the State's positions on these and other issues related to high seas interceptions and that actual expenditures will be determined in conjunction with the Governor's High Seas Advisory Group.

Original sponsors: Cotten, Navarre,
Leman, et al.

<u>Funding Information</u>	
General Fund	\$520,000
Other Funds	-0-
	<u>\$520,000</u>

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 SENATE CS FOR CS FOR HOUSE BILL NO. 9 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation to the Office
7 of the Governor to respond to oil spill legislation
8 and investigations in Congress and to promote envi-
9 ronmentally responsible development of the oil and
10 gas resources of the state; making a special appro-
11 priation to the Department of Fish and Game to pro-
12 mote the end of foreign interceptions on the high
13 seas; and providing for an effective date."

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

15 * Section 1. The sum of \$260,000 is appropriated from the general fund
16 to the Office of the Governor to respond to oil spill legislation and
17 investigations in Congress and to promote environmentally responsible
18 development of the oil and gas resources of the state.

19 * Sec. 2. The sum of \$260,000 is appropriated from the general fund to
20 the Department of Fish and Game to promote the end of foreign interceptions
21 of Alaska anadromous fish, marine mammals, and seabirds on the high seas
22 among members of Congress and among other affected nations.

23 * Sec. 3. The unexpended and unobligated balances of the appropriations
24 made by this Act lapse into the general fund June 30, 1990.

25 * Sec. 4. This Act takes effect immediately under AS 01.10.070(c).
26
27
28
29

6-1417A ✓
Utermohle
5/5/89
APPROVED
for Introduction
5/7/89 SFC

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 SENATE CONCURRENT RESOLUTION NO. 34

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - FIRST SESSION

5 Suspending Uniform Rules 41(b), 24(c),
6 and 35 of the Alaska State Legislature
7 concerning House Bill No. 9.

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

9 That under Rule 54 of the Uniform Rules of the Alaska State Legisla-
10 ture the provisions of Rule 41(b), Rule 24(c), and Rule 35 of the Uniform
11 Rules, regarding changes to the title of a bill, are suspended in consid-
12 eration of House Bill No. 9, making a special appropriation to the Office
13 of the Governor to promote support for oil and gas development in the
14 Arctic National Wildlife Refuge.

Anchorage Daily
News

Sun, April 30
1989

5/1/89
DPC-

Hey, Alaskans, clean up 'your' oil yourselves

WASHINGTON — Weep not for Alaska, the state now wringing its handkerchief in Washington. Alaska would like the federal government to declare the recent oil spill a "natural disaster," to qualify it for all sorts of goodies — mostly loans. It wants the Coast Guard to clean up the mess, the Army to bathe birds and Exxon to pay the state a bundle for fouling its beaches and endangering its fisheries.

You would think that Alaska was part of the Union.

But until the spill, Alaskans acted very much as if the oil was theirs and theirs alone. Simply by living in the state, every resident qualifies for an annual oil dividend. The most recent was about \$800. Since oil was discovered in 1969, the state has distributed more than \$1 billion to its residents, socked away \$9 billion in its "permanent fund" and eliminated state income and sales taxes. Its residents reaped the benefit of oil. Now, it would like the rest of us to pay for its consequences.

Hoo ha! And why? Seems to me that we have been paying all along at the pump. No one sent us a check even though, at last reference, Alaska was part of the United States. Alaska's oil revenues did not go into a national "permanent fund" and not a cent of this money helped build a school in the District of Columbia. In financial terms, there have been two beneficiaries of Alaskan oil: Alaska and the oil companies. As for the rest of us, the oil might as well be in Kuwait.

Let Alaska clean up the mess.

Perhaps it's not fair to single out Alaska. After all, the fortunes of many Americans are dependent on where they happen to live — or be born. A child with the good sense to have parents who live in the suburbs is probably going to get a better education than one in the city. Welfare payments are higher in one state than another. And the punishment of criminals is often more a consequence of where they committed their crimes than by the crime itself. Murder will cost you life in some states but not in others.

