

**SB**

**283**

**HFIN**

**FILE**

(11)

# HOUSE COMMITTEE REPORT

Date Referred to Committee: April 15, 2000

FURTHER REFERRALS:

Date of Committee Action: 4/17/00

The FINANCE Committee considered:

CSSB 283(RES)

CS FOR SENATE BILL NO. 283(RES)

STATE LAND DISPOSAL REVENUE

"An Act establishing the shore fisheries development lease program account and the timber receipts account; relating to the accounting for and appropriation of revenue from the state land disposal program, the shore fisheries development lease program, and the state timber disposal program; and providing for an effective date."

recommends it be replaced with the following committee substitute \_\_\_\_\_  the same title  a new title

additional referral to \_\_\_\_\_ Committee  attached amendment(s)

ADOPTS: \_\_\_\_\_ Letter of Intent

ATTACHES NEW FISCAL NOTE(s): (Dept)

APPROVES PREVIOUS: (Dept/Date)

fiscal note(s) DNR

fiscal note(s) Senate DNR 3-21-00

zero fiscal note(s)

zero fiscal note(s)

SIGNING WITH RECOMMENDATIONS	DP	DNP	NR	AM
<i>Gene Herrault</i>			X	
<i>Edm W. Ford</i>			X	
<i>Tom Bender</i>			X	
<i>Alvin Carter</i>	X			
<i>Carl L. Dwyer</i>	X			
<i>Bob Sammons</i>	✓			
<i>Frank Linn</i>	X			
<i>W.R. Williams</i>	X			
<i>Paul Phillips</i>	✓			
<i>R. Stacey</i>			X	

CHAIR'S SIGNATURE *Gene Herrault* *Edm W. Ford*

# FISCAL NOTE

DRAFT

STATE OF ALASKA

BILL NO. CSSB 283(FIN)

**2000 LEGISLATIVE SESSION**

Effective Date/Tim 17-Apr-00  
 Title: An Act establishing the shore fisheries  
 development lease program account ... revenue... land disposal...  
 Sponsor: S Rules  
 Requestor: (H) FIN

Dept Affected: Natural Resources  
 BRU: Minerals, Land & Water Development  
 Component: Land Sales and Municipal Entitlements  
 Component No. #2459

Expenditures/Revenues (Thousands of Dollars)  
 Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006
PERSONAL SERVICES	525.9	530.0	500.0	480.0	460.0	460.0
TRAVEL	15.0	15.0	15.0	15.0	15.0	15.0
CONTRACTUAL	460.4	536.4	467.4	459.4	459.4	459.4
SUPPLIES	8.0	5.0	5.0	5.0	5.0	5.0
EQUIPMENT	5.0	5.0	5.0	5.0	5.0	5.0
LAND & STRUCTURES						
GRANTS & CLAIMS						
MISCELLANEOUS	150.0	150.0	150.0	150.0	150.0	150.0
<b>TOTAL OPERATING</b>	<b>1,164.3</b>	<b>1,341.4</b>	<b>1,142.4</b>	<b>1,094.4</b>	<b>1,094.4</b>	<b>1,094.4</b>

CAPITAL EXPENDITURES	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006

CHANGE IN REVENUES	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006
	2,300.0	2,783.0	3,411.0	3,481.0	3,781.0	3,981.0

(Thousands of Dollars)

FUND SOURCE	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006
1002 Federal Receipts						
1003 GF Match						
1004 GF	(639.6)	(639.6)	(639.6)	(639.6)	(639.6)	(639.6)
1087 CIP Receipts	(70.9)	(70.9)	(70.9)	(70.9)	(70.9)	(70.9)
1088 Statutory Designated PR er (Land Disp. Income Fund)	(363.1)	(363.1)	(363.1)	(363.1)	(363.1)	(363.1)
<b>TOTAL</b>	<b>1,164.3</b>	<b>1,341.4</b>	<b>1,142.4</b>	<b>1,094.4</b>	<b>1,094.4</b>	<b>1,094.4</b>

Estimate of any current year (FY2000) cost: \$ N/A

**POSITIONS**

POSITIONS	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006
FULL-TIME	2	2	2	2	2	2
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

**ANALYSIS:** (Attach a separate page if necessary)

Note: The fiscal note is designed to show the fund source switches which will be done once, and the annual net increased cost to implement this legislation. For example, in FY2001 there is a fund source switch of \$789.6 GF and \$363.1 SDPR to the Land Disposal Income Fund, and an additional \$1,014.3 of Land Disposal Income Fund. The out- years on the fiscal note reflect that the one-time fund source switches remain in effect -- they are not additional fund source switches.