Oil is no exception. Texas got rich on oil. So did Louisiana. And, lest my memory is slipping, I don't recall receiving a check from either Austin or Baton Rouge. Alaska followed these precedents — and then some — when it won statehood. It bargained brilliantly for the rights to its minerals. Its current policies are a result of three things: the discovery of oil, an awesome ability to cut a favorable deal and the determination not to be exploited by others.

The coal wealth of Appalachia was often controlled by out-of-state interests. When the coal was gone, so



**richard
cohen**

were those interests, leaving nothing but a hole in the ground, a mess to clean up and a folk song about Muhlenberg County, Ky., that says it all: "Mr. Peabody's coal train has hauled it away."

But good intentions aside, the fact remains that Alaska has become rich on oil — so rich that the annual dividend goes out to rich and poor alike. It has built roads, schools and libraries with oil money. Yet, when the Exxon Valdez ran aground and spilled more than 10 million gallons of oil, the state was as unprepared as the oil company to deal with it. If it is true that Exxon had nowhere near sufficient equipment to handle the spill, then it also has

to be true that the state allowed Exxon to be so casual. Why did Exxon's unpreparedness come as such a surprise to Alaska?

None of this is to let Exxon off the hook or to trivialize the ecological tragedy.

But Exxon will recoup its losses by raising the price of gas. (It already has gone up.) Alaska will continue to extract mineral wealth that belongs, really, to all of us, rewarding each resident annually for the privilege of living in the state. At great cost, the federal courts will settle the liability question. And we will all pay at the pump.

The purchase of Alaska in 1867 was called a "folly" — Seward's Folly, after U.S. Secretary of State William H. Seward. To Americans at the time, it seemed the United States had exchanged \$7 million for a vast, frozen wilderness. But as exchanges go, that one was nothing compared to the one Alaska now has in mind: Checks from oil will continue to go to its residents. The bill will come to us.

□ Richard Cohen is a Washington Post columnist.



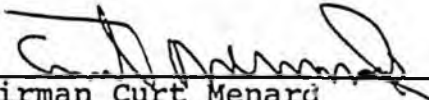
Alaska State Legislature

HOUSE OF REPRESENTATIVES
COMMITTEE ON RESOURCES

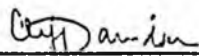
POUCH V
JUNEAU, ALASKA 99811
(907) 465-3715

LETTER OF INTENT

It is the intent of the House Resources Committee that CS HB 9 (RES) include a reserve contractual fund of \$54,500 for unanticipated contractual services which may become necessary during FY 90. The reserve contractual fund would be available to the Executive Office of the Governor, the Department of Natural Resources, the Department of Environmental Conservation, and the Department of Fish and Game on an as needed basis and allocated at the discretion of the Governor. This particular fiscal item is in addition to the \$162,300 itemized for contractual services by the Office of the Governor.



Co-Chairman Curt Menard



Co-Chairman Cliff Davidson

H (Res) Intent

Alaska State Legislature

Senate Resources Committee

Senator Bettye Fahrenkamp, Chairman

Senator Jay Kerttula, Vice Chairman
Senator Dick Eliason
Senator Steve Frank
Senator Rick Halford
Senator Arliss Sturgulewski
Senator Fred Zharoff



P.O. Box V
Juneau, Alaska 99811
(907) 465-4907

April 10, 1989


Senator John Binkley, Co-Chairman
Senator Rick Uehling, Co-Chairman
Senate Finance Committee
P.O. Box V
Juneau, Alaska 99811

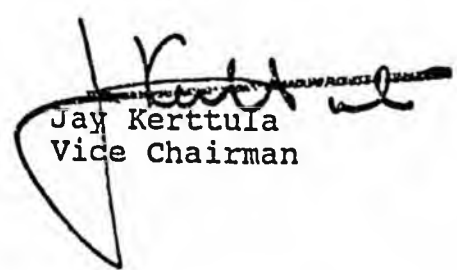
Dear Senators:

This letter accompanies CS HB 9 (Resources). The Senate Resources Committee, in considering this bill, heard testimony from John Katz, from the Governor's office in Washington, D.C.. Mr. Katz indicated that he was preparing a proposal for additional funding for the ANWR advocacy program. Specifically, he recommended additional funding for enhanced direct advocacy for members of Congress, a new, straightforward media development program, and technical assistance from state agencies. He indicated that specific, conservative funding recommendations would be forthcoming.

Instead of delaying the progress of the bill to wait for the specific budget request, the Committee moved to send this letter to the Finance Committee expressing support for the proposed funding increase.

Sincerely,


Bettye Fahrenkamp
Chairman


Jay Kerttula
Vice Chairman

CS (Res) Letter



STEVE COWPER
GOVERNOR

STATE OF ALASKA
OFFICE OF THE GOVERNOR
WASHINGTON, D.C.

May 3, 1989

TRANSMITTAL MEMORANDUM

TO: TALLY JOHNSON, Office of Senator Drue Pearce
MOLLY MCCAMMON, Office of Senator John Binkley
KEN JOHNSON, Office of the Speaker, Sam Cotten

FROM: MARGARET A. MORAN, Special Assistant for the
Arctic National Wildlife Refuge (ANWR)

THROUGH: JOHN W. KATZ, Director of State/Federal
Relations and Special Counsel to the Governor

SUBJECT: DRAFT REPORT LANGUAGE
HB 9

Attached is the draft report language that John Katz
discussed with you.

If you have any questions, please give me a call.

HB 9 - DRAFT REPORT LANGUAGE

In light of the impact of the Prince William Sound oil spill, the Committee finds that it would be prudent to broaden the scope of this budget item.

Over the past month, since the spill, it has become apparent that any future efforts to convince Congress to open the coastal plain of ANWR to environmentally responsible oil and gas development are inextricably tied to congressional resolution of the issues surrounding the oil spill.

It appears likely that Congress will complete action on oil spill legislation and investigations before moving to consideration of ANWR legislation. Given this scenario, the State should combine its efforts on ANWR and oil spill legislation.

The Committee envisions the expenditures of funds in the following areas.

I. LOBBYING

Currently, the State has on contract a Washington, D.C. lobbying firm. The firm is involved in lobbying efforts with members of Congress. Their efforts will be helpful in implementing the State's strategy on both oil spill and ANWR legislation.

II. AGENCY BUDGETS

We anticipate an extensive hearing process on oil spill and ANWR legislation. Agency personnel and the Governor's office will be expected to participate.

TRAVEL Agency personnel will be needed on congressional trips to the North Slope and Prince William Sound. They will also be asked to participate in hearings held in Alaska and Washington, D.C.

TECHNICAL ASSISTANCE Agency personnel will be needed to provide assistance in the preparation of testimony, graphics, briefing booklets, and displays used in hearings and briefings.

III. TARGETED TRAVEL

Travel by State officials into targeted congressional districts can be extremely valuable in the generation of grass roots support at critical times in the legislative process. Our experience has been that local media are receptive to talking to officials from Alaska that come to their area. This can be helpful in laying out the facts on the Prince William Sound oil spill along with reiterating the importance of Alaska oil and gas development to the energy security of this country.

IV. FULL-TIME PERSON IN WASHINGTON, D.C. OFFICE

ANWR and oil spill-related matters will continue to be very important issues for the Governor's Washington, D.C. Office. For the foreseeable future, this staff person will be involved in tracking Congressional legislation, advocating State positions, and coordinating the State's varied efforts in Washington, D.C. on the oil spill, ANWR, and related matters. In addition, this staff person will be involved in liaison work with the Washington, D.C. and national media. In this regard, the spill has generated a workload for the D.C. office which is significantly greater than its usual capacity.



Resource Development Council for Alaska, Inc.

887 "G" Street, Suite 200, Anchorage, Alaska 99501-3440
Box 100510, Anchorage, Alaska 99510-0510 - 907/270-0700

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RDC POSITION ON HB 9

The Resource Development Council for Alaska, Inc., appreciates the opportunity to submit its comments before the Senate Finance Committee on House Bill 9.