**Costs.** This fiscal note includes three cost items:

1. The Land Sales and Municipal Entitlement component from the proposed FY 01 operating budget. It includes the \$1,152.7 that would be deleted from general fund and existing SDPR sources and transferred to the new land disposal income fund, plus \$150.0 for land title costs. In year FY 02, an additional \$70.9 in CIP funds is deleted.

(Continued on next page)

Prepared by: Bob Loeffler, Director *[Signature]* Phone: 269-8625  
 Division: Mining, Land & Water Date: 17-Apr-00  
 Approved by Commissioner: John Shively *[Signature]* Date: 17-Apr-00  
 Agency: Natural Resources

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2. A new land disposal program that includes offering 55,500 acres for sale in FY 02 and 03. This offering would cost 2,271.0 spread over FY 01, 02 and 03. It would include:

- Comprehensive Re-Offering of 50,000 acres (5,000 parcels) of existing subdivision lots (these are re-offerings of parcels not previously sold, sold but foreclosed upon, etc.);
- Remote offerings of 5,000 acres (500 parcels) offered under the remote recreation cabin site program (these offerings begin as leases, then convert to sales when surveyed); and
- New Subdivisions of 500 acres (100 parcels) of new subdivisions.

3. Continued Land Disposal in FY 04, 05, 06, and preparing for future years. To maintain a stable land disposal program, it will be necessary to continue offering lots to replace the remote offerings and subdivision lots sold in FY 02 and 03. These costs begin in FY 02 and continue throughout the fiscal note period, stabilizing at about \$794.0 annually.

**Revenues.** The "Change in Revenues" in this fiscal note combines three sources of revenue:

1. Revenues from past sales. The state expects to receive approximately \$1,600.0 each year of the fiscal note from sales made in past years.
2. Revenues from the first 55,000 acres offered. Revenues from sale of the first 55,000 acres begin in FY 02 and continue through the fiscal note.
3. Revenues from future land disposals in FY 04, 05, and 06. Taken together, these three sources of revenue over the six-year period are expected to total over \$18.8 million, but fluctuate somewhat from year to year.

Additional details (cost and revenue projections) are shown in the table on the next page. The table shows that in the first year, the costs barely cover the revenues, but that the revenues grow every year thereafter. By FY 2006, the land disposal income fund includes a balance of more than \$5 million and the excess, beginning with that year's surplus of \$535.0, is transferred to the general fund by operation of law under SB 283.

This program would require two new positions. Other staff funded in this fiscal note are either working on the project or are existing, vacant, unfunded positions.

Note: Because of the conference committee reduction in general funds of \$150.0, this miscellaneous line item is necessary to restore the program to the full funding level under this bill.

(Continued on next page)

\* Figures below represented in thousands.

	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
<b>COSTS</b>						
Existing Cost of Component (See P. 1)	\$ 1,303	\$ 1,374	\$ 1,374	\$ 1,374	\$ 1,374	\$ 1,374
Additional \$2,271 to fund first 65,000 acres to be offered in FY 02 and 03, and continued funding for sales thereafter:						
Comprehensive Re-offe	\$ 275	\$ 323	\$ 48	-	-	-
Remot	\$ 418	\$ 418	\$ 418	\$ 418	\$ 418	\$ 418
Subdivision	\$ 100	\$ 300	\$ 376	\$ 376	\$ 376	\$ 376
<b>Total Cost:</b>	\$ 2,096	\$ 2,415	\$ 2,216	\$ 2,168	\$ 2,168	\$ 2,168
<b>REVENUES</b>						
Revenues from Past Sales	\$ 1,600	\$ 1,600	\$ 1,600	\$ 1,600	\$ 1,600	\$ 1,600
Revenues from Planned FY 01 Sales	\$ 700	\$ 433	\$ 466	\$ 366	\$ 366	\$ 366
Revenues from FY 02 and Future Sales		\$ 750	\$ 1,245	\$ 1,315	\$ 1,515	\$ 1,715
<b>Total Revenue:</b>	\$ 2,300	\$ 2,783	\$ 3,311	\$ 3,281	\$ 3,481	\$ 3,681
<b>FUND BALANCE</b>						
Balance of Land Disposal Income and at year's end:	\$ 204	\$ 572	\$ 1,667	\$ 2,780	\$ 4,093	\$ 5,606
Amount Spilled Over to the General Fund	-	-	-	-	-	\$ 606

# FISCAL NOTE

**STATE OF ALASKA**  
**2000 LEGISLATIVE SESSION**

No. 3  
 Bill Version: CSSB 283 (RES)  
 (S) Publish Date: 3-31-00

Revision Date/Time 30-Mar-00 Dept Affected: Natural Resources  
 Title: An Act establishing the shore fisheries BRU: Minerals, Land & Water Development  
development lease program account...revenue...land disposal... Component: Claims, Permits and Leases  
 Sponsor: S Rules  
 Requestor: SRES Component No #2460

Expenditures/Revenues (Thousands of Dollars)  
 Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006
PERSONAL SERVICES	161.0	161.0	161.0	161.0	161.0	161.0
TRAVEL	22.0	22.0	22.0	22.0	22.0	22.0
CONTRACTUAL	17.0	17.0	17.0	17.0	17.0	17.0
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS & CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>200.0</b>	<b>200.0</b>	<b>200.0</b>	<b>200.0</b>	<b>200.0</b>	<b>200.0</b>
<b>CAPITAL EXPENDITURES</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>CHANGE IN REVENUES (fund code)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>- 0.0</b>

(Thousands of Dollars)

FUND SOURCE	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts	(100.0)	(100.0)	(100.0)	(100.0)	(100.0)	(100.0)
1037 GF/Mental Health						
1108 SDPR	300.0	300.0	300.0	300.0	300.0	300.0
<b>TOTAL</b>	<b>200.0</b>	<b>200.0</b>	<b>200.0</b>	<b>200.0</b>	<b>200.0</b>	<b>200.0</b>

Estimate of any current year (FY2000) cost: \$ n/a

**POSITIONS**

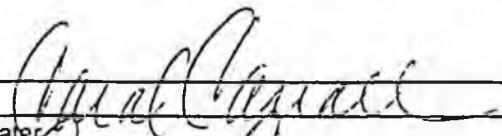
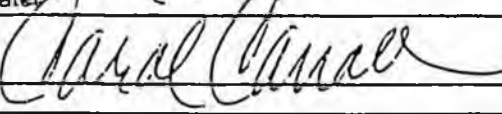
FULL-TIME	3	3	3	3	3	3
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

**ANALYSIS:** (Attach a separate page if necessary)

This fiscal note shows that in FY2001 there is a fund source switch of \$100.0 GFPR to Statutory Designated Program Receipts, and a restoration of funding in the amount of \$200.0 SDPR. The out-years reflect that the one-time fund source switch remains in effect -- there are not additional switches.

This bill restores funding for the existing shore fisheries leasing program by converting it to statutory designated program receipts. It has previously been sourced as general fund, program receipts. In the department's FY 2000 budget, funding for the program was cut to a third of its previous level. In response to this reduction, DNR proposed a

[Cont.]

Prepared by: Bob Loeffler  Phone: 269-8625  
 Division: Mining, Land and Water Date: 30-Mar-00  
 Approved by Commissioner: John Shively  Date: 30-Mar-00  
 Agency: Natural Resources

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SB 283  
#3

Continuation of fiscal note:

self-executing registration system for commercial set net fishing sites that the department could oversee within the amount budgeted. However, commercial setnetters objected that the proposed replacement system would not give them the same security of tenure as a shore fisheries lease. It would also have eliminated DNR's role in resolving conflicts between applicants competing for the same fishing site, leaving them to settle the issue by arbitration or in court. Finally, it would no longer have required a survey plat or shore fishery lease diagram, leading to more boundary disputes.

Funding that would be restored under this bill would provide a Natural Resource Officer II (Range 16) to adjudicate leases, a Surveyor I to review shore fishery lease diagrams, and a Natural Resource Technician II (Range 12) to research land status, do data entry, and handle routine lease administration. It would also provide travel and contractual funds for on-site inspections of disputed sites. The existing lease program brings in approximately \$360.0 a year, and is expected to continue to generate that level of revenue.

Briefing Paper  
SB 283: Shore Fisheries, Land Disposal, & Timber Receipts  
Prepared by  
Alaska Department of Natural Resources  
April 14, 2000

The bill provides three statutory designed program receipt accounts.

**Land Disposal Income Fund.** Alaskans consider the sale of state land to private citizens to be one of the basic services that their government should provide. Today, Alaska lacks a stable land disposal program. This bill will help solve this problem. It establishes a statutory designated program receipt account to receive income from the sale of state land and from which the legislature may appropriate funds for future DNR land sales.