The measure, as proposed, would appropriate funds for the purpose of advocating opening the Arctic National Wildlife Refuge to oil and gas exploration and development. Sponsored by House Speaker Sam Cotten, the bill originally set aside \$1.5 million for a pro-ANWR campaign designed to educate members of the U.S. Congress and Senate.

The appropriation was whittled on the House side to \$350,000. While RDC still supports a higher figure for the state's pro-ANWR effort, we are encouraged by the recent comments of the governor's Washington, D.C. staff, which believes the appropriation is a necessity, particularly in light of the Valdez oil spill and subsequent national publicity regarding oil development.

RDC supports HB 9 and encourages the Senate Finance committee to consider amending the bill, as suggested by the Senate Resources committee, to include additional funds to augment the state's pro-ANWR campaign.

Given the importance of oil development and oil dollars to the state of Alaska, the appropriation proposed in HB 9 seems a small sum to pay in an attempt to re-educate members of Congress and the public about the necessity for domestic oil production.

FISCAL NOTE

REQUEST:

Revision Date: 2/8/89
 Title: "An Act making a special appropriation to the Office of the Governor"
 Sponsor: Gotten, Navarre, Lemait, Barnes
 Requestor: House Resources Committee

Agency Affected: Office of the Governor
 BRU: _____
 Components: ANWR Lobby Efforts

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES		30.0				
TRAVEL		103.2				
CONTRACTUAL		216.8				
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	350.0	-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-	350.0	-0-	-0-	-0-	-0-
FEDERAL FUNDS	-0-	-0-				
OTHER	-0-	-0-				
TOTAL	-0-	350.0	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME	-0-	.5	-0-	-0-	-0-	-0-
PART-TIME	-0-	-0-				
TEMPORARY	-0-	-0-				

ANALYSIS : (Attach a separate page if necessary)

Please see attachment:

NOTE: This fiscal note assumes an appropriation period of twelve months from July 1, 1989 through June 30, 1990.

Prepared by: Representative Curt Menard Phone: 465-4944
 Division: Chairman, House Resources Committee Date: 2/8/89

Approved by Commissioner: _____ Date: _____
 Agency: _____

Distribution (by preparer):
 Legislative Finance
 Legislative Sponsor
 Requestor
 Office of Management and Budget
 Impacted Agency(ies)

Analysis

OFFICE OF THE GOVERNOR

EXECUTIVE OFFICE

<u>Travel</u>	\$ 28.0
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Travel and per diem to Washington, D.C. to provide testimony before Congress, meet with Congressional committees. In-state travel including ANWR and North Slope field visits, meetings and hearings.

<u>Contractual</u>	\$129.0
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Expanded lobbyist effort @ \$18.0 per month. ANWR operating budget presently includes \$87.1, an additional \$129.0 is required.

DEPARTMENT OF ENVIRONMENTAL CONSERVATION

<u>Travel</u>	\$ 26.7
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Travel and per diem to Washington, D.C. to provide testimony before Congress, meet with Congressional committees. In-state travel including ANWR and North Slope field visits, meetings and hearings.

<u>Contractual</u>	\$ 3.3
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Printing, duplication, distribution of reports, materials and preparation of graphics.

DEPARTMENT OF FISH AND GAME

<u>Travel</u>	\$ 18.5
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Travel and per diem to Washington, D.C. to provide testimony before Congress, meet with Congressional committees. In-state travel including ANWR and North Slope field visits, meetings and hearings.

Fiscal Analysis.

DEPARTMENT OF NATURAL RESOURCES

Travel \$30.0

Travel and per diem to Washington, D.C. to provide testimony before Congress, meet with Congressional Committees. In-State travel including ANWR and North Slope field visits, meetings and hearings.

Contractual \$30.0

Costs for materials and contractual services to produce graphics, briefing booklets, displays used in hearings and briefings.

DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS

Personal Services \$30.0

Provide 1/2 time liaison and logistical services for Kaktovik to alleviate impact experienced by village due to personnel and Congressional travel to ANWR

RESERVE CONTRACTUAL FUND \$54.5

TOTAL: \$350.0