Fundamentally, this bill provides a separate accounting system for the land sale program. This separate system will allow the legislature and the public to review the program to determine the level of sales they wish to fund, and to see the fiscal consequences of the sales.

Land sales take money to prepare but return more in revenues than they cost. A stable, reliable land sale program will provide a return to all Alaskans. This bill assures that result by specifying if the land sale fund exceeds \$5 million at the end of any fiscal year, the excess funds will be deposited in the general fund. In this way, the bill foresees that an adequate funding source will remain for a stable land sale program, but that the program will provide a return to all Alaskans through deposits to the general fund.

The fiscal note that accompanies the bill will fund the Department to offer 55,000 acres of land by FY 03. Of that amount, 50,000 acres is the backlog of previously offered land that was not sold or has been returned to the state through foreclosure or other means. The remaining 5,000 acres is new land that will begin to satisfy Alaskans' thirst for land. The fiscal note provides funding for the Department to offer 5,000 new acres per year indefinitely into the future.

**Shore Fisheries Development Lease Program.** The bill provides a statutory designated program receipts fund for DNR's Shore Fisheries Development Lease Program. This program provides a secure site for limited entry holders who fish in the set-net fishery. The 1,200 leases generate approximately \$360,000 each year in revenue for the state. Today, DNR does not have the expenditure authority to adequately run the program. The fishing community is not getting the level of service they deserve and pay for. The bill and accompanying fiscal note would assure that DNR has the funds, paid by the fishing industry, to provide the level of service required by the industry for this long-established and well-used program.

**Timber Receipts Account.** The bill would establish a statutory designated program receipts account to receive income from the sale of timber from state land. The Department has not provided a fiscal note for this account, and funds for the FY 01 timber sale program are contained in the operating budget.



# Alaska State Legislature

Please enter into the record my testimony to the H Finance  
 committee name  
 committee on SB 283, dated 4/17/2000  
 bill/subject

*Please Pass Around, I pray your  
 not taking from our people, when  
 we pass on we all pay for what we  
 do on this Earth, Please don't say  
 I want want want, Were on this  
 Earth for a purpose,*

Signed: Ella Ring  
 Testifier

Representing (Optional)  
Bx 10-3212

Address  
Anch. AK. 99510

Phone No.  
232-3996

*Alaska Native News*

*Quick, 000*

### ANCSA shareholders need help

The U.S. Constitution (Article 14) says no state shall deny any person within its jurisdiction the equal protection of laws. Alaska's Constitution (Article 1, Section 1) says all persons are equal, and entitled to equal rights and protections. Section 2(c) of ANCSA (Alaska Native Claims Settlement Act) says: "No provision of this Act shall replace or diminish any right, privilege or obligation of Natives as citizens of the U.S. or Alaska." Section 7(d) required ANCSA corporations to be incorporated under Alaska law.

Section 28 of P.L. 94-204 exempted ANCSA corporations from federal security laws. When the exemption was sought, Native leaders told Congress they would seek state legislation to give shareholders protections from corporate mismanagement, misrepresentation and omissions. That did not happen. To make matters worse, neither the state or federal government enforce ANCSA provisions or the Corporate Code (Title 10) for ANCSA shareholders.

Alaska legislators have an obligation and duty to adopt legislation providing ANCSA shareholders with the shareholder protections they lost from federal security laws, and they have an obligation to provide Alaska Natives with equal protection under state law. I ask Alaska Natives and other Alaska citizens to contact legislators and request that they correct this inequity.

— Virginia L. Ruelle  
Eagle River

*4-14-2000*

### Follow audit guidance

In 1976 the Alaskan Native Claims Settlement Act was amended exempting ANCSA corporations from federal security laws. In addition, neither the federal nor state governments enforce ANCSA provisions or Title 10 (Alaska Corporate Code) for ANCSA shareholders.

On Jan. 4, 1999, the Division of Legislative Audit submitted audit 08-4572-99 to the members of the Legislative Budget and Audit Committee. The audit was held in committee until after the Alaska Legislature adjourned.

Audit recommendations included: more detailed disclosure of corporate officer and director compensation; more financial performance information; timely access for shareholders to accurate corporate records; and that corporate elections treat all candidates equally.

The audit recommendations are needed by ANCSA shareholders. Alaska Natives and other residents who wish to help ANCSA stockholders get some protections are urged to send in public-opinion messages to all state representatives and senators. Request they adopt the recommendations included in Alaska audit 08-4572-99.

To send in a public-opinion message, contact the Anchorage Legislative Office at 716 W. Fourth Ave., Suite 200, Anchorage 99501. The phone number is 258-8111 and the fax number is 258-1261.

— Ella King  
Anchorage

### Law must guard shareholders

The Alaska Native Claims Settlement Act amendments exempted shareholders from Securities and Exchange Commission protections. When SEC exemptions were sought, regional corporation leaders told Congress they would seek state legislation to provide shareholder protections for corporate mismanagement, omissions and representations.

Shareholders never got protections promised under state law. The State Securities Office says it has no jurisdiction to enforce ANCSA legislation or Title 10, which deals with rights to inspect corporate documents, dissenter rights, etc. Section 2(b) of ANCSA gives maximum participation by Natives in decisions affecting their rights and property. If the state does not enforce Title 10 and ANCSA provisions, who does?

Shareholders filing complaints in regard to their rights under ANCSA or Title 10 are told to seek legal counsel. Few shareholders can afford to sue their corporations. When they do, an amendment is inserted into federal legislation making the case moot (Dayview vs. Ahtna). If shareholders win a class action (Hanson vs. Kake Corporation), federal legislation is introduced to limit lawsuits by shareholders against their corporations. In the Kake decision, the Alaska Supreme Court said Native corporations are subject to the same laws as any other U.S. company. If that is so, why aren't Title 10 statutes provided for Native shareholders?

More than 17 amendments were made to ANCSA. Many were detrimental to shareholders' rights or property. Shareholders were not allowed to vote on the amendments. Shareholders lost their protections, participation and ownership rights to their stock.

State laws must be changed to provide protections, participation and equality to ANCSA shareholders.

DEPARTMENT OF COMMERCE AND  
ECONOMIC DEVELOPMENT  
DIVISION OF BANKING, SECURITIES, AND CORPORATIONS

P. O. BOX 110607  
ANCHORAGE, ALASKA 99511-0607  
Banking & Securities (907) 465-2521  
Corporation Section (907) 465-2430  
ANCHORAGE  
Corporation Information (907) 280-8140  
TDD: (907) 465-6437

April 6, 1998

Mr. Robert W Rude  
14940 Woodlund Avenue  
Eagle River, AK 99577-9221

Dear Mr. Rude:

RE: Your letters about Improper Votes and Additional Information

This will acknowledge and thank you for your correspondence dated April 1, 1998 and April 2, 1998.

As you are well aware, this Division does not have the authority to interpret or enforce ANCSA legislation or Title 10. As such, we have no jurisdiction to force CIRI to send out a mailing to correct alleged violations of ANCSA legislation. In addition, we decline to take administrative action on an advisory vote that occurred in 1990. The Division reviewed your recent complaints on land valuation, dissenter rights, the long-term management and deferred compensation plans, and donations and declined to take administrative action. Please refer to our March 20, 1998 response to you for our comments.

This office has, in AS 45.55.139, jurisdiction over the filing of certain reports disseminated to at least 30 Alaska resident shareholders of a corporation. These filings can not contain misleading statements of a material fact. Was the alleged misstatement of land value announced at the September 1998 board retreat disseminated to at least 30 Alaskan resident shareholders?

Title 10 provides a shareholder and director access to certain records of the corporation. If you feel your rights have been violated under Title 10, you may wish to proceed with a private right of action.

If you have any questions, please feel free to contact us.

Very truly yours,

*Calgen Buchanan*



United States Department of the Interior

OFFICE OF THE SECRETARY  
1600 G Street, Suite 100  
Anchorage, Alaska 99501-4151

September 2, 1998

Ms. Amy L. Lefor  
1846 Columbine  
Anchorage, Alaska 99508

Dear Ms. Lefor:

In your letter of August 22, 1998, you described your concerns as an ANCSA shareholder of CIRI regarding management practices of CIRI by its Board of Directors.

While I wanted to be as helpful as possible, as you know from your involvement in ANCSA shareholder matters, ANCSA did not create any permanent fiduciary relationships between the federal government and the ANCSA corporations. Rather, the ANCSA corporations are for-profit corporations governed by state law. Thus, the matters you raise are state law issues and you need to contact the appropriate state agencies. I can see from your letter that you have identified a number of important concerns.

Neither this office nor the other Interior offices I contacted have any oversight responsibilities in these matters. I hope you will be successful in finding solutions that will be satisfactory to you and the other shareholders.

Thank you for writing to us. I regret that we cannot be of greater assistance.

Sincerely,

*D. Williams